Organizational Identity and Performance
An Inquiry into Nonconforming Company Names

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Organizational identity and performance: An inquiry into nonconforming company names

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ABSTRACT

Choosing the right company name is challenging and may have major consequences for firm prospects. Drawing on the strategic conformity literature, we investigate the implications of "nonconforming" company names, i.e. foreign sounding and family-unrelated, for family firms' performance. Consistent with the idea that such names endow the business with greater visibility and recognition, we find that nonconforming names are positively associated with financial performance. This association is stronger when the firm operates in an industry with a low share of nonconforming peers and a high share of eponymous peers, in a crowded product class, and is smaller than industry peers. Collectively, our analysis provides new evidence on the strategic implications of company names.

1. Introduction

Company names have received vast attention because they are a key attribute used to identify a firm, discern its organizational identity, and differentiate it from other businesses (Belenzon et al., 2017; Deephouse and Jaskiewicz 2013; Glynn and Abzug 2002; Minichilli et al., 2022). Accordingly, similar to product category "labels" (Zunino et al., 2019), stakeholders can understand them as organization-level signals of familiarity or distinctiveness.

Research on symbolic management has paid attention to how executives adopt and manipulate symbols to shape stakeholders' perceptions of their companies (Granqvist et al., 2013). Company names are a central attribute to this end. For instance, company names are often chosen to create affiliations with certain markets or industries. Adding the suffix "dot.com" to company names was common in the late 1990s to differentiate the firm from rivals and associate with the booming internet industry (Cooper et al., 2001; Lee 2001). More recently, US firms have adopted specific words to associate themselves with the Chinese economic development (Bae and Wang 2012) or with the cryptocurrency industry (Akyildirim et al., 2020).

Symbolic isomorphism theories further suggest that names aligned with prevailing local norms help raise legitimacy (Glynn and Abzug 2002; Glynn and Marquis 2006) and offset problems of organizational atypicality (Smith and Chae 2016). Economists view company names as a signaling mechanism (Tadelis, 1999; McDevitt 2014). Such scholars have shown that eponymy in entrepreneurial

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firms can beckon reputational concerns for entrepreneurial (Belenzon et al., 2017) or larger (Minichilli et al., 2022) family firms or, in contrast, can threaten the firm's external image by revealing a personal use of corporate assets (Brockman et al., 2017).[1] Therefore, company names can be seen as a signal on which external stakeholders can rely to reduce information asymmetry on a firm's identity and industry positioning with respect to rival peers. However, the trade-off between the benefits and costs of a nonconforming name's signal remains unexplored in a literature that has mainly focused on family firms' eponymy or nonconformity in terms of financial strategies.

We contribute to this literature by studying the impact of nonconforming company names, i.e. names made of foreign-sounding words unrelated to the owner's surname, on the performance of family firms. Family firms are extremely common in the corporate landscape (La Porta et al., 1999), and a significant scholarly effort has been devoted to understanding whether family control promotes or harms firm performance (Miller et al., 2007, 2013b; Peréz-González 2006). Our contention is that nonconforming names deviate from local identity norms while signaling a predisposition to impersonal interactions with a broader set of nonlocal stakeholders. While this trade-off matters for most firms, it is especially crucial for family firms whose competitive advantage centers on their social embeddedness and more local transactions and resource advantages (Baù et al., 2019; Berrone et al., 2010; Miller and Le Breton-Miller 2005; Miller et al., 2017). But not all family firms are alike, as some may choose to depart from local conformity and seek advantages from a more distinctive and less local identity. This comes at the cost of lower familiarity. Studying this trade-off allows us to push a step forward existing debates on the nexus between conformity in strategy practices and firm performance (e.g. Miller et al., 2013a, 2018). Furthermore, we expand the literature on company names by studying contingencies such as the firm's industry and product positioning and, in general, the congruence between a firm's name and the context where the firm operates. Theoretically, we argue that signaling nonconformity through company names is useful when this strategy is rarer, and when the firm is less visible in the competitive space.

Our empirical analyses based on a panel of family firms from Italy show that a nonconforming name can be an informative signal associated with higher firm performance. This may be due to a greater differentiation from organizational peers and an improved visibility and recognition. Our discussion argues that such easily observable signal is effective in resolving the information asymmetry on the less-expected nonconforming family firm since it cannot be imitated by other family firms without incurring the cost of departing from local embeddedness. Moreover, we find that a nonconforming name premium is dampened by a higher share of nonconformist peers (which may dilute the informativeness and credibility of the signal and thus the benefit of nonconformity, while the cost of breaking familiarity persists). Further, the nonconformity performance premium is lower for firms that are in a lesser need of seeking visibility with respect to its peers. This occurs for firms larger than industry peers or that operate in less crowded product classes - both instances that improve visibility and so reduce the need of signaling differentiation.

2. Theoretical background

2.1. The context of our study

Since La Porta et al. (1999), scholars have devoted a great deal of attention to family businesses. These firms exhibit systematic differences from non-family firms, for instance in their investment and financing policies (Anderson et al., 2012; Duran et al., 2016), human resources (Neckebrouck et al., 2018), and sustainability practices (Berrone et al., 2010). The literature has argued that this uniqueness in corporate policies can be traced back to the preferences of family owners, centered around a mix of family recognition, preservation of family legacy, and social embeddedness (Bertrand and Schoar 2006). That said, family firms are very different from each other: some family firms appear reluctant to acquire (Gómez-Mejia et al., 2018; Miller et al., 2010) and shy away from external financing opportunities for precautionary motives (Molly et al., 2012), while others engage in fast growth and empire building (Fahlenbrach 2009) and undertake financially risky policies to protect socioemotional wealth (Gómez-Mejía et al., 2007). The reason behind all these differences relates to family owners' wide heterogeneity in preferences, ambitions, and behaviors, which in turn bring about disparate organizational identities.

In this study, we dig into family firms' heterogeneity in identity-related attributes to better understand their ability to perform. Toward this end, we investigate a specific typology of family firms, which adopt what we call a "nonconforming" company name. As we shall argue, this approach allows us to understand how deviant or conformist organizational identities can explain variations of family firm performance. Additionally, family firms represent a novel context to analyze the implications of firm names. There is a vast literature on the topic of firm names; however, this bulk of research has seldom derived specific implications for family firms. A literature on family firm names does exist (Belenzon et al., 2017; Deephouse and Jaskiewicz 2013; Minichilli et al., 2022), but it has been confined to eponymy (i.e. naming the company after the family owners). Departing from this approach, we argue that studying nonconforming names offers a promising avenue to explore the identity-related differentiation and legitimacy mechanisms that drive the relationship between firm names and performance.

We select Italy as context for our study, a country which represents an excellent laboratory due to a high prevalence of family ownership among firms at various stages of development (Cucculelli and Micucci 2008) paralleled with different trajectories of business development (Miller et al., 2017).

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[1] Fluent and easy-to-pronounce names such as Google have greatly helped companies by becoming popular and even turned into words commonly used in everyday conversations. Studies show that the linguistic fluency of company names may engender feelings of familiarity and affinity, thereby increasing firm value (Green and Jame 2013).

2.2. The benefits and costs of nonconforming company names

The notion that "being different" can improve firm performance goes back to seminal works in strategic management such as Porter (1991: 102), who argued that in order to avoid mediocre performance "the firm must stake out a distinct position from its rivals." Barney (1991), too, advocated for the importance of distinctiveness to sustain competitive advantage. Nonconformity in competitive repertoires can help firms to develop appeals that are distinctive and enduring (Miller and Chen 1996), thus limiting the competitive pressures they are subject to and improving firm performance. Most of the existing works in this area have focused on strategic actions as a way of distinguishing from competitors.

Seeking out a nonconformity premium leads the firm astray from the nexus of features constituting their organizational identity, which usually provides a signal of legitimacy and a lens used by stakeholders to interpret information about the company. This is especially so for family firms, which are accustomed to conform to practices that help establishing close relationships with local stakeholders (Baù et al., 2019; Miller and Chen 1996). Therefore, nonconformity can come at a cost, as local stakeholders acting as providers of key resources (e.g. suppliers and financiers), may be more willing to deal with conforming firms, which may be perceived as reliable counterparts in business transactions (Deephouse 1999).[2]

But if all family firms follow similar strategies, audiences would have substantial difficulties when attempting to differentiate between different firms. Symbolic actions can provide firms with differentiation opportunities and may be useful to break the information asymmetry between the less-expectedly nonconforming firm and providers of resources (Zott and Huy 2007). More specifically, verbal accounts and naming practices have been shown to provide opportunities to better identify an organization and thus gain an enduring differentiation advantage (Glynn and Abzug 2002; Smith and Chae 2016). Indeed, company names are a key feature that connotates and categorizes an organization's identity (see Glynn and Abzug 2002 and references therein). Because of such prominent role, company names are often used to categorize or create affiliations within certain audiences, markets or industries which may add appeal to the organizational identity by signaling growth opportunities, shaping stakeholder expectations, and creating cues of innovation and internationalization.[3] For instance, during the late 1990s, several companies in the US added the suffix "dot. com" to their names seeking to associate the image of their business to the booming internet industry (Lee 2001; Cooper et al., 2001). More recently, US executives have adopted words related to China aiming at associating the perceived prospects of their companies with the 2007 Chinese market boom (Bae and Wang 2012). Furthermore, the literature suggests that foreign-sounding names generate certain cues that can have significant implications for consumer behavior (Leclerc et al., 1994). Along this line, Sherry and Camargo (1987) propose that the use of English words in Japan symbolizes modernity, social mobility, and internationalization, while Ray et al. (1994) argue that the use of English words enables companies to evoke a more cosmopolitan identity.

Drawing on these insights, we conjecture that family firms can use nonconforming names to signal a distinct identity and thus reduce the information asymmetry which would otherwise lead nonlocal stakeholders to assume such firms as typical, conforming family businesses. We posit that adopting a company name made of foreign-sounding and family unrelated words (as opposed to names evoking local characteristics or eponymy) can represent an informative signal that a family business breeds a nonconformist identity and encompasses a better differentiation from the strategies usually associated with family businesses. A nonconforming company name fulfils the observability and costliness conditions necessary for a signal to be reliable (Connelly et al., 2011; Spence 2002). First, it is easily observable by the firm's local and nonlocal stakeholders, which is the case, as per any corporate name. Without observing such signal, local and nonlocal stakeholders may well assume that all family firms are alike due to information asymmetry on organization identity. Second, the signal is costly to produce since it breaks familiarity, the most common source of competitive advantage for family firms. Accordingly, the signal can be imitated but not without incurring a cost by other family firms with conformist (locally embedded) strategies, whose advantages would be forgone. Taking these arguments collectively, a separating equilibrium can emerge from the fact that not all firms engage in costless mimicking of the signal (which would otherwise lead to a pooling equilibrium).

The categorization enabled by the nonconforming names signal may be facilitated by different cognitive processing, as a foreign-language effect increases psychological distance and promotes deliberation (Keysar et al., 2012; Costa et al., 2014), nudging stakeholders towards active evaluations (McFarlane et al., 2020). Accordingly, stakeholders exposed to nonconforming names may consider whether they are facing a traditional family firm or one that is attempting to detach from conventional family business models. In contrast, in the absence of a nonconforming name, stakeholders react more automatically by matching a local-sounding or family-related name with assumed family firm behaviors. Overall, there is a trade-off between the benefit of nonconforming names signaling a disposition toward nonlocal interactions and the cost of partly foregoing the typical advantage stemming from local transactions and resources. On the one hand, there can be a plausible separating equilibrium in a signaling environment given that, while there may be a cost of breaking familiarity, family firms with nonconforming names may reap a greater benefit from visibility and differentiation, which in turn improve their competitive ability and raise financial performance. On the other hand, the signal may backfire and audiences could penalize the nonconforming family firm. Taking all aspects together, we hypothesize that:

Hypothesis 1a.   The benefits of nonconforming names overweigh their costs and lead—on average—to a positive association with

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[2] Studying the US mutual fund industry, Kumar et al. (2015) find evidence of social biases arising from foreign-sounding names at the individual level. Also, a local home bias that may favor family firms may disappear when such firms adopt a more market oriented behavior (Baschieri et al., 2017).

[3] Such use of company names has also been studied at start-up (e.g. Rosa and Scott 1999), as well as at incumbent phases, such as for corporate group membership (e.g. Litz and Stewart 2000).

firm performance.

Hypothesis 1b.   The costs of nonconforming names overweigh their benefits and lead—on average—to a negative association with firm performance.

2.3. The role of peers

Porter's (1991) view on competitive positioning with respect to rivals inspires our theory on the existence and magnitude of a nonconforming name premium. A high perceived similarity among firms within a competitive space would raise rivalry and hurt profitability. This notion has received empirical support from Gimeno and Woo (1996), who document that similarity increases rivalry between existing firms. Several insights in the field of strategy suggest that firms seek to achieve a performance gain by means of a nonconformist identity especially when the risk of being alike competitors is high. Baum and Mezias (1992) argue that resource similarity requirements would make firms compete more intensively. Moreover, Haans (2019) finds that strategic distinctiveness is associated with high performance for firms that operate in homogeneous categories. In a similar vein, Miller and Eden (2006) use data from foreign subsidiaries to show that strategic conformity is negatively related to performance in environments featuring a high share of firms competing for similar resources and displaying similar features.

We propose that the signaling value of a nonconforming name diminishes when it is unable to reduce the information asymmetry about firms' conforming or deviant identities, or such asymmetry is less stringent. For instance, the signal's value diminishes when a nonconformist strategy becomes less rare in the organization's peers space. As peers would increasingly adopt nonconforming names too, the benefit of attempting to signal such strategy will become smaller with respect to costs. Indeed, if a nonconformity signal is diluted, the trade-off will be dominated by the cost arising from weakened familiarity. Such arguments echo current understandings of organizational isomorphism. Smith (2011) writes that "organizational isomorphism is in part the result of the normative and cognitive constraints generated and applied by market audiences about what constitutes an acceptable or legitimate organizational identity" (Smith 2011: 61). Accordingly, not only a higher share of firms with nonconforming names dampens the nonconformity signal, but also the more diffused nonconforming names displace the local embeddedness of family firms with stakeholders values, and endanger organizational legitimacy by misaligning the organization and its business environment (Glynn and Marquis 2004). Therefore, the nonconforming names' benefit will be lower or even null if these names represent a common strategy in the firm's competitive space. The opposite would be true if peers adopt conformist identities, such as eponymy, known to signal the importance of reputation and commitment to local values (Belenzon et al., 2017; Deephouse and Jaskiewicz 2013; Minichilli et al., 2022). In this case, a larger share of eponymous peers would increase the reliability of a nonconformity signal as well as the odds of reaping the benefits of nonconformity. Collectively, we hypothesize that:

Hypothesis 2a.   A competitive space populated by more nonconforming peers diminishes the benefits with respect to the costs of nonconforming names for firm performance.

Following a similar economic logic, the value of a nonconformity signal is lower if the information asymmetry on the firm's positioning is lower and thus the firm does not require seeking visibility and distinctiveness in its competitive space. Signaling needs are often reduced by elements of strategic positioning with respect to rivals, which make the information asymmetry in the competitive space less stringent for the firm (see, e.g., Connelly et al., 2011). First, while smaller-than-peers firms would benefit more from signaling via a nonconforming name, larger firms may already enjoy a high visibility to stand out from the crowd of other firms that populate the industry, they have established conducts and thus have relatively less to gain from signaling unconventional traits. Similarly, the benefit of nonconforming names would be larger in crowded product categories: firms that operate in categories that are scarcely populated (i.e. because each product exhibits idiosyncratic features) require less signaling as they would already enjoy enough differentiation and thus have less to gain from signaling nonconformity. We hypothesize that:

Hypothesis 2b.   A competitive space that requires less differentiation diminishes the benefits with respect to the costs of nonconforming names for firm performance.

3. Methods

3.1. Data sources and definitions

The empirical analysis draws on a panel dataset of family firms in Italy. Following existing studies (e.g. Amore et al., 2014; Miller et al., 2013b), we define family firms as privately-held companies in which a family holds at least 50% of equity capital. For listed firms we decrease this threshold to 25% in accordance again with existing studies (e.g. Miller et al., 2013b). Data on corporate owners comes from the Italian Chamber of Commerce, which also provides us with information on board and executive positions. We get accounting data and other information such as company name, location of headquarter, and industry from the Italian branch of Bureau van Dijk (AIDA). After removing observations with missing values in key variables, we have 21,910 observations corresponding to 2625 unique firms (about 3% of which listed) spanning the years 2000–2014.

3.2. Dependent variable

Common to the literatures on both privately-held family firms and nonconformity (e.g. Amore et al., 2014; Bennedsen et al., 2007;

Miller et al., 2013a, 2013b, 2018), our dependent variable is the *return on assets (ROA)*, which is computed as the ratio of operating profits to the book value of total assets. ROA is particularly appropriate for our study also given that the vast majority of our sample firms are privately-held, and thus we do not have market-based measures of performance. In a sequence of robustness checks, we use alternative performance measures such as the ratio of net profit to sales, and the total factor productivity (computed as the residuals from regressing the natural logarithm of revenues on the natural logarithm of employees, the natural logarithm of the value of fixed assets, year and industry dummies).

3.3. Nonconforming name

We analyze the properties of a largely predetermined firm characteristic (and thus plausibly exogenous to current firm outcomes), which captures variations in organizational identity, i.e. the name of the family business. Specifically, we construct *Nonconforming name* as a dummy equal to one if the name of the firm satisfies three criteria (zero otherwise): (1) the name should be unrelated to the surname of the controlling family; (2) it should be in a language different from Italian; (3) at least one word in the company name should have complete sense in that foreign tongue. The first and second criteria help to avoid misclassification of instances in which a seemingly foreign-sounding company name is attributable to a family surname (e.g. Thun SpA) or combines a foreign word with a family name (e.g. A. Celli Paper SpA). The third criterion is useful to avoid classifying as foreign-sounding those company names that contain numbers and single letters (e.g. 2A SpA) or acronyms, which often originate from abbreviations of Italian words (e.g. SMEG Spa arising from Smalterie Metallurgiche Emiliane Guastalla).[4] Overall, our classification yields 13.5% of family firms with foreign-sounding and family-unrelated names.[5] In comparison, there are about 30% eponymous firms in our sample. The correlation between the two measures is −0.26, indicating a low overlap between a conforming name (i.e. non-nonconforming) and eponymous (while by definition there are no eponymous nonconforming firms). Later in the analysis we show that our results hold controlling for eponymy and explore the effect of eponymous peers.

Nonconforming names are almost always expressed in English (less than 5% are in German and French). We conduct a text analysis to assess the features of these names as compared to others. In particular, we explore whether names that we classify as nonconforming tend to have a different length than other names. To this end, we follow the procedure in Green and Jame (2013). Specifically, we exclude expressions that are part of the legal name (Italian equivalents for Corp., Inc., Ltd., etc.) as well as articles, conjunctions, and hyphens. We then conduct *t*-tests to compare the length of nonconforming names vs. other names. Results in Table 1 indicate that nonconforming company names tend to be significantly shorter, as measured by both the number of letters and number of words in the company name. This may be because words in non-Latin based languages such as English there is a higher correlation between word length and information content (see Piantadosi et al., 2011). In additional analyses, we find that around 30% of nonconforming names use a foreign language to refer to a specific product or sector, whereas 10% of such names use words (such as Europe or International) that describe the geographic scope of firm's activities. Looking at the distribution over time, we find a slightly lower frequency of nonconforming names in the early sample years (11% vs. 14% to 15% from 2007 onward).[6]

Moving to firm attributes, Table 1 illustrates that firms with nonconforming names develop B2B (as compared to B2C) activities in 69% of the cases (with respect to 66% in the case of conforming names). They are also more R&D intensive (i.e. R&D spending divided by sales) and feature fewer family members on the board of directors (67% as compared to 73% in firms with conforming names). Appendix Table A1 illustrates the distribution of firms across the top ten 2-digit industries in terms of observations. One may believe that firms with nonconforming names are more common in certain industries, e.g., high-tech and financial sector. Yet, we found that that 7 out of the 10 most represented industries are similar across firms with and without such names. This evidence alleviates the concern that nonconforming names pick up the profitability effect of specific industries. In any case, we control for industry effects in all regression analyses.

3.4. Moderating variables

To operationalize the *Nonconforming peers share*, we compute the average presence of nonconforming names in the industry-year pair.[7] In a similar fashion, we generate the *Non-eponymous peers share*. To operationalize relative firm size in its main industry, we create the variable *Large firm* indicating whether the firm's total assets are larger than the median for each industry-year pair. Finally, we operationalize *Less crowded product class* as those product classes which feature a smaller than median number of distinct firms.

3.5. Control variables

We proceed to construct a number of variables used as controls in the regression analysis. These variables are apt to capture differences in firm's characteristics, industry specialization, and governance structures, which may confound the performance effect of

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[4] In a robustness check we check that our results do not change if we exclude acronyms.

[5] Firm names that are not classified as nonconforming could be of different types: they could refer to, for instance, a product line, the city of headquarter, the family surname, or a combination of all these.

[6] In robustness checks, we ensure that our results are not different by age-cohorts.

[7] The distribution of names displays a higher variation across industries rather than regions, across which the average values of a nonconforming indicator remain very close to 13%.

Table 1
Nonconforming characteristics.

	Nonconforming = 0	Nonconforming = 1	Difference (2)–(1)
	(1)	(2)	(3)
Number of letters	13.9403	11.3265	−2.6138***
	(0.0597)	(0.0935)	(0.1552)
Number of words	1.8992	1.6417	−0.2575***
	(0.0071)	(0.0125)	(0.0186)
B2B indicator	0.6648	0.6897	−0.0249***
	(0.0029)	(0.0071)	(0.0079)
R&D intensity	0.0024	0.0049	−0.0025***
	(0.0001)	(0.0005)	(0.0003)
Family directors	0.7371	0.6729	0.0643***
	(0.0019)	(0.0052)	(0.0052)

Average values and corresponding standard errors (presented in parenthesis). ***$p < 0.01$.

nonconforming names.

Following existing analyses on the performance of family firms (e.g. Amore et al., 2014; Bennedsen et al., 2007), we control for a firm's stage of development by using *Ln firm age* and *Ln assets* computed, respectively, as the natural logarithm of a firm's age measured in years and the book value of total assets. *Debt to assets*, an indicator of financial leverage, is calculated by dividing a firm's total debt by its total assets. *Cash holdings* equal to the ratio of cash holdings and equivalents scaled by the value of total assets. Research and Development intensity (*R&D intensity*) is defined as firm R&D spending divided by sales. In addition, to account for the international scope of corporate operations, we gather from Orbis data on foreign direct investments (FDI), i.e. subsidiaries outside of Italy in which a firm has a direct or indirect equity stake of at least 10%. Using these data, we construct a variable, *Foreign investments*, measuring the count of a firm's FDI. R&D intensity and FDI controls are particularly important to make sure that our results are driven by the symbolic side of nonconforming names keeping constant the substantive differences in innovation and internationalization efforts across firms.

We account for governance and leadership characteristics in two ways. First, we compute *Family directors* as the ratio of family members in the board of directors scaled by the entire board size. Second, we compute *Family CEOs* as the ratio of CEOs belonging to the controlling family (using surname affinity and spousal relationships) to the total number of a firm's CEOs, which in Italy can be more than one for a relevant number of family businesses (e.g. Miller et al., 2014). Again, these controls are important to reduce the confounding effect of family involvement across firms with and without nonconforming names, and to rule out alternative explanations based on performance differences due to family management and control (see Amore and Epure 2021). Finally, to account for the exposure to different types of stakeholders, we create an indicator that takes the value one if the firm has a B2B activity, and zero for B2C.

3.6. Summary statistics

Table 2 shows the summary statistics for the main variables used in the regression analysis. Firms have an average ROA of 9%. Moreover, consistent with previous studies, our sample firms display a high level of debt in their capital structure and a strong involvement of families in top executive and board positions. There are roughly 14% nonconforming and 30% eponymous (70% non-eponymous) pears in an industry-year pair. Appendix Table A2 reports the correlations among variables.

4. Results

4.1. The performance of nonconforming family firms

To test our baseline hypotheses, we estimate an OLS model with ROA as dependent variable and, as explanatory variables, the name dummy together with the set of controls detailed in the previous section. In addition, we control for year, 2-digit industry, and location fixed effects. Location is first defined as the region of the firm's headquarter, and next at the more granular province level, which is useful to account for the fact that certain foreign-sounding names may be attributable to being located in a city sharing borders with a non-Italian country (such as France, Germany or Austria).[8] Notice that we cannot include firm fixed effects, which would be perfectly collinear with the time-invariant name indicator. Yet, in additional checks we control for industry trends (industry by year dummies) that capture sectoral time-varying heterogeneity. Standard errors are computed by clustering at the firm level to adjust for both heteroskedasticity and serial correlation by firm.[9]

Results in Table 3 show a positive association between nonconforming names and firm profitability. In economic terms, having

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[8] To alleviate this concern even further, we check that our results are robust to the exclusion of all firms (around 10%) headquartered in provinces sharing geographic borders with a foreign country.

[9] For robustness, we also clustered standard errors at the firm-year pair and obtain similar results.

Table 2
Summary statistics.

	Observations	Average	Median	Std. dev.
Nonconforming name	21,910	0.1354	0.0000	0.3421
ROA	21,910	0.0922	0.0791	0.0968
Ln assets	21,910	11.2188	11.1340	1.1763
Ln firm age	21,910	3.1389	3.2958	0.7266
Debt to assets	21,910	0.6462	0.6756	0.2012
Cash holdings	21,910	0.0705	0.0373	0.0903
R&D intensity	21,910	0.0027	0.0000	0.0159
Foreign investments	21,910	2.5182	0.0000	8.5889
Family CEO	21,748	0.8153	1.0000	0.3456
Family directors	21,749	0.7267	0.8000	0.3106
Nonconforming peers share	21,910	0.1379	0.1348	0.0775
Non-eponymous peers share	21,910	0.7014	0.6918	0.1109

such name is associated with a higher ROA by about 1 point (e.g. at the sample average from about 9 to 10%). As shown in columns (1) to (4), this result is robust to controlling for time-varying firm-level financial controls, as well as for time, industry, and region heterogeneity. Importantly, this result holds to including R&D intensity and foreign investments that proxy for the firm's potentially unique positioning via investments and international ties. In columns (5) and (6), we control for province and time-varying industry heterogeneity. Next, column (7) documents that the positive relationship between the nonconforming name and ROA holds even when controlling for family involvement in executive and governance positions. Finally, column (8) validates our results by including a B2B indicator; this indicator does not alter the magnitude or significance of the main coefficient estimate.

4.2. 2SLS, matched samples and additional estimations

Here we aim to confirm further the nonconforming names' impact on performance before moving to peer effects. Our regression models control for time, industry, region or province fixed effects, thus absorbing various layers of time-constant heterogeneity. Moreover, we control for time-varying firm characteristics that capture structural financial and corporate governance differences among firms, as well as for time-varying industry heterogeneity. That said, firm names can correlate with unobservable variables also affecting firm performance.

We tackle this concern through a two-stage least squares regression (2SLS). To this end, we need a variable that exogenously affects the likelihood of a nonconforming names without impacting at the same time current firm performance. A relevant historically-determined episode in our context is the random location of US military bases created after the second World War across the Italian territory. The creation of such bases increased the likelihood of the presence of an official US School in their vicinity. Examining the distribution of US Schools within Italy supports that their location is largely unrelated to geographic characteristics, economic development, or firm density. Rather, the existence of a US School is mostly attributable to the historical presence of a US military base. Therefore, we instrument the likelihood of nonconforming names using the presence of an official US School in the province of the firm's headquarter, which is credibly exogenous to current firm outcomes. We create a variable equal to one for the treated provinces (i.e. with US Schools), and zero otherwise. This instrument is used to predict the likelihood of choosing a nonconforming name. We then employ the predicted values to estimate the second stage regression.

In Table 4, the first stage results show that the instrument is positively associated with nonconforming names. This does not imply that a nonconforming name becomes familiar in such provinces, but merely that the instrument increases its probability at the margin; illustratively, these provinces feature about 17.7% of nonconforming names as compared to a baseline average of 13.5%. The second stage results validate our result of nonconforming names on a firm's ROA. As we have argued, the instrument is largely unrelated to geographical or economics development characteristics; also, our identification exploits within region variation. To further reduce omitted factor concerns, we verify that our finding holds including time-varying macroeconomic conditions such as regional GDP growth (column 2) and province level unemployment rate (column 3). Also, in column (4), we replace the regional fixed effects by the time-invariant province level of education. Finally, given that there can be a higher diffusion of foreign languages in the two main Italian metropolitan areas, Rome and Milan, in untabulated results we also estimate our 2SLS model excluding firms headquartered in these provinces.

As an alternative strategy, we re-estimate the specification in column 3 of Table 3 using a coarsened exact matched sample. For each firm with a nonconforming name, we identify a firm without a nonconforming name which is statistically similar in terms of the main control variables (Ln asset, Ln age, debt to assets, cash holdings), as well as the indicator variable of the 2-digit industry classification. The analysis in Appendix Table A3 shows that there are no systematic differences between the matched firms with or without nonconforming names. Results corroborate the positive effect of a nonconforming name on performance (0.0116: p-value<0.05).

In untabulated regressions we verify that our findings are not altered by controlling for time-varying measures of industry concentration such as the revenue-based Herfindahl-Hirschmann index (HHI) for each 2-digit industry and year. We also control for

Table 3
Baseline results.

Dependent variable: ROA								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Nonconforming name	0.0100**	0.0099**	0.0101**	0.0100**	0.0098**	0.0098**	0.0097**	0.0097**
	(0.0049)	(0.0047)	(0.0047)	(0.0047)	(0.0047)	(0.0048)	(0.0046)	(0.0047)
Ln assets	−0.0076***	−0.0061***	−0.0061***	−0.0077***	−0.0081***	−0.0083***	−0.0092***	−0.0092***
	(0.0012)	(0.0011)	(0.0011)	(0.0012)	(0.0012)	(0.0013)	(0.0015)	(0.0015)
Ln firm age	−0.0048***	−0.0037**	−0.0038**	−0.0039***	−0.0038**	−0.0038**	−0.0039**	−0.0041**
	(0.0015)	(0.0015)	(0.0015)	(0.0015)	(0.0016)	(0.0016)	(0.0016)	(0.0016)
Debt to assets	−0.1535***	−0.1233***	−0.1231***	−0.1239***	−0.1227***	−0.1226***	−0.1226***	−0.1237***
	(0.0069)	(0.0080)	(0.0080)	(0.0079)	(0.0081)	(0.0083)	(0.0082)	(0.0082)
Cash holdings		0.1817***	0.1813***	0.1779***	0.1793***	0.1812***	0.1817***	0.1815***
		(0.0292)	(0.0292)	(0.0291)	(0.0295)	(0.0304)	(0.0306)	(0.0309)
R&D intensity			−0.0778	−0.0864	−0.0948	−0.0822	−0.0890	−0.0559
			(0.0643)	(0.0643)	(0.0601)	(0.0612)	(0.0620)	(0.0548)
Foreign investments				0.0005***	0.0005***	0.0005***	0.0005***	0.0005**
				(0.0002)	(0.0002)	(0.0002)	(0.0002)	(0.0002)
Family CEO							0.0028	0.0026
							(0.0038)	(0.0039)
Family directors							−0.0126**	−0.0128**
							(0.0057)	(0.0058)
B2B indicator								0.0036
								(0.0035)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes	No	No	No	No
Province FE	No	No	No	No	Yes	Yes	Yes	Yes
Industry trends	No	No	No	No	No	Yes	Yes	Yes
Observations	21,910	21,910	21,910	21,910	21,910	21,910	21,743	21,614

Firm-clustered standard errors are presented in parenthesis. *$p < 0.10$, **$p < 0.05$, ***$p < 0.01$.

Table 4
2SLS results.

Second stage regression				
Dependent variable: ROA	(1)	(2)	(3)	(4)
Nonconforming name (instrumented)	0.1094**	0.1092**	0.1127**	0.1586**
	(0.0490)	(0.0491)	(0.0478)	(0.0785)
Regional GDP growth		0.0004		
		(0.0006)		
Province unemployment rate			−0.0084**	−0.0204***
			(0.0035)	(0.0015)
Province education ratio				−0.0622
				(0.0536)
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	No
Industry FE	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	No
Observations	21,910	21,910	21,647	21,692

First stage regression				
Dependent variable: Nonconforming name				
US school	0.0372***	0.0372***	0.03906***	0.0281***
	(0.0072)	(0.0072)	(0.0072)	(0.0081)
F-statistic	26.66	26.67	29.41	11.98

Firm-clustered standard errors are presented in parenthesis. Each regression includes the firm-level controls of Table 3 column (3). *$p < 0.10$, **$p < 0.05$, ***$p < 0.01$.

product class dummies, regional-level annual GDP growth and employment, and a measure of talent availability at the province level (as of 2011) computed as the number of individuals holding a master or PhD degree. Furthermore, our results hold when lagging all controls. In additional checks, we control for local cultural attachment across Italian regions and the strength of family logics.[10] For all

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[10] To operationalize cultural attachment, we use responses to the 2012 European Social Survey question: "Feel people in local area help one another". Answers to this question vary from 0 (not at all) to 6 (a great deal). For family logics, we follow Miller et al. (2017).

cases, our results remain unchanged.

Next, we carry out a regression excluding instances where the nonconforming name is associated with the presence of the word "holding" in the company name, for which the performance effect may arise from such specific organizational structure rather than from the company name *per se*. Excluding these instances (3% of all firms) does not alter our findings. Similarly, we exclude firms that control other business entities, for which the names can differ at different levels of the business groups. We also verify that our results are robust to the exclusion of company names resulting from merger by incorporation. Finally, controlling for an eponymous name indicator does not change our results, an aspect we shall investigate further in next steps.

Until now we have focused on ROA due to this measures ability to capture fundamental firm performance linked to both cost and benefits, and its comparability to a growing family firms' literature in both management and economics. However, one may argue that the name premium is driven by changes in sales, especially for firms with nonlocal stakeholders. To explore this aspect, in Table A4 (column 1) we use sales-to-assets as a dependent variable and find a nonconforming name effect similar to the one for ROA. This indicates nonconformity can help appealing to stakeholders relevant for both sales (e.g. customers) and costs (e.g. suppliers or finance providers). To check whether such sales-driven effect is different for firms with more nonlocal stakeholders, in Table A4 (column 2) we interact the nonconforming name dummy with foreign investments and do not find significant results. Such interaction can contain mixed effects. On the one hand, one can argue that firms with more foreign investment focus less on local stakeholders. Thus, an international name is useful for their audience, but also its signal strength is perhaps diluted due to an already internationally focused firm. On the other hand, a less international firm (with less or without investment) may be focused more on local stakeholders; however, a nonconforming name may be a stronger signal in this case of an attempt to internationalize stakeholder base in the future.

4.3. The role of peers

Hypotheses 2a and 2b submit that there can be decreasing marginal returns to a potential performance premium from a nonconforming name when peers' identity and positioning reduce the visibility or need of a nonconformist identity. In essence, these characteristics of the competitive environment would significantly dampen the signaling value of names. We test the hypotheses using OLS regressions similar to the ones used to test the first hypothesis and interacting the nonconforming name indicator with a battery of proxies of peer effects.

We start by exploring the role of nonconforming peers. Column. (1) of Table 5 shows that our result does not change when controlling for the share of firms with nonconforming names in the firm's industry in a given year. However, when interacting the nonconforming name indicator with nonconforming peers share, we uncover that the performance premium diminishes as more firms adopt this nonconformist identity, which thus becomes more familiar (column 2 of Table 5). Fig. 1 plots the predicted effects on ROA of nonconforming peers (with an average of 0.14 and a standard deviation of 0.08), alongside 95% confidence intervals. For non-nonconforming firms (left panel) the effect shows a flat trend as the share of nonconforming peers increases. Interestingly, for nonconforming firms the effect is strongly positive for lower densities of nonconforming peers, but the performance premium marginally decreases as the industry becomes more populated with firms adopting similarly nonconformist identities.

Next, we check whether such peer effects apply to other naming strategies. Since eponymous naming is one of the most salient indicators of a conformist identity, we compute the share of non-eponymous names in the firm's industry. Column (3) in Table 5 shows that controlling for non-eponymous peer presence does not alter the nonconforming name performance premium, which represents a stronger indicator of local detachment. Nevertheless, similar to the previous case, as the share of non-eponymous peers increases, the positive performance returns to nonconforming names become smaller. These results support hypothesis 2a.

Moving to more traditional strategic positioning elements, we study whether being larger than industry peers, and operating in less crowded product classes would also dampen the effect of nonconforming names on firm performance. Results in Table 6 first reveal that controlling for an indicator of higher than median total assets in the industry-year pair does not affect the nonconforming name performance premium (column 1). But this positive effect decreases if the size in industry of the firm with respect to its peers is higher, and therefore seeking nonconformity is less required given higher visibility and alternative available strategies of more resource-endowed firms (column 2). In a similar way, the positive effect of nonconforming names decreases when firms are more visible due to operating in less crowded product classes (i.e. with lower than median number of distinct companies, column 4).[11] We have focused on product classes, which reflect how a variety of stakeholders (e.g. customers, suppliers, financiers) may position the firm. For robustness, we check whether our results hold when looking at more vs. less competitive industries defined using a revenue-based Herfindahl–Hirschman index (HHI). The results in Table A5 confirm that the nonconforming name performance premium appears with higher competition (low HHI, column 1) as compared with low competition (high HHI, column 2). Collectively, the main estimations and robustness checks support hypothesis 2b.

4.4. Other cost-benefit trade-offs

Our results show that there is a performance premium of a nonconforming name, which marginally decreases when peers increasingly adopt nonconformist identities or the firm's positioning with respect to peers requires less differentiation. However, our

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[11] In columns (3) and (4) of Table 6, we base our identification on product class fixed effects. Since these are perfectly collinear with the term "Less crowded product class", the latter is omitted from the estimation. We report results in column (3) to illustrate that the nonconforming name effect is unaffected by a product class fixed effects identification.

Table 5

Nonconforming and eponymous peers.

Dependent variable: ROA	(1)	(2)	(3)	(4)
Nonconforming name	0.0102**	0.0371***	0.0101**	0.0891**
	(0.0047)	(0.0118)	(0.0047)	(0.0358)
Nonconforming peers share	−0.0181	0.0237		
	(0.0470)	(0.0418)		
Nonconforming name × Nonconforming peers share		−0.1577***		
		(0.0533)		
Non-eponymous peers share			0.0738***	0.0883***
			(0.0258)	(0.0247)
Nonconforming name × Non-eponymous peers share				−0.1085**
				(0.0453)
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes
Observations	21,910	21,910	21,910	21,910

Firm-clustered standard errors are presented in parenthesis. Each regression includes the firm-level controls of Table 3 column (3). *$p < 0.10$, **$p < 0.05$, ***$p < 0.01$.
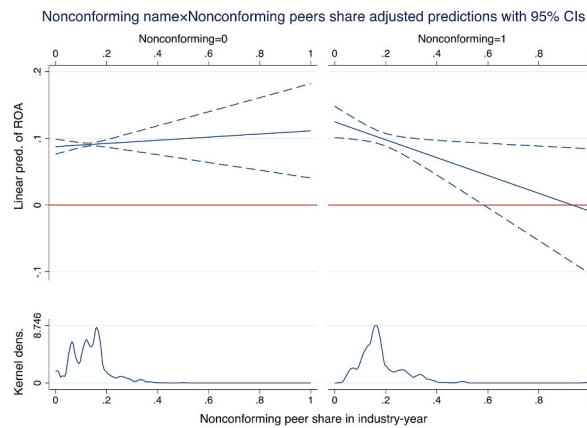

Fig. 1. The decreasing returns to nonconforming names.

Table 6

Industry and product class peers.

Dependent variable: ROA				
	(1)	(2)	(3)	(4)
Nonconforming name	0.0102**	0.0165**	0.0095**	0.0116**
	(0.0047)	(0.0075)	(0.0044)	(0.0047)
Large firm	−0.0065***	−0.0048*		
	(0.0023)	(0.0025)		
Nonconforming name × Large firm		−0.0134*		
		(0.0077)		
Nonconforming name × Less crowded product class				−0.0191*
				(0.0103)
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes		
Product class FE			Yes	Yes
Region FE	Yes	Yes	Yes	Yes
Observations	21,910	21,910	21,876	21,876

In columns (3) and (4) the term "Less crowded product class" is omitted from the estimation due to collinearity with product class fixed effects. Firm-clustered standard errors are presented in parenthesis. Each regression includes the firm-level controls of Table 3 column (3). *$p < 0.10$, **$p < 0.05$, ***$p < 0.01$.

theorizing also highlights that there can be costs of a nonconformist identity. Here, we investigate whether the more tenuous

connections of nonconforming firms with local constituencies and their blurred family identity can increase corporate risk, while still observing an average performance premium. To test this conjecture, we use as dependent variable the volatility in ROA computed as the standard deviation over a 3-year moving window. Column (1) of Appendix Table A6 suggests that nonconforming names are associated with higher risk. Further, in Column (2) we corroborate that such risk effect is not driven by the cost structure of the firm, and is present also when using volatility in sales-to-assets as a dependent variable. This is consistent with the notion that nonconformity may increase financial hazard (Miller and Chen 1996). But such hazard does not seem to lead to extreme outcomes. Estimating a linear probability model with a bankruptcy indicator as dependent variable and the same explanatory variables of Column (3) in Table 3, we find no significant effect of nonconforming names on the likelihood of default (untabulated).

A potential mechanism connected with the greater risk taking of nonconforming firms is accounting opaqueness. While some have argued that family firms can be more informationally opaque than their non-family counterparts (Anderson et al., 2009), others have associated them with lower audit or accounting reporting risk (Ghosh and Tang 2015). We posit that the weaker tendency to cater to local stakeholders and undertake riskier behavior makes nonconforming family firms more opaque as compared to more locally-attached family firms. We construct a firm-level measure of discretionary accruals (Dechow and Dichev 2002; Leuz et al., 2003), which we then use as a dependent variable in column (3) of Appendix Table A6. As shown, nonconforming names are significantly associated with higher accounting opaqueness.

5. Discussion

The strategy literature has discussed the contentious implications of "being similar" or "being different" for corporate prospects (Deephouse 1999; Haans 2019). A firm that shares some of the characteristics of its organizational peers may benefit from an enhanced legitimacy in the eyes of external stakeholders, which in turn improves access to key resources. To the contrary, a firm that credibly signals a nonconformist identity may reap the benefits of differentiation in the marketplace and thus strengthen its competitive position. Our key contribution has been to establish a nonconformist identity premium stemming from corporate naming and then analyze how such premium varies as a function of strategic positioning with respect to a firm peers.

5.1. Organizational identity, peers and performance

Integrating insights from the symbolic management literature, we focused our investigation on company names (Glynn and Abzug 2002; Smith and Chae 2016). To operationalize a nonconformist firm's identity we employed "nonconforming" company names, i.e. names made of foreign-sounding words unrelated to the surname of the family that controls a business, and analyzed how their relationship with family firm performance is shaped by peers strategies in terms of corporate naming, and industry and product space positioning. Our advances are multifold. Theoretically, we move the debate from nonconformist strategies, which has been the tenet of the literature, to a key firm attribute that can signal a nonconformist organizational identity. Focusing on organizational identity is growingly relevant to understand the foundations of family business (Zellweger et al., 2010, 2013). Family firms' high degree of marketplace embeddedness has led a dominant part of the literature to treat these firms as a homogenous group.

Methodologically, a contribution of our study has been to overcome the simultaneity in defining conformity in firm financial behavior and attributing its results to financial performance. Instead, by operationalizing nonconforming names, we delve into the unexplored intersection between nonconformity in a largely predetermined feature of a firm's organizational identity and its operating performance.

5.2. Implications

The literature on conformity and identity deviance has progressed in several important directions. Nevertheless, research on organizational identity in family firms is still in its infancy. We fill this gap by studying how a key element of organizational identity—the corporate name—can drive meaningful variations in firm performance. In a second theoretical advance, we bridge between the organizational identity of the focal firm and the identify and strategic positioning of rival peers, and incorporate these insights into the family business literature. While some scholars have employed social identity theories to understand how family firms make decisions (e.g. Deephouse and Jaskiewicz 2013), we theorize novel contingencies related to how the share of nonconformist identities in the competitive marketplace balances the benefits and costs of a nonconforming name performance premium.

Our study has practical implications too. Legitimacy is perhaps one of the most important lens to understand the material relevance of our findings. Family firms are often perceived as socially embedded entities; from this perspective, our evidence suggests that the need of differentiation from rivals plays a central role when discerning the implications of organizational identities established through the selection of certain company names. Drawing on insights from strategy and symbolic management literatures, we argue that firms with nonconforming names will experience benefits and costs that are contingent upon the deviance or congruence with the prevailing peer strategies in the competitive space. Our arguments leveraged on the heightened expectation that family firms will conform to local norms to achieve an enduring status in the eyes of local stakeholders (Sasaki et al., 2019). But, as we argued, when most firms follow conformist strategies, audiences can more readily rely on a nonconformity signal.

An important question that has surfaced from our study is thus: what are the situations in which companies with a nonconforming identity will prosper? To shed light on this question, we consider the densities of nonconformist or conformist organizational identities adopted by peers as well as the positioning of the firm in the industry and product spaces. Our arguments suggest that nonconforming names bring about a potential nonconformity premium along with possible legitimacy costs. We posit that the resulting effect is

beneficial when rival peers' adoption of nonconforming names is lower and eponymy higher, which reduces the "noise" of potential signal mimicry and facilitates categorization based on rational deliberation in audiences facing a more clear-cut differentiation. In contrast, if peers adopt similar strategies, the focal firm's nonconformity signal is diluted, and audiences are prone to put more weight on the cost derived from breaking "familistic" competitive advantages. Moreover, such benefit is higher under high differentiation requirements. Striking a balance between nonconformist salience in the peer space and required differentiation can make companies deviating from conformist identities gain significant differentiation benefits.

5.3. Limitations and extensions

Before concluding, we wish to illustrate some limitations of our study. We have inferred the organizational identity features of family firms using the textual properties of company names. While this approach has been employed in extant literature (e.g. Glynn and Abzug 2002; Glynn and Marquis 2004, 2006), the lack of information on the cognitive and social elements that made family owners adopt certain names does not enable us to capture the more nuanced elements that shape a family firm's organizational identity. Future studies could attempt to overcome the limitations of our categorization of nonconforming names using text recognition techniques coupled with an analysis of cognitive processes known to promote deliberation rather than instinctive responses (e.g. Keysar et al., 2012; Costa et al., 2014).

Using family firms is a great context for studying nonconforming names because the trade-off between the advantage of nonconformity vs. familiarity is more salient; however, future studies may go beyond family firms by employing more fine-grained measures of organizational typicality (e.g. Smith 2011). Another idea for future research relates to how unobservable identity features may have changed over time due to globalization and technology diffusion. While our data do not allow to parse this issue, we have shown that the nonconforming name premium holds even after accounting for R&D, international investments, firm age, and being led or not by non-family executives (together with time, industry, and geographic effects).

Another potential limitation of our study relates to the limited variation in nonconforming names in foreign languages other than English. Future studies may take advantage of data that contain additional variation in foreign languages. First, cross-national studies including data on individual demographics may help to predict how names may instill a sense of convergence or divergence with respect to local norms in the attitudes of stakeholders with different cultural origins (see, e.g., Bailey and Spicer 2007). In a similar vein, they could explore whether the diffusion of certain names over time may relate to changes in the perception of foreign cues (e.g. Fryer and Levitt 2004). Second, with novel datasets or experimental methods, future studies may try to separate the denotation from the connotation of the name symbol (see, e.g., Barley 1983), and thus explore heterogeneity stemming from potential ambiguity of the label or its categorical spanning. Third, datasets providing both language and continuous variation may exploit nonlinear effects and speak to the optimal distinctiveness literature; as we have shown, decreasing marginal effects exist to a nonconforming name premium when the competitive environment dilutes the value of the name signal or requires less using an organizational identity signal. Fourth, the regions in our sample have long histories of family firm prevalence as well as strong ties to the spoken languages and related cultures; our analysis could be extended to other regions which feature a more substantial heterogeneity in the strength of attachment to the local language and related norms, which could represent an interesting moderating effect.

Author statement

Declaration of competing interest

None.

Data availability

The authors do not have permission to share data.

Acknowledgements

APPENDIX

Table A1
Distribution of firms across the top 10 industries

Nonconforming = 0		Nonconforming = 1	
Industry	Percentage	Industry	Percentage
Wholesale trade	18.04	Wholesale trade	20.77
Manufacture of food products	8.49	Activities of head offices; management consultancy activities	6.54
Manufacture of machinery and equipment	5.79	Manufacture of machinery and equipment	5.29
Retail trade, except of motor vehicles and motorcycles	5.52	Manufacture of electrical equipment	4.81
Activities of head offices; management consultancy activities	5.00	Retail trade, except of motor vehicles and motorcycles	4.54
Manufacture of fabricated metal products, except machinery and equipment	4.99	Manufacture of fabricated metal products, except machinery and equipment	4.28
Wholesale and retail trade and repair of motor vehicles and motorcycles	4.89	Manufacture of rubber and plastic products	3.85
Manufacture of basic metals	4.13	Manufacture of food products	3.56
Financial service activities, except insurance and pension funding	2.76	Manufacture of chemicals and chemical products	3.39
Manufacture of rubber and plastic products	2.28	Manufacture of wearing apparel	2.89

Table A2
Correlations

		1	2	3	4	5	6	7	8	9	10	11	12
1	Nonconforming name	1.0000											
2	ROA	0.0405	1.0000										
3	Ln assets	−0.0552	−0.0265	1.0000									
4	Ln firm age	−0.1330	0.0007	0.1669	1.0000								
5	Debt to assets	0.0327	−0.2990	−0.2444	−0.2012	1.0000							
6	Cash holdings	0.0192	0.2687	−0.0396	−0.0136	−0.3379	1.0000						
7	R&D intensity	0.0546	−0.0256	0.0586	−0.0402	0.0161	−0.0247	1.0000					
8	Foreign investment	−0.0026	0.0326	0.4676	0.0977	−0.1172	0.0582	0.0628	1.0000				
9	Family CEO	−0.0290	−0.0030	−0.1726	0.0132	0.0081	0.0232	−0.0029	−0.0971	1.0000			
10	Family directors	−0.0716	−0.0208	−0.2893	−0.0153	0.0391	0.0061	−0.0451	−0.1828	0.6608	1.0000		
11	Nonconforming peers share	0.2254	0.0442	−0.0024	−0.1154	−0.0157	0.0889	0.0194	0.0641	−0.0713	−0.0796	1.0000	
12	Non-eponymous peers share	0.1284	0.0543	0.0590	−0.0723	−0.0858	0.0724	0.0145	0.0466	−0.0832	−0.1387	0.5675	1.0000

Observations: 21,743

Table A3
Matched sample: *t*-test of balanced covariates

	Nonconforming = 0	Nonconforming = 1	Difference (2)–(1)
	(1)	(2)	(3)
Ln assets	10.7773	10.7913	−0.0139
	(0.0208)	(0.0214)	(0.0298)
Ln firm age	2.8409	2.8250	0.01583
	(0.0131)	(0.0129)	(0.0184)
Debt to assets	0.6675	0.6734	−0.0059
	(0.0031)	(0.0032)	(0.0045)
Cash holdings	0.0708	0.0716	−0.0008
	(0.0014)	(0.0014)	(0.0020)

Average values and corresponding standard errors (presented in parenthesis).

Table A4
Robustness to alternative dependent variable and foreign investments

Dependent variable: Sales-to-Assets	(1)	(2)
Nonconforming name	0.1208**	0.1248*
	(0.0610)	(0.0671)
Foreign investments		0.0168***
		(0.0027)
Nonconforming name × Foreign investments		(0.0033)
		(0.0051)
Controls	Yes	Yes
Year FE	Yes	Yes
Industry FE	Yes	Yes
Region FE	Yes	Yes
Observations	21,909	21,909

Firm-clustered standard errors are presented in parenthesis. Each regression includes the firm-level controls of Table 3 column (3). *p < 0.10, **p < 0.05, ***p < 0.01.

Table A5
Robustness to industry competition

Dependent variable: ROA		
Industry competition:	High (low HHI)	Low (high HHI)
	(1)	(2)
Nonconforming name	0.0109**	0.0087
	(0.0055)	(0.0070)
Controls	Yes	Yes
Year FE	Yes	Yes
Industry FE	Yes	Yes
Region FE	Yes	Yes
Observations	10,957	10,953

Firm-clustered standard errors are presented in parenthesis. Each regression includes the firm-level controls of Table 3 column (3). *p < 0.10, **p < 0.05, ***p < 0.01.

Table A6
Corporate risk and opaqueness

Dependent variable:	σ(ROA)	σ(Sales/Assets)	Accounting opaqueness
	(1)	(2)	(3)
Nonconforming name	0.0024***	0.0371***	0.0301***
	(0.0008)	(0.0113)	(0.0064)
Controls	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes
Region FE	Yes	Yes	Yes
Observations	19,119	19,142	16,143

The dependent variable for each model is indicated in the top row. Each regression includes the firm-level controls of Table 3 column (3) and ROA. Clustered standard errors are presented in parenthesis. *p < 0.10, **p < 0.05, ***p < 0.01.

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