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Beyond Labels: Unveiling the Interplay Between Identity and Name Changes in Firm Performance

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ABSTRACT

Despite the increasing prevalence of corporate name change (CNC) in tandem with a growing body of research on the subject, the boundary and contextual conditions under which CNC yield beneficial or detrimental effects remain underexplored in the current literature. Integrating organizational identity literature and the resource-based perspective, we examine the boundary and contextual conditions under which name changes impact firm performance. Utilizing financial data from the Financial Analysis Made Easy (FAME) database and focusing on key variables (i.e., degree of internationalization (DOI), international geographical spread (IGS), firm size (FSIZE), country of destination (COD), and firm international or domestic status (STATUS)), we found that companies enjoy superior performance following CNCs. Additionally, the results show that DOI, IGS, and STATUS lead to lower performance after a CNC. However, FSIZE and COD have positive effects on the relationship between CNC and performance. We examine the key practical and theoretical implications.

1 | Introduction

Over the past three decades or so, corporate name change (CNCs), such as Facebook's (one of the world's largest companies based on market capitalization and also the parent company of Instagram, WhatsApp, and Messenger), renaming to Meta, have further elevated the issue of rebranding/name change to the forefront in the contemporary global business and corporate governance discourse (Thomas 2021; Isaac 2021; Kumar 2023). The company opined that the adoption of "Metaverse" was also seen as an attempt to better capture the virtual environment where individuals can play games, work, and communicate (Thomas 2021). Thus, it extends the business's reach beyond just social media into strategic areas such as virtual reality (Thomas 2021; Isaac 2021). In a similar vein, in 2015, Google also reorganized its business naming the parent company, Alphabet (Thomas 2021).

For most of the 20th and early 21st centuries, multiple companies, political parties, individuals, and even nations changed their names to usher in a new phase in their development (see Cooper, Gulen, and Rau 2005; Joseph et al. 2021; Tsai, Dev, and Chintagunta 2015; Blengini and Das 2021; Wu 2010). Indeed, some corporations are often motivated to adopt renaming as a strategy to repair tainted reputations and avoid being seen as "old" and problem-/scandal-ridden (Cole et al. 2015; The Economist 1994). Corporate name has the potential to serve as a signal of a new direction for the business and strategic renewal to diverse external stakeholders such as investors, clients, customers, and rival firms (Muzellec 2006). In this new millennium, corporate renaming often accompanies many corporate takeovers and acquisitions in an attempt to foster some kind of synergy, curtail projecting any confusing images of the new venture, and pave the way for something new to emerge (Liou and Rao-Nicholson 2019). Renaming also provides the opportunity for firms to address brand indistinguishability (Feng et al. 2022; Joseph et al. 2021; Muzellec 2006; Xie et al. 2020). Although some studies indicate positive effects of a name change (DeFanti and Busch 2011; Joseph et al. 2021), others suggest a more negative association (Karbhari and Sori 2004). Given that, CNC is also

not necessarily synonymous with poor organizational performance (see Joseph et al. 2021; Lee 2001; Wu 2010); it is surprising that the current literature remains inconclusive as to whether CNCs per se are actually beneficial in the long term (Kashmiri and Mahajan 2015). Accordingly, the boundary and contextual conditions under which CNC can yield beneficial or detrimental effects remain underexplored in the current literature. Despite a burgeoning interest in corporate rebranding (Joseph et al. 2021; Muzellec and Lambkin 2006; Miller, Merrilees, and Yakimova 2014), CNC (Feng et al. 2022; Wu 2010), and firm internationalization (Beugelsdijk et al. 2018), there has been limited scholarly attention paid to specific boundary and contextual conditions such as host nation characteristics and the degree of internationalization.

In an attempt to address this gap in the current literature, this study examines the boundary and contextual conditions under which CNC can yield beneficial or detrimental effects on organizational performance. Our examination of the moderating influences of the boundary and contextual conditions was further motivated by a number of factors. In spite of the recognition that CNC is inherent in the strategic alignment activities of firms (Feng et al. 2022; Joseph et al. 2021; Tan, Zhang, and Zhao 2023), much of the extant research has largely failed to account for the differential influence exerted by firm-specific characteristics such as DOI, FSIZE, COD, and STATUS. These moderators are crucial given that CNC involves a higher level of strategic resources and expertise.

The DOI and IGS may influence the NC-performance nexus because of the strain it puts on the available resources (Banalieva and Eddleston 2011). According to previous studies, firms build some competences and develop relationships before they increase their international spread (Karra, Phillips, and Tracey 2008; Cavusgil and Knight 2015; Vahlne and Johanson 2017). However, the "liabilities of outsidership" (Johanson and Vahlne 1977) may be exacerbated due to the name change. A firm that changes its name and increases its international spread will need to commit more resources to be able to market its products (Ochieng, Thornton, and Owusu 2024), which is likely to affect performance. We therefore consider how DOI influences the relationship between CNC and performance.

Studies have postulated the resources availability disparity between large and small firms (Manolova, Manev, and Gyoshev 2010; Ruizzer and Ruizzer 2015). Whereas a larger firm may have the resources to manage its international spread following a name change, a smaller firm may struggle (Ruizzer and Ruizzer 2015). As argued by Chelliah et al. (2010), larger firms are more likely to have the necessary expertise and resources to manage their internationalization more effectively and efficiently. Due to their size advantage, larger firms may benefit from economies of scale which results in lower average cost per product (Ambrose, Lacour-Little, and Sanders 2005; Lee 2001). We therefore examine the moderating impact of firm size on the relationship between CNC and performance.

Whether the firm's IGS is in a developed or developing country may also influence the relationship between CNC and performance. Firms that operate in foreign countries may find it difficult to execute a successful CNC due to institutional differences between developed and developing economies (Halabi et al. 2021). According to Puthusserry et al. (2020), the country level of development can greatly improve international firms' performance through experiential learning. Several studies have postulated the higher foreign firm performance effect of institutional development (Szczygielski, Grabowski, and Woodward 2016; Tsamadias et al. 2019). Due to better information and communication technologies in foreign developed countries, firms that change their names in developed foreign countries will be better able to communicate and signal their CNC than those foreign firms operating in developed countries. Such an advantage is expected to lead to higher performance from IGS. We therefore examine the moderating impact of COD on the relationship between CNC and performance.

Whether the firm is operating internationally or nationally (STATUS) can also impact on the relationship between CNC and performance, yet this remains largely unaccounted for in the current literature. Due to language barriers (Harzing and Pudelko 2013) and other country level differences (Zahra, Ireland, and Hitt 2000; Kostova and Roth 2002), CNC will demand more resources and longer time before any benefits to be realized for firms that operate internationally than those operating nationally. This is because firms that operate internationally face more-complex operating environments (Pantzalis, Park, and Sutton 2008) such as the opportunistic behavior of local actors (Halabi et al. 2021). We therefore examine the moderating impact of STATUS on the relationship between CNC and performance.

The study makes several pivotal contributions to the literature. First, companies around the globe have been investing considerable resources into name change and broader strategic repositioning (Kalaignanam and Bahadir 2013; Miller, Merrilees, and Yakimova 2014), yet it remains unclear whether these resources as squandered or deliver fruitful outcomes (see Tarnovskaya and Biedenbach 2018). Drawing on resource-based theory (Barney, Wright, and Ketchen Jr 2001; Grant 1991) and organizational identity theory (Brown 2022; Brickson 2005; Voss, Cable, and Voss 2006), this study contributes to the literature (Cooper, Gulen, and Rau 2005; Muzellec 2006) by accounting for firm performance before and after name changes. This approach enables us to offer pre-and post-name change conditions. Second, we contribute to the management literature (Heinberg et al. 2020; Kalaignanam and Bahadir 2013; Kashmiri and Mahajan 2015) and firm internationalization (Beugelsdijk et al. 2018) by examining whether the different foreign countries that a firm operates in and the size of the firm affect the CNC-performance relationship.

Furthermore, in this global world, firms operate beyond their domestic frontiers (Arora, Kweh, and Mahajan 2018; Booltink and Saka-Helmhout 2018; Blengini and Das 2021), as such existing literature has documented the challenges and benefits that firms face by going international (Brock, Yaffe, and Dembovsky 2006; Altuzarra, Bustillo, and Rodríguez 2018; De Jong and van Houten 2014) and the importance of the size of firm (Chelliah et al. 2010; Eldridge, Nisar, and Torchia 2019). However, how these factors affect the relationship between CNC and performance is lacking in the current literature. By documenting that SIZE and COD (DOI, IGS and STATUS) positively

(negatively) moderates the CNC-performance relationship, our study further contribute to the literature by providing a deeper understanding of how the CNC-performance relationship might differ among firms with different characteristics.

Another unique contribution we make to the extant literature is the finding that the CNC-performance relationship depends on the prevailing economic conditions. The existing literature is nearly unanimous in concluding that CNC involves the commitment of resources (Fainshmidt, Nair, and Mallon 2017). However, periods of crisis are characterized by resource scarcity (Fainshmidt, Nair, and Mallon 2017) due to severe external shocks to markets and companies (Fainshmidt 2014). In essence, any firm that ventures into a CNC during a crisis period may struggle to amass the resources needed to achieve the intended gains. This finding has implications for managers when making CNC decisions.

The rest of the paper proceeds by first presenting a brief review of name change, organizational identity, and resource-based view literature. After presenting our hypothesis development, we outline the research methods and approaches to data analysis. Following this, we present the key findings of the study. We conclude by outlining the key research and managerial implications of our findings.

2 | Conceptual, Literature Review, and Hypotheses Development

This study is grounded in two complementary theories that shed light on strategic resource and perception aspects: resource-based theory (Barney, Wright, and Ketchen Jr 2001; Grant 1991; Hall 1993) and organizational identity theory (Brown 2022; Brickson 2005; Voss, Cable, and Voss 2006). While resource-based theory illuminates the firm-specific resources and capabilities that underlie a name change rationale (see Barney, Ketchen Jr, and Wright 2021), organizational identity theory provides opportunities to elucidate stakeholders' perceptions, both internal and external (Dhalla 2007). Thus, CNC is seen as an effort to redeploy firm resources to reshape internal and external stakeholders' perceptions and to reposition the organization for future success.

2.1 | Organizational Identity Literature

According to the organizational identity literature (Brown 2022; Brickson 2005; Voss, Cable, and Voss 2006), organizational/corporate identity captures the distinctive features of a firm, typifying its culture, which reflects its ethos, values, norms, and strategy (Muzellec 2006; van Riel and Balmer 1997). As Gioia et al. (2000, 78) opined more than two decades ago, the concept of identity is central to understanding the organizational architecture. Names are often ascribed at organizational founding and become inextricably linked to a firm's identity and origin (Drury and McCarthy 1980; Feldman 1969). Corporate names can be "synonymous with a way of doing business" (Muzellec 2006, 305). However, during a firm's life cycle, its name may be altered to reflect changing and new realities (Drury and McCarthy 1980). According to the literature, firms might be motivated to change their name to pave the way for cultivating a new identity (Lee 2001). In some traditions, CNC actually signifies a "rite of passage" and heralds a new era (Drury and McCarthy 1980, 311). It does follow that changes in top management teams sometimes lead to corporate restructuring and CNC (Glynn and Slepian 1993). Thus, CNC might be part of a larger and carefully orchestrated set of actions designed by top executives of companies to convey a message to their different stakeholders, such as customers, clients, and governments, that they are attentive to their concerns and interests. Past studies indicate that organizations are sometimes prompted to alter their identity, processes, and even name to respond to institutional demands in key markets and gain legitimacy (Amankwah-Amoah, Boso, and Kutsoati 2022; Liou and Rao-Nicholson 2019; Walsh and Glynn 2008). CNC may be motivated by a firm's desire to demonstrate and renew its care for key stakeholders (Kalaignanam and Bahadir 2013).

Organizational identity demonstrates the distinctive characteristics of an organization, including how internal and external stakeholders view the organization (Dhalla 2007). Corporate identity may reflect the distinctive features or a coordinated set of representations of the business, including its logos, products, and structure (Ravasi 2016; Rindova and Schultz 1998), which shape how external stakeholders perceive the organization in terms of its standing, products, and services, and ultimately its ability to compete (Ravasi 2016). Faced with brand indistinguishability, loss of distinctiveness, and memorability, corporate executives are incentivized to initiate CNC as a means of renewing the organization and realigning it with changes in the marketplace (Feldman 1969). Another key but obscure motive for CNC is the inherent difficulties and awkwardness in pronouncing some long names (Feldman 1969; Xing, Anderson, and Hu 2016). As the world globalizes and many firms internationalize, often names that were easier to verbalize in the home country become difficult or "unpronounceable" in key foreign markets, and/or the name translates into a "disastrous meaning" in a foreign language.

2.2 | The Resource-Based Perspective and Corporate Name

Anchored in the resource-based perspective of competitive advantage (Barney, Wright, and Ketchen Jr 2001; Barney, Ketchen Jr, and Wright 2021; Grant 1991; Hall 1993), the organizational name is a valuable asset that captures the pivotal aspects of the firm's identity and essence (Cole et al. 2015; Glynn and Abzug 2002; Kalaignanam and Bahadir 2013; Lee 2001). Prior research has demonstrated that intangible resources such as trademarks, copyright, and brand name (Hall 1993) are key and valuable assets that organizations can utilize to develop a market advantage and enhance their competitiveness (Barney, Ketchen Jr, and Wright 2021). The brand name appears to be an effective mechanism for communicating with customers of the business (Aaker 1991; Muzellec 2006) and can provide assurance of the quality of the product or service. Research suggests that because intangible resources such as corporate brand and customer loyalty are difficult to imitate and replicate, firms are often enticed to deploy key and considerable resources toward developing and renewing

them (Hall 1992). As Drury and McCarthy (1980) observed, the more valuable a corporate name is, the more reluctant the business becomes "to changing its preferred public symbol" (p. 312). However, the organizational name can also detract value in terms of projecting inferior attributes of the firm's offerings (Cole et al. 2015). As names and brands lose their appeal or become tainted, organizations are forced to alter or change the name in an attempt to repair potential damage to the firm (Cole et al. 2015; Tsai, Dev, and Chintagunta 2015; Wu 2010).

Related lines of research, nevertheless, indicate that CNC can be a cosmetic exercise and detached from the broader strategic direction of the business (Cooper et al. 2005; Lee 2001). CNC per se can be a costly exercise that requires a redesign of the organization, its brand, logos, and standing in the minds of customers. One study found that multinational enterprises (MNEs) that change the name of "acquired subsidiaries experienced worse post-acquisition return on assets than others who did not do so" (Liou and Rao-Nicholson 2019, 1–13). As firms diversify their portfolio of activities, the old name sometimes fails not only to capture the new activities but also to reflect the changing business environment. Thus, rebranding ushers in a new era that better captures firm activities under one unifying umbrella. Figure 1 depicts a general model that captures the effects of CNC and conveys information, messages, and focus on investors, lenders, and other key stakeholders in both domestic and international markets.

2.3 | Hypotheses Development

Previous studies have examined the relationship between a CNC and firm performance; however, the results have been mixed. While some studies have posited a positive association, others have demonstrated a negative relationship. Regarding a positive association, Mase (2009) employed a sample from the London Stock Exchange (LSE) for the period between 1994 and 2004 and used abnormal returns as the measure of the firm's value. The reported results show a positive abnormal return following a CNC announcement. However, the results further demonstrate a significant distinction in the abnormal returns of amendments to CNCs and radical CNCs, as well as whether the CNC reflects a diversifying or refocusing strategy. By considering the impact of marketing activities on the relationship between CNC and firm value, Kashmiri and Mahajan (2015) used a sample of 180 publicly listed US firms and reported that firms with better marketing influence in their C-suite, on average, enjoy higher firm value following a CNC. They, therefore, concluded that marketing-related issues play a significant role in CNCs on the value of firms. Green and Jame (2013) used a sample of share codes 10 or 11 from the Compustat database for the period from 1982 to 2009 to examine whether firm name fluency influences performance following a CNC. They reported that CNCs increase fluency, which, in turn, increases the breadth of ownership, liquidity, and value. However, their further analysis shows that fluently named closed-end firms comparatively enjoy greater fund flows and higher value.

For a negative relationship, Devos, Huang, and Zhou (2021) used a sample of 40,630 firm-year observations from the Compustat, CRSP, I/B/E/S, and SDC databases for the period from 1987 to 2017 and posited that the stock market reacts negatively to CNC. They further explained that firms that change their names are normally associated with a worse information environment. Examining the performance differences between firms that performed a blockchain or cryptocurrency-related CNC and firms that performed a blockchain or cryptocurrency-unrelated CNC, Akyildirim et al. (2020) used a sample of 82 firms that made CNCs between December 2015 and June 2019. According to their results, firms that perform blockchain or cryptocurrency-related CNC experience worsening performance than those that perform blockchain or

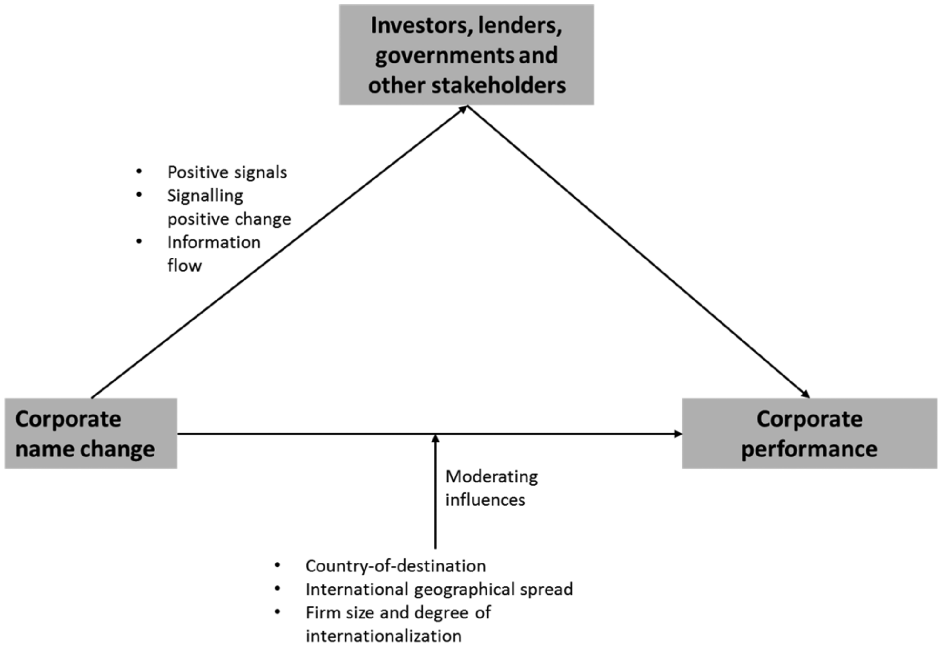

FIGURE 1 | Schematic of signaling effects of name change.

cryptocurrency-unrelated CNC. Overall, they concluded that CNCs harm both short-term profitability and financial leverage. Relying on a large sample set from the CRSP, Lexis-Nexis, Jones Interactive databases, and SEC filings for the period from 1980 to 2000, Wu (2010) examined how different types of CNCs affect firms using cumulative abnormal returns as the main dependent variable. Employing the simultaneous equation econometric method, the results show that except for the radical form of CNC, all other forms of CNC, including brand adoption, broader focus, and narrower focus, lead to subsequent lower firm performance.

2.3.1 | Name Change and Firm Performance

Studies indicate that firms change their names to signal future performance (Wu 2010; Lin et al. 2016), to manage their reputation (Cooper et al. 2005), to eliminate discrepancies between the firm's identity and business (Agnihotri and Bhattacharya 2017), or for market repositioning (Muzellec 2006). Several studies (Wu 2010; Devos, Huang, and Zhou 2021) have posited how CNCs convey important information to the public. For example, financial markets reacted positively to CNCs involving the inclusion of internet-related names during the period of the internet boom. Likewise, investors reacted positively to CNCs involving the removal of dot-com names during the internet crash period (Cooper, Gulen, and Rau 2005; Devos, Huang, and Zhou 2021). The information conveyed through CNCs attracts the attention of investors, which is expected to lead to market reactions. Cooper, Dimitrov, and Rau (2001) and Lin et al. (2016) suggest that firms can take advantage of investors' sentiment by implementing a CNC to enjoy gains because investors interpret a CNC as a positive signal. According to Fombrun and Shanley (1990) and Agnihotri and Bhattacharya (2017), a CNC signals a firm's growth potential, likely generating a positive reaction and thereby increasing performance. Based on the above arguments, we hypothesize the following:

H1. *There is a positive relationship between CNC and firm performance.*

2.3.2 | Degree of Internationalization/International Geographic Spread

The DOI and IGS are expected to moderate the relationship between CNC and firm performance. According to Agnihotri and Bhattacharya (2017), geography plays a vital role in investment-related decisions such as CNC. At a high level of DOI/IGS, the firm may struggle to transmit the new name to the various geographic operations because of logistical costs (Halabi et al. 2021), cultural diversity (Strange 2018), and information processing costs (Oh, Sohl, and Rugman 2015). Based on these factors, the costs involved in transmitting the CNC are expected to exceed the benefits with high DOI/IGS. Firms with high DOI/IGS will have to manage their value-chain operations across different markets. Thus, a CNC may stretch the internal resources of high DOI/IGS firms. Several studies have shown that high DOI/IGS leads to reduced performance (Brock, Yaffe, and Dembovsky 2006; Jain and Prakash 2016; Afrifa et al. 2022). We therefore expect DOI/IGS to moderate negatively the relationship between CNC and performance. Hence:

H2. *The DOI will negatively moderate the relationship between CNC and firm performance.*

H3. *The degree of international geographic spread will negatively moderate the relationship between CNC and firm performance.*

2.3.3 | Firm Size

Due to the control of substantial resources and expertise, large firms relative to SMEs are better equipped to weather environmental upheavals (Etemad, Wright, and Dana 2001; Danso et al. 2019) and confusion associated with CNCs, and are therefore able to capitalize from it. As such, the large firms also have the network and global reach to amplify the effects of their activities (Etemad, Wright, and Dana 2001). We therefore expect firm size (FSIZE) to positively moderate the relationship between CNC and performance. Hence:

H4. *Firm size will positively moderate the relationship between CNC and firm performance.*

2.3.4 | Country of Destination

Country of destination relates to information pertaining to countries where the product or services are offered. Following this logic (Samiee 2010), we contend that there is country-of-destination (COD; developed vs. developing) effect on the ability to achieve success (Kwon, Sung, and Park 2021). The features of advanced economies and developing economies are essential in understanding the effects and possible implications for CNC. Developing economies are typified by institutional voids which denote "the absence of the institutions that facilitate economic activity, as well as the absence of an associated set of rewards and sanctions to enforce those rules, norms and belief systems" (Tracey and Phillips 2011, 31). Institutional voids such as lack of access to institutional support and weak legal enforcement mechanisms can hamper firms' development (Chung and Luo 2008) and their ability to mobilize necessary community support to implement CNC initiatives in developing nations. Accordingly, institutional voids such as weak legal enforcement systems and limited access to legitimacy-confirming organizations may actually neutralize firms' ability to outperform rivals or compete based on firm-specific resources such as brand name. Unlike developing countries, developed countries are characterized by reliable information and low degree of information asymmetry (Kwon, Sung, and Park 2021), which leads to greater efficiency in resource allocation and lower learning costs (Kuppuswamy, Serafein, and Villalonga 2014). These factors in developed countries will allow a shorter period for a firm that changes its name to achieve name recognition and build corporate image (Kashmiri and Mahajan 2015). Several studies (Baek, Kang, and Suh Park 2004; Lins and Servaes 2002) have postulated a lower-value effect for COD in developing countries. Thus:

H5. *Developed* (*developing*) *country of destination will positively* (*negatively*) *moderate the relationship between CNC and firm performance.*

2.3.5 | Domestic Versus International Firms

In today's integrated global marketplace, firms go beyond their national boundaries in search of competitive advantages (Booltink and Saka-Helmhout 2018) by accessing new markets (De Jong and van Houten 2014), economies of scale (Halabi et al. 2021), and favorable macroeconomic factors (Arora, Kweh, and Mahajan 2018). Due to these advantages, international firms outperform their domestic counterparts (Bodnar, Tang, and Weintrop 2003; Freund, Trahan, and Vasudevan 2007; Glaum and Oesterle 2007). Apart from the superior turnover and profitability of international firms (Peng 2001), a report by UK Trade and Investment (UKTI) (2012), suggests that international firms are 11% more likely to survive than domestic firms. Despite the higher performance of international firms compared with their domestic counterparts, a CNC is expected to present a more challenging situation for international firms than domestic ones. Geographically, domestic firms can transmit their new name easily and cheaply. Domestic firms are also less likely to face challenges in terms of cultural and language barriers to the new name as compared with their international counterparts. Due to country differences, a new name that signals a firm's focus in the home country may convey a "disastrous meaning" in a foreign language. We hypothesize:

H6. *Domestic* (*international*) *firms positively* (*negatively*) *moderate the relationship between CNC and firm performance.*

3 | Research Methodology

3.1 | Data and Sample

Data used for this study were collected from the Financial Analysis Made Easy (FAME) database. The FAME database contains financial and some non-financial information of firms domiciled in the United Kingdom. As of 22/02/2024, there were 16,825,661 (both active and inactive) firms present in the FAME database. The authors decided to utilize this particular database because the objective of this paper is to examine the effect of CNC on the performance of firms domiciled in the UK. Thus, the FAME database gives us exclusive access to firms domiciled in the UK. The population from which the sample was collected is all United Kingdom (UK) firms with information in the FAME database for the period from 2000 to 2022. Our dataset commences from the year 2000 due to the abundance of missing information in years preceding 2000. Consequently, we have excluded these earlier years to mitigate the issue of selection bias.

Given that the focus of this paper is both international and domestic firms, the final sample of firms that changed their names is constructed as follows. First, we collected financial information for firms that have changed their names before, resulting in 688,305 firms. Second, we excluded firms with a change of name outside of the sample period from 2000 to 2022, leaving us with a sample size of 97,870 firms. Finally, we excluded firms that changed their names because they were acquired by or merged into an independent firm. This is important because it is difficult to measure the performance of such firms after the name change. This left us with a final sample of 86,514 firms and 1,989,708 firm-year observations. Table A1 presents the tabulated steps of collecting the sample used in this study.

3.2 | Variable Definitions

The main dependent variables used in this paper are the return on assets (ROA) and return on sales (ROS). These performance measures are appropriate for our study because firms in the sample consist of both public and private firms and therefore, we cannot apply a market-based measure of performance. The ROA and ROS have been used extensively in the literature (Jaggi and Tang 2015; Mohr and Batsakis 2017). ROA is measured as net profit scaled by total assets. The ROS is measured as the ratio of net profit to net sales (King, Slotegraaf, and Kesner 2008; Eroglu and Hofer 2011). Whereas the ROA measures the firms' ability to generate profits, ROS measures the firms' sales effectiveness, which is supported by the resource-based theory. The main explanatory variable used in this study is the dummy variable CNC, which is equal to one if the firm changed its name during the sample period, and zero otherwise. This measure is consistent with previous studies including Cooper, Gulen, and Rau (2005), Cole et al. (2015), and Wu (2010).

To further explore the conditions that impact on firm performance after a CNC, we focused on five moderating factors including DOI, FSIZE, IGS, COD, and STATUS. Following previous studies, we measure a firm's DOI as the ratio of overseas sales turnover to total sales turnover (see Love, Roper, and Zhou 2016). Thus, a higher value suggests a high DOI. Next, we defined each firm as either an FSIZE or large firm (FSIZE) using the FAME database classification, similar to Eldridge, Nisar, and Torchia (2019). IGS is defined as the number of foreign countries in which the firm operates (Mohr and Batsakis 2017). Therefore, the higher the number of countries where a firm operates, the higher the IGS. Next, we constructed an index—COD where a firm is given a mark of one if that firm's IGS is into a developed country and zero otherwise. Table A2 presents the list of destination countries. Finally, we separated the sample into international and domestic firms by creating a dummy variable—*STATUS*—equal to one if the firm's total sales are derived from the country of origin and zero otherwise.

To ensure consistency with previous similar studies, we controlled for certain firm characteristics which are likely to impact on firm performance. Sales growth was measured using the change in sales from one year to the next (Wu 2010). We separated sales growth into positive (PSgrowth) and negative sales (NSgrowth) growth. Firm size (Size) was measured as the natural logarithm of total assets (Cole et al. 2015). Firm age (Age) was defined as the number of years between the date of incorporation and each sample year-end (Mohr and Batsakis 2017). To ascertain the non-linearity of firm age, we also included the squared of age (Age squared). The age squared is defined as age × age (Atanasova 2012). Financial leverage (Leverage) was calculated as the ratio of total debt to total assets (Wu 2010). Intangible assets ratio (Intangibles) was measured as intangible assets scaled by total assets (Mohr and Batsakis 2017). Cash reserves (Cash) were calculated as the ratio of cash reserves to total assets

(Aktas, Croci, and Petmezas 2015). Research and development (R&D) was calculated as the ratio of research and development to total assets (Lin, Liu, and Cheng 2011). Finally, we measured fixed assets growth (FAgrowth) as the change in fixed assets from one year to the next (Aktas, Croci, and Petmezas 2015).

3.3 | Econometric Model

Given that our sample covers the period noted above, we employed the unbalanced panel data methodology. Table 1 defines all the variables used in this study. The moderators are represented by DOI, IGS, FSIZE, COD, and STATUS. One problem that may be associated with this study is the possible endogeneity of CNC status. This is because the decision of a firm to change its name is not likely to be exogenous but could depend on some observable factors. Thus, using the full sample may lead to possible selection bias. The propensity score-matching technique controls for sample selection bias based on observed differences between firms that changed their names and those that did not. Given that the firms that have never changed their names outnumber those that changed their names within the sample period, we considered the firms that changed their names as the treated group and those that have never changed their names as the control group (see Altuzarra, Bustillo, and Rodríguez 2018). Thus, we matched each firm-year observation in the treated group to a firm in the control group based on all the control variables used in this study. Unreported results show no significant differences between the firm characteristics of firms that changed their names and those that did not, after performing the propensity score-matching. Given that, the propensity score-matching is able to control for firm-level observable differences between firms that have changed their names and those that have not changed their names within the sample period, we present all our results using the propensity score-matching technique. We used STATA version 15.0 to run all the regressions.

4 | Empirical Results

4.1 | Descriptive Statistics and Correlation Matrix

The descriptive statistics presented in Table 2 show that the average firm in our sample has an ROA of 5.7% and ROS of 5.6%. The percentage of firm-year observations in our sample representing a change of name is 33.6%. The percentage of overseas sales to total sales of the average international firm in our sample is approximately 23.5%. The average international firm in our sample operates in nearly 14 countries around the world. The percentage of firm-year observations classified as large firms is approximately 33.6%. Around 44.6% of international operations happen in developed countries. Approximately 38.5% of the firm-year observations in our sample are international firms. The descriptive statistics of the control variables are qualitatively similar to the existing literature.

The results of the Pearson correlation matrix in Table 3 show no multicollinearity issues because all the coefficients are well below the threshold of 80% recommended by Field (2005). The correlation of (−0.663) between IGS and COD is not a concern because these two variables are included in separate regressions.

4.2 | Regression Results and Discussion Based on ROA

To examine the ROA effect of a CNC, the following regression equation was estimated:

$$\begin{aligned} ROA_{it} = {} & \beta_0 + \beta_1 CNC_{it-1} + \beta_2 PSgrowth_{it-1} + \beta_3 NSgrowth_{it-1} \\ & + \beta_4 Size_{it-1} + \beta_5 Age_{it-1} + \beta_6 Age\ squared_{it-1} \\ & + \beta_7 Leverage_{it-1} + \beta_8 Intangibles_{it-1} + \beta_9 Cash_{it-1} \\ & + \beta_{10} R\&D_{it-1} + \beta_{12} FAgrowth_{it-1} + Year\ effects \\ & + Industry\ effects + Country\ effects + \varepsilon_{it} \end{aligned} \quad (1)$$

To examine the moderation effects of DOI, IGS, FSIZE, COD, and STATUS, we estimated the following econometric equation:

$$\begin{aligned} ROA_{it} = {} & \beta_0 + \beta_1 CNC_{it-1} + \beta_2 CNC \times Moderators_{it-1} \\ & + \beta_3 Moderators_{it-1} + \beta_4 PSgrowth_{it-1} \\ & + \beta_5 NSgrowth_{it-1} + \beta_6 Size_{it-1} + \beta_7 Age_{it-1} \\ & + \beta_8 Age\ squared_{it-1} + \beta_9 Leverage_{it-1} \\ & + \beta_{10} Intangibles_{it-1} + \beta_{11} Cash_{it-1} + \beta_{12} R\&D_{it-1} \\ & + \beta_{13} FAgrowth_{it-1} + Year\ effects + Industry\ effects \\ & + Country\ effects + \varepsilon_{it} \end{aligned} \quad (2)$$

Table 4 presents the results on the effect of a CNC on ROA, and the possible effects of DOI, IGS, FSIZE, COD, and STATUS on this relationship. The dependent variable in all columns is ROA and the explanatory variable is the dummy variable—CNC. Since firms could change their names any time during the year including the last month, we therefore excluded the year of CNC in all regressions. In column (1), we compared the performance differences between firms that changed their names against those that did not use the whole sample. Thus, the coefficient of interest is (β_1) which measures the marginal effect of a CNC on a firm's ROA, compared with a firm that did not change its name. Therefore, a positive (β_1) suggests a higher ROA for firms that changed their names; whereas a negative (β_1) indicates a lower ROA for firms following a CNC. The results based on the whole sample show a statistically positive and significant coefficient of CNC ($\beta_1 = 0.018$), suggesting that firms that change their names enjoy a higher ROA, compared with those that do not change names. More specifically, the results show that a CNC leads to a 1.8% increase in ROA.

Column (2) presents the performance difference of propensity score-matched sample of firms that changed their names and those that did not. The propensity score-matching is based on all the control variables employed in this paper. Like the results based on the whole sample in column (1), the results in column (2) show that firms that changed their names performed comparatively better than similar firms in the sample. This is because the coefficient of (β_1) is positive and statistically significant at the 1% level ($\beta_1 = 0.051$). Specifically, the results in column (2) indicate that compared with similar firms, a CNC leads to 5.1% increase in ROA.

The results contained in columns (3) to (7) report the results of running regression equation (2), which involves the moderation impacts of DOI, IGS, FSIZE, COD, and STATUS. The results

TABLE 1 | Variable definitions.

Type	Variable	Description
Dependent variables	Return on assets (*ROA*)	Net profit scaled by total assets
	Return on sales (*ROS*)	Net profit scaled by net sales
Independent variable	Corporate Name change (*CNC*)	A dummy variable equal to one for post name change and zero otherwise
Moderating variables	Firm size (*FSIZE*)	A dummy variable equals to one if the firm is classified as large in the FAME database or zero otherwise
	Degree of internationalization (*DOI*)	The ratio of foreign sales turnover to total sales turnover. A dummy variable equal to one for values above the mean DOI and zero otherwise
	International geographic spread (*IGS*)	The total number of foreign countries in which the company operates. A dummy variable equal to one for values above the mean IGS and zero otherwise
	Destination country (*COD*)	An index where a firm is given a mark of one if that firm's IGS is into a developed country and zero otherwise
	International/domestic firms (*STATUS*)	A dummy variable equals to one if the firm operates internationally and zero otherwise
Control variables	Annual sales growth	One-year growth rate of sales at time *t*–1: $(SALE_t – SALE_{t-1})/SALE_{t-1}$
	Positive sales growth (*PSgrowth*)	A dummy variable equal to one if the firm sales growth is positive and zero otherwise
	Negative sales growth (*NSgrowth*)	A dummy variable equal to one if the firm sales growth is negative and zero otherwise
	Firm size (*Size*)	Natural log of total assets of firms
	Firm age (*Age*)	Number of years between incorporation and the calendar year end of each firm
	Firm age squared (*Agesq*)	Firm age multiplied by firm age
	Financial leverage (*Leverage*)	Total debt scaled by total assets
	Intangible assets ratio (*Intangibles*)	Intangible assets scaled by total assets
	Cash reserves (*Cash*)	Cash and cash equivalent scaled by total assets
	Research and development (*R&D*)	Research and development expenditure to total assets
	Fixed assets growth (*FAgrowth*)	One-year growth rate of fixed assets at time *t*–1: $(fixed\ assets_t – fixed\ assets_{t-1})/fixedassets_{t-1}$
Instrumental variables	Financial constraint (*FCP*)	$FCP_{i,t} = -0.123 \times Size_{i,t-1} - 2.128 \times Cash_{i,t-1} - 4.374 \times ROA_{i,t-1} - 0.021 \times Interest\ Coverage_{i,t-1}$. Where: FCP represents the level of firm financial constraint. Size is the natural logarithm of total assets. Cash is the ratio of cash holdings at the start of the year to total assets. Interest coverage is the ratio of earnings before interest and taxes (EBIT) to interest expenses
	Industry-mean Name Change (*Ind_CNC*)	The ratio of firms that changed their names to the total number of firms in that industry
Crisis/Non crisis dummy variables	Pre-crisis period	A dummy variable equal to one for year 2000 to 2006 and zero otherwise
	During-crisis period	A dummy variable equal to one for year 2007 to 2009 and zero otherwise
	Post-crisis period	A dummy variable equal to one for year 2010 to 2022 and zero otherwise

TABLE 2 | Descriptive statistics.

Variable	*N*	Mean	Median	SD	p25	p75
ROA	1,989,708	0.057	0.077	0.290	0.066	0.097
ROS	1,989,708	0.056	0.058	0.049	0.051	0.096
CNC	1,989,708	0.336	0.000	0.472	0.000	1.000
DOI	732,325	0.235	0.260	0.071	0.258	0.262
IGS	732,325	0.141	0.100	0.146	0.050	0.180
FSIZE	1,989,708	0.336	0.000	0.472	0.000	1.000
COD	766,214	0.446	0.460	0.063	0.410	0.500
STATUS	1,989,708	0.385	0.000	0.487	0.000	1.000
PSgrowth	1,781,172	0.175	0.153	0.192	0.110	0.158
Nsgrowth	1,781,172	−0.035	−0.001	0.079	−0.001	0.000
Size (log)	1,989,708	7.171	6.910	3.273	5.448	6.962
Age	1,989,708	58.225	57.406	16.811	53.299	63.502
Leverage	1,989,708	0.192	0.185	0.042	0.165	0.217
Intangibles	1,989,708	0.066	0.058	0.026	0.058	0.081
Cash	1,989,708	0.128	0.093	0.132	0.013	0.163
R&D	1,989,708	0.047	0.066	0.110	0.018	0.083
FAgrowth	1,781,172	0.147	0.091	0.284	0.091	0.171

Note: This table presents descriptive statistics for the variables in the empirical models. ROA is the return on assets. ROS is return sales. CNC is corporate name change. FSIZE is the dummy to indicate wither the firm is large or SME. DOI is DOI. IGS is international geographic spread. COD is destination country. STATUS is the dummy to indicate whether the firm is international or national. PSgrowth is positive sales growth. NSgrowth is negative sales growth. Size is the natural logarithm of total assets. Age is the number of years of the firm. Leverage is total debt scaled by total assets. Intangibles is intangible assets scaled by total assets. Cash is cash and cash equivalent scaled by total assets. R&D is research and development scaled by total assets. FAgrowth is changes in fixed assets from *t*−1 to *t*. See Table 1 for all variable definitions.

in column (3) measure the effect of the moderation of DOI on the relationship between a CNC and ROA. Therefore, (β_2) is the coefficient of interest which captures the marginal effect of the moderation of CNC and DOI on ROA. The coefficient of (β_2) is negative and statistically significant at the 1% level ($\beta_2 = -0.022$), suggesting that, in comparison with similar firms, firms with higher DOI experience lower performance compared with firms with low DOI, by approximately 2.2%.

The data in column (4) present the results of the moderation effect of IGS on the relationship between CNC and ROA. The coefficient of interest (β_2) is negative and statistically significant at the 1% level ($\beta_2 = -0.032$). This result indicates that firms with high IGS comparatively have lower ROA from a CNC than those firms with low IGS. More specifically, for firms with high IGS, a CNC increases ROA by 0.006 = [(0.073–0.032–0.002)], whereas for those with lower IGS the increase in ROA is 0.041.

The results of the moderation effect of FSIZE on the relationship between CNC and firm ROA are presented in column (5). Thus, the coefficient of interest (β_2) captures the moderating impact of CNC and FSIZE on firm ROA. The coefficient of (β_2) is positive and statistically significant at the 1% level ($\beta_2 = 0.018$). This suggests that the effect of a CNC on performance is higher for large firms. For large firms, a change in name increases ROA by 0.082 = [(0.043 + 0.018 + 0.021)], whereas for SMEs the increase in ROA is 0.043.

Column (6) presents the results of the moderation effect of COD on the relationship between CNC and ROA. Therefore, the coefficient of interest (β_2) captures the marginal effect of the moderation of COD and CNC on ROA. The coefficient of (β_2) is positive and statistically significant ($\beta_2 = 0.048$, p value = 0.002), suggesting that, compared with firms operating in overseas developing countries, firms that change their names and operate in developed countries enjoy a higher ROA. For firms operating in developed countries, a change in name increases ROA by 0.052 = [(0.002 + 0.048 + 0.002)], whereas for firms operating in developing countries the increase in ROA is 0.02. The results of the moderation effect of STATUS on the relationship between CNC and firm ROA are presented in column (7). Thus, the coefficient of interest (β_2) captures the moderating impact of CNC and STATUS on firm ROA. The coefficient of (β_2) is negative and statistically significant at the 1% level ($\beta_2 = -0.030$). This suggests that the effect of a CNC on ROA is lower for international firms. For international firms, a change in name increases ROA by 0.042 = [(0.049–0.030 + 0.023)], whereas for national firms the increase in ROA is 0.049.

4.3 | Regression Results and Discussion Based on ROS

Table 5 also presents the results based on the ROS using the same explanatory variable, econometric approach, and control

TABLE 3 | Pearson's correlation matrix.

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
ROA	1															
ROS	0.125*	1														
CNC	−0.070*	0.286*	1													
FSIZE	−0.004*	−0.047*	0.063*	1												
DOI	−0.079*	−0.274*	0.096*	0.193*	1											
IGS	0.033*	0.045*	−0.144*	0.144*	0.070*	1										
COD	0.058*	0.188*	−0.098*	−0.201*	−0.663*	−0.024*	1									
STATUS	−0.045*	0.101*	0.294*	0.012	0.129	0.300*	0.184	1								
PSgrowth	0.150*	0.083*	0.041*	−0.220*	−0.185*	0.041*	0.195*	0.018*	1							
Nsgrowth	0.034*	0.051*	0.062*	0.009*	0.011	−0.289*	0.003*	−0.325*	0.091*	1						
Size (log)	0.039*	0.032*	−0.136*	0.161*	0.024*	0.219*	0.003*	−0.136*	0.012*	−0.033*	1					
Age	0.008*	0.110*	0.248*	0.115*	0.329*	0.086*	−0.229*	0.208*	−0.032*	−0.028*	0.011*	1				
Leverage	0.004*	−0.253	−0.300*	0.106*	0.111*	0.034*	−0.220*	−0.104*	−0.115*	0.002*	0.011*	−0.061*				
Intangibles	0.004*	−0.037*	−0.071*	0.013*	0.012*	−0.173*	−0.011*	−0.294	0.030*	0.176*	0.099*	−0.057*	0.162*	1		
Cash	0.025*	0.016*	−0.119*	−0.017*	0.026*	0.026*	−0.005*	−0.240*	0.070*	0.092*	0.074*	−0.024*	−0.063*	0.218*	1	
R&D	0.123*	0.054*	0.109*	0.016*	−0.106*	−0.210*	0.077*	−0.180*	−0.003*	0.319*	−0.029*	0.006*	−0.024*	0.139*	0.027*	1
FAgrowth	−0.022*	−0.028*	−0.002*	0.139*	0.071*	−0.053*	−0.054*	−0.101*	−0.024*	0.048*	0.026*	0.043*	0.032*	0.055*	0.048*	0.092*

Note: This Table presents the Pearson's correlation matrix of all the variables in our empirical models. ROA is the return on assets. ROS is return on sales. CNC is corporate name change. FSIZE is the dummy to indicate wither the firm is large or SME. DOI is DOI. IGS is international geographic spread. COD is destination country. STATUS is the dummy to indicate whether the firm is international or national. PSgrowth is positive sales growth. NSgrowth is negative sales growth. Size is the natural logarithm of total assets. Age is the number of years of the firm. Leverage is total debt scaled by total assets. Intangibles is intangible assets scaled by total assets. Cash is cash and cash equivalent scaled by total assets. R&D is research and development scaled by total assets. FAgrowth is changes in fixed assets from t–1 to t. See Table 1 for all variable definitions. * indicate statistical significance at 10% levels, respectively.

TABLE 4 | Results based on the return on assets (ROA).

	Raw sample	Propensity score matched sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
CNC	0.018***	0.051***	0.042***	0.041***	0.043***	0.002***	0.049***
	(0.000)	(0.001)	(0.008)	(0.001)	(0.000)	(0.001)	(0.001)
CNC×DOI			−0.022***				
			(0.008)				
DOI			0.007***				
			(0.001)				
CNC×IGS				−0.032***			
				(0.001)			
IGS				−0.003***			
				(0.000)			
CNC×FSIZE					0.018***		
					(0.001)		
FSIZE					0.021***		
					(0.001)		
CNC×COD						0.048***	
						(0.002)	
COD						0.002***	
						(0.001)	
CNC×STATUS							−0.030***
							(0.002)
STATUS							0.023***
							(0.001)
PSgrowth	0.013***	0.061***	0.002***	0.001	0.050***	0.002***	0.053***
	(0.000)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
NSgrowth	−0.013***	−0.011***	−0.098***	−0.093***	−0.002**	−0.063***	−0.002**
	(0.000)	(0.001)	(0.022)	(0.016)	(0.001)	(0.020)	(0.001)
Size (*log*)	−0.004***	−0.004***	−0.001	−0.001	−0.004***	−0.001	−0.004***
	(0.000)	(0.000)	(0.001)	(0.000)	(0.000)	(0.000)	(0.000)
Age	0.001***	0.002***	−0.000*	−0.000***	0.000***	−0.000	0.003***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Age squared	0.000***	−0.000	−0.000***	0.000	−0.000***	−0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Leverage	−0.000	−0.000	0.000	−0.000	0.000**	−0.000	−0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Intangibles	−0.139***	−0.149***	−0.169***	−0.162***	−0.173***	−0.012*	−0.111***
	(0.001)	(0.003)	(0.005)	(0.005)	(0.003)	(0.006)	(0.003)

(Continues)

TABLE 4 | (Continued)

	Raw sample	Propensity score matched sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Cash	−0.022***	−0.128***	−0.091***	−0.078***	−0.142***	−0.129***	−0.057***
	(0.002)	(0.006)	(0.008)	(0.007)	(0.005)	(0.007)	(0.005)
R&D	0.012***	0.040***	0.009***	0.007***	0.021***	0.007***	0.054***
	(0.000)	(0.001)	(0.002)	(0.002)	(0.001)	(0.002)	(0.001)
FAgrowth	0.004***	0.010***	0.384***	0.359***	0.131***	0.377***	0.093***
	(0.001)	(0.003)	(0.009)	(0.009)	(0.003)	(0.009)	(0.003)
Constant	0.144***	0.080***	0.062***	0.065***	0.086***	0.035***	0.036***
	(0.001)	(0.002)	(0.002)	(0.002)	(0.001)	(0.002)	(0.001)
R-squared	0.649	0.621	0.381	0.458	0.698	0.463	0.645
N	1,709,706	581,945	62,786	62,786	581,945	62,786	581,945

Note: This Table presents the results of the effect of name change on firm financial performance, and the moderation effects of DOI, FSIZE, IGS, COD and STATUS on this relationship. All regressions are run with robust standard errors to reduce heteroscedasticity. The dependent variable is the ROA. Columns 1 reports the estimation results on the whole sample. Columns (2)–(7) report the estimation results from running the propensity score matching with one–to–one matching to the nearest neighborhood with replacement. ROA is the return on assets. CNC is corporate name change. DOI is DOI. IGS is international geographic spread. FSIZE is the dummy to indicate whether the firm is large or SME. COD is destination country. STATUS is the dummy to indicate whether the firm is international or national. PSgrowth is positive sales growth. NSgrowth is negative sales growth. Size is the natural logarithm of total assets. Age is the number of years of the firm. Leverage is total debt scaled by total assets. Intangibles is intangible assets scaled by total assets. Cash is cash and cash equivalent scaled by total assets. R&D is research and development scaled by total assets. FAgrowth is changes in fixed assets from $t-1$ to t. See Table 1 for all variable definitions. *Robust standard errors* are shown in parentheses. ***, **, and * indicate statistical significance at 1%, 5% and 10% levels, respectively.

variables as in Table 4. The following regression equation was estimated for the ROS:

$$\begin{aligned} ROS_{it} = {} & \beta_0 + \beta_1 CNC_{it-1} + \beta_2 PSgrowth_{it-1} + \beta_3 NSgrowth_{it-1} \\ & + \beta_4 Size_{it-1} + \beta_5 Age_{it-1} + \beta_6 Age\ squared_{it-1} \\ & + \beta_7 Leverage_{it-1} + \beta_8 Intangibles_{it-1} + \beta_9 Cash_{it-1} \\ & + \beta_{10} R\&D_{it-1} + \beta_{12} FAgrowth_{it-1} + Year\ effects \\ & + Industry\ effects + Country\ effects + \varepsilon_{it} \end{aligned} \quad (3)$$

To examine the moderation effects of DOI, IGS, FSIZE, COD, and STATUS, we estimated the following econometric equation:

$$\begin{aligned} ROS_{it} = {} & \beta_0 + \beta_1 CNC_{it-1} + \beta_2 CNC \times Moderators_{it-1} \\ & + \beta_3 Moderators_{it-1} + \beta_4 PSgrowth_{it-1} + \beta_5 NSgrowth_{it-1} \\ & + \beta_6 Size_{it-1} + \beta_7 Age_{it-1} + \beta_8 Age\ squared_{it-1} + \beta_9 Leverage_{it-1} \\ & + \beta_{10} Intangibles_{it-1} + \beta_{11} Cash_{it-1} + \beta_{12} R\&D_{it-1} \\ & + \beta_{13} FAgrowth_{it-1} + Year\ effects + Industry\ effects \\ & + Country\ effects + \varepsilon_{it} \end{aligned} \quad (4)$$

Similar to the main results in Table 4, the results using ROS as the dependent variable show in columns (1) and (2) that firms that changed their names enjoyed a higher ROS than those that did not change names. This is because the coefficient of CNC in columns (1) ($\beta_1 = 0.017$) and (2) ($\beta_1 = 0.045$) are all positive and statistically significant at the 1% level. Similarly, the results in columns (3) to (7) show that DOI (−0.015), IGS (−0.009), (FSIZE) (0.005), COD (0.010), and STATUS (−0.055) negatively (positively) moderated the relationship between a CNC and ROS at the 1% level of significance.

4.4 | Economic Condition, Name Change and Firm Performance

In this section, we examine how different economic conditions influence the effect of CNC on ROA. To achieve this, we separate our sample into pre-crisis period (2000 to 2006), during-crisis period (2007 to 2009), and post-crisis period (2010 to 2022). This allows us to compare the effect of CNC on ROA in these three economic conditions. This is important because the crisis period in general led to a reduction in firm performance (Bartram and Bodnar 2009; Gonenc and Aybar 2006) because of restricted access to external finance (Love, Preve, and Sarria-Allende 2007; Kestens, Cauwenberge, and Bauwhede 2012). Despite this general trend, many studies (Shakina and Barajas 2014; Wei, Ouyang, and Chen 2017) posit that firms that strategically positioned themselves well during the crisis period endured lower reduction in performance. Severe economic conditions may force firms to reposition themselves by changing their names. For example, a study by Lin et al. (2016) shows that the financial crisis of 2007 to 2009 led to a wave of CNCs in the US and Canada. The following regression equation was estimated for the pre-, during- and post crisis periods:

$$\begin{aligned} ROA_{it} = {} & \beta_0 + \beta_1 CNC_{it-1} + \beta_2 PSgrowth_{it-1} + \beta_3 NSgrowth_{it-1} \\ & + \beta_4 Size_{it-1} + \beta_5 Age_{it-1} + \beta_6 Age\ squared_{it-1} \\ & + \beta_7 Leverage_{it-1} + \beta_8 Intangibles_{it-1} + \beta_9 Cash_{it-1} \\ & + \beta_{10} R\&D_{it-1} + \beta_{12} FAgrowth_{it-1} + Year\ effects \\ & + Industry\ effects + Country\ effects + \varepsilon_{it} \end{aligned} \quad (5)$$

To examine the moderation effects of DOI, IGS, FSIZE, COD, and STATUS, we estimated the following econometric equation:

TABLE 5 | Results based on the return on sales (ROS).

	Raw sample	Propensity score matched sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
CNC	0.017***	0.045***	0.052***	0.019***	0.043***	0.006***	0.075***
	(0.001)	(0.000)	(0.004)	(0.001)	(0.000)	(0.001)	(0.001)
CNC×DOI			−0.044***				
			(0.004)				
DOI			0.005***				
			(0.001)				
CNC×IGS				−0.015***			
				(0.001)			
IGS				−0.009***			
				(0.000)			
CNC×FSIZE					0.005***		
					(0.001)		
FSIZE					0.006***		
					(0.001)		
CNC×COD						0.010***	
						(0.001)	
COD						0.006***	
						(0.001)	
CNC×STATUS							−0.054***
							(0.002)
STATUS							0.021***
							(0.001)
PSgrowth	0.003***	0.013***	0.002**	0.000	0.010***	0.001*	0.009***
	(0.000)	(0.000)	(0.001)	(0.001)	(0.000)	(0.001)	(0.000)
NSgrowth	0.023***	−0.002***	−0.088	−0.066	0.001*	−0.063	0.000
	(0.001)	(0.000)	(0.057)	(0.065)	(0.000)	(0.061)	(0.000)
Size (*log*)	−0.003***	−0.001***	−0.000	0.000	−0.001***	−0.000	−0.001***
	(0.000)	(0.000)	(0.001)	(0.001)	(0.000)	(0.001)	(0.000)
Age	0.001***	0.000***	−0.000	−0.000*	−0.000***	−0.000	0.001***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Age squared	−0.000***	−0.000***	−0.000***	0.000**	−0.000***	−0.000	−0.000*
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Leverage	0.000***	0.000***	0.000	−0.000	0.000***	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Intangibles	−0.331***	−0.094***	−0.042***	−0.038***	−0.101***	0.017***	−0.069***
	(0.002)	(0.003)	(0.004)	(0.004)	(0.003)	(0.006)	(0.003)

(Continues)

TABLE 5 | (Continued)

	Raw sample	Propensity score matched sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Cash	0.067***	−0.017***	−0.089***	−0.079***	−0.021***	−0.104***	0.009***
	(0.002)	(0.004)	(0.008)	(0.008)	(0.004)	(0.008)	(0.003)
R&D	0.006***	−0.001	0.008***	0.007***	−0.006***	0.007***	0.007***
	(0.000)	(0.001)	(0.002)	(0.002)	(0.001)	(0.002)	(0.001)
FAgrowth	−0.119***	−0.070***	0.425***	0.405***	−0.036***	0.419***	−0.035***
	(0.001)	(0.001)	(0.012)	(0.011)	(0.002)	(0.011)	(0.002)
Constant	0.140***	0.076***	−0.009***	−0.005*	0.077***	−0.020***	0.034***
	(0.001)	(0.001)	(0.003)	(0.003)	(0.001)	(0.003)	(0.002)
Adj. R-squared	0.464	0.416	0.273	0.305	0.441	0.278	0.449
N	1,709,706	581,945	62,786	62,786	581,945	62,786	581,945

Note: This Table presents the results of the effect of name change on firm financial performance, and the moderation effects of DOI, FSIZE, IGS, COD and STATUS on this relationship. All regressions are run with robust standard errors to reduce heteroscedasticity. The dependent variable is the ROS. Columns 1 reports the estimation results on the whole sample. Columns (2)–(7) report the estimation results from running the propensity score matching with one–to–one matching to the nearest neighborhood with replacement. ROS is the return on sales. CNC is corporate name change. DOI is DOI. IGS is international geographic spread. FSIZE is the dummy to indicate whether the firm is large or SME. COD is destination country. STATUS is the dummy to indicate whether the firm is international or national. PSgrowth is positive sales growth. NSgrowth is negative sales growth. Size is the natural logarithm of total assets. Age is the number of years of the firm. Leverage is total debt scaled by total assets. Intangibles is intangible assets scaled by total assets. Cash is cash and cash equivalent scaled by total assets. R&D is research and development scaled by total assets. FAgrowth is changes in fixed assets from $t-1$ to t. See Table 1 for all variable definitions. *Robust standard errors* are shown in parentheses. ***, **, and * indicate statistical significance at 1%, 5% and 10% levels, respectively.

$$\begin{aligned} ROA_{it} = {} & \beta_0 + \beta_1 CNC_{it-1} + \beta_2 CNC \times Moderators_{it-1} \\ & + \beta_3 Moderators_{it-1} + \beta_4 PSgrowth_{it-1} + \beta_5 NSgrowth_{it-1} \\ & + \beta_6 Size_{it-1} + \beta_7 Age_{it-1} + \beta_8 Age\ squared_{it-1} + \beta_9 Leverage_{it-1} \\ & + \beta_{10} Intangibles_{it-1} + \beta_{11} Cash_{it-1} + \beta_{12} R\&D_{it-1} \\ & + \beta_{13} FAgrowth_{it-1} + Year\ effects + Industry\ effects \\ & + Country\ effects + \varepsilon_{it} \end{aligned} \tag{6}$$

Our main results are presented in Table 6. The results in Panels A to C all show a higher ROA following a CNC in pre-, during-, and post-crisis periods. However, the coefficient of CNC in the post-crisis period is higher than during-crisis period and pre-crisis period, respectively. In column (3), the coefficient of the variable of interest CNC × DOI is not statistically significant in the pre-crisis period ($\beta_2 = -008$). This suggests that in the pre-crisis period, firms that changed their names did not enjoy significantly different ROA than those that did not. However, the coefficient of the variable of interest CNC × DOI is negative and statistically significant at the 1% level in both the during-crisis period ($\beta_2 = -046$) and post-crisis period ($\beta_2 = -059$). These results show that firms with higher DOI that had changed their names during the crisis period had lower ROA compared with those that changed their names in the post-crisis period.

The results in column (4) show a negative and statistically significant coefficient of the variable of interest CNC × IGS in pre-crisis period ($\beta_2 = -0.022$), during-crisis period ($\beta_2 = -0.023$), and post-crisis period ($\beta_2 = -0.029$). These results are interesting and show that, comparatively, firms with higher IGS that had changed their names during the crisis period endured a lower decrease in ROA, followed by similar firms that changed their names in the post-crisis period, then firms that changed their names in the pre-crisis period.

In column (5), the coefficient of the variable of interest CNC × FSIZE is positive and statistically significant in the pre-crisis ($\beta_2 = 0.026$), during-crisis ($\beta_2 = 0.025$), and post-crisis ($\beta_2 = 0.028$) period. In effect, these results in panel A to C show that, compared with SMEs, larger firms that changed their names in the pre-crisis period enjoyed a higher increase in ROA, followed by larger firms that changed their names in the post-crisis period then during-crisis period.

The results in column (6) show a positive and statistically significant coefficient of the variable of interest CNC × COD in the pre-crisis period ($\beta_2 = 0.030$), during-crisis period ($\beta_2 = 0.041$), and post-crisis period ($\beta_2 = 0.047$). These results are interesting and show that firms that internationalized into developed countries in the post-crisis period enjoyed higher ROA, followed by similar firms that changed their names during the crisis period, then those that changed their names in the pre-crisis period.

Lastly, the results in column (7) show that the coefficient of the variable of interest CNC × STATUS is negative and is statistically significant for pre-crisis period ($\beta_2 = -0.021$) and positive and statistically significant for during-crisis period ($\beta_2 = 0.050$), but statistically insignificant for post-crisis period ($\beta_2 = 0.021$). These results are interesting and show that internationally operating firms that changed their names in the pre-crisis period endured lower ROA than domestically operating firms that changed their names. During the crisis period, however, internationally operating firms that changed their names enjoyed higher ROA than domestically operating firms that changed their names. However, the results in panel C show no difference in ROA between internationally operating firms and domestically operating firms that changed their names in the post-crisis period.

TABLE 6 | Economic condition, name change and firm performance.

	Raw sample	Propensity score matched sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
CNC	0.001**	0.016***	0.036*	0.011***	0.009***	−0.017***	0.034***
	(0.000)	(0.001)	(0.019)	(0.002)	(0.001)	(0.001)	(0.002)
CNC×DOI			−0.008				
			(0.009)				
DOI			0.002				
			(0.001)				
CNC×IGS				−0.022***			
				(0.002)			
IGS				−0.006***			
				(0.001)			
CNC×FSIZE					0.026***		
					(0.001)		
FSIZE					0.011***		
					(0.001)		
CNC×COD						0.030***	
						(0.003)	
COD						0.005***	
						(0.001)	
CNC×STATUS							−0.021***
							(0.003)
STATUS							−0.001
							(0.002)
Constant	0.173***	0.107***	0.083***	0.090***	0.113***	0.063***	0.075***
	(0.001)	(0.002)	(0.003)	(0.003)	(0.002)	(0.003)	(0.002)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adj. R-squared	0.554	0.639	0.254	0.314	0.703	0.301	0.653
N	492,481	156,387	9859	9859	156,387	9859	156,387

	Raw sample	Propensity score matched sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
CNC	0.006***	0.027***	0.067***	0.024***	0.019***	−0.005***	0.032***
	(0.001)	(0.001)	(0.018)	(0.002)	(0.001)	(0.001)	(0.002)
CNC×DOI			−0.046**				
			(0.019)				
DOI			0.004**				
			(0.002)				
CNC×IGS				−0.023***			
				(0.002)			

(Continues)

TABLE 6 | (Continued)

	Raw sample	Propensity score matched sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
IGS				−0.006***			
				(0.001)			
CNC×*FSIZE*					0.025***		
					(0.001)		
FSIZE					0.013***		
					(0.001)		
CNC×*COD*						0.041***	
						(0.003)	
COD						0.004***	
						(0.001)	
CNC×*STATUS*							−0.050***
							(0.003)
STATUS							0.005***
							(0.002)
Constant	0.208***	0.149***	0.094***	0.096***	0.155***	0.066***	0.128***
	(0.001)	(0.002)	(0.003)	(0.003)	(0.002)	(0.003)	(0.003)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adj. R-squared	0.719	0.708	0.293	0.350	0.770	0.362	0.712
N	242,529	78,462	7284	7284	78,462	7284	78,462

	Raw sample	Propensity score matched sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
CNC	0.029***	0.067***	0.039***	0.047***	0.056***	0.012***	0.082***
	(0.001)	(0.000)	(0.009)	(0.001)	(0.000)	(0.001)	(0.001)
CNC×*DOI*			−0.059***				
			(0.018)				
DOI			0.006***				
			(0.001)				
CNC×*IGS*				−0.029***			
				(0.001)			
IGS				−0.005***			
				(0.000)			
CNC×*FSIZE*					0.028***		
					(0.001)		
FSIZE					0.009***		
					(0.001)		
CNC×*COD*						0.047***	
						(0.002)	

(Continues)

TABLE 6 | (Continued)

	Raw sample	Propensity score matched sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
COD						0.003***	
						(0.001)	
CNC×STATUS							−0.021
							(0.014)
STATUS							0.001
							(0.001)
Constant	0.171***	0.121***	0.104***	0.099***	0.127***	0.071***	0.081***
	(0.001)	(0.002)	(0.002)	(0.002)	(0.001)	(0.002)	(0.002)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adj. R-squared	0.735	0.550	0.411	0.480	0.647	0.492	0.580
N	974,696	347,096	45,643	45,643	347,096	45,643	347,096

Note: This Table presents the results of the effect of name change on firm financial performance, and the moderation effects of DOI, FSIZE, IGS, COD and STATUS on this relationship in different economic conditions: pre-crisis (2000 to 2006), during-crisis (2007 to 2009) and post-crisis (2010 to 2018). All regressions are run with robust standard errors to reduce heteroscedasticity. The dependent variable is the ROA. Columns 1 reports the estimation results on the whole sample. Columns (2)–(7) report the estimation results from running the propensity score matching with one–to–one matching to the nearest neighborhood with replacement. ROA is the return on assets. CNC is corporate name change. DOI is DOI. IGS is international geographic spread. FSIZE is the dummy to indicate whether the firm is large or SME. COD is destination country. STATUS is the dummy to indicate whether the firm is international or national. PSgrowth is positive sales growth. NSgrowth is negative sales growth. Size is the natural logarithm of total assets. Age is the number of years of the firm. Leverage is total debt scaled by total assets. Intangibles is intangible assets scaled by total assets. Cash is cash and cash equivalent scaled by total assets. R&D is research and development scaled by total assets. FAgrowth is changes in fixed assets from *t*−1 to *t*. See Table 1 for all variable definitions. *Robust standard errors* are shown in parentheses. ***, **, and * indicate statistical significance at 1%, 5% and 10% levels, respectively.

4.5 | Difference-in-Difference Approach Results

In this section, we use the difference-in-difference (DiD) approach to test the robustness of our main results by comparing the pre- and post-name-change difference in ROA of individual firms. The DiD is a quasi-experimental technique used to infer the effect of changes. Therefore, we construct a new dummy variable (CNCY), which is equal to zero for pre-name-change period and one for post-name-change period. The regression model used for the DiD is as follows:

$$\begin{aligned} ROA_{it} = {} & \beta_0 + \beta_1 CNCY_{it-1} + \beta_2 PSgrowth_{it-1} + \beta_3 NSgrowth_{it-1} \\ & + \beta_4 Size_{it-1} + \beta_5 Age_{it-1} + \beta_6 Age\ squared_{it-1} \\ & + \beta_7 Leverage_{it-1} + \beta_8 Intangibles_{it-1} + \beta_9 Cash_{it-1} \\ & + \beta_{10} R\&D_{it-1} + \beta_{12} FAgrowth_{it-1} + Year\ effects \\ & + Industry\ effects + Country\ effects + \varepsilon_{it} \end{aligned} \quad (7)$$

To incorporate the moderating factors, the following regression equation is proposed:

$$\begin{aligned} ROA_{it} = {} & \beta_0 + \beta_1 CNCY_{it-1} + \beta_2 CNCY \times Moderators_{it-1} \\ & + \beta_3 Moderators_{it-1} + \beta_4 PSgrowth_{it-1} + \beta_5 NSgrowth_{it-1} \\ & + \beta_6 Size_{it-1} + \beta_7 Age_{it-1} + \beta_8 Age\ squared_{it-1} \\ & + \beta_9 Leverage_{it-1} + \beta_{10} Intangibles_{it-1} + \beta_{11} Cash_{it-1} \\ & + \beta_{12} R\&D_{it-1} + \beta_{13} FAgrowth_{it-1} + Year\ effects \\ & + Industry\ effects + Country\ effects + \varepsilon_{it} \end{aligned} \quad (8)$$

The results which are displayed in Table 7 show qualitatively similar results to those presented in Table 4. More specifically, the results in column (2) show that the coefficient of the variable CNCY ($\beta_1 = 0.086$) is positive and statistically significant at the 1% level. This indicates that, on average, firms achieved approximately 8.6% higher ROA after a CNC. In columns (3) to (7), the results show that DOI, IGS, (FSIZE), (COD), and STATUS negatively (positively) moderated the relationship between CNC and ROA.

4.6 | Additional and Robustness Analyzes

For robustness test and to further strengthen our main results, we perform further analysis by excluding all financial firms (such as banks and insurance firms) because they have different accounting requirements and asset structure (De Luca et al. 2024). The following regression equation was estimated:

$$\begin{aligned} ROA_{it} = {} & \beta_0 + \beta_1 CNC_{it-1} + \beta_2 PSgrowth_{it-1} + \beta_3 NSgrowth_{it-1} \\ & + \beta_4 Size_{it-1} + \beta_5 Age_{it-1} + \beta_6 Age\ squared_{it-1} \\ & + \beta_7 Leverage_{it-1} + \beta_8 Intangibles_{it-1} + \beta_9 Cash_{it-1} \\ & + \beta_{10} R\&D_{it-1} + \beta_{12} FAgrowth_{it-1} + Year\ effects \\ & + Industry\ effects + Country\ effects + \varepsilon_{it} \end{aligned} \quad (9)$$

To examine the moderation effects of DOI, IGS, FSIZE, COD, and STATUS, we estimated the following econometric equation:

TABLE 7 | Difference-in-difference approach.

	Raw sample	Propensity score matched sample					
	(1)	(2)	(3)	(5)	(4)	(6)	(7)
CNCY	0.085***	0.086***	0.091***	0.061***	0.077***	0.047***	0.085***
	(0.000)	(0.000)	(0.013)	(0.002)	(0.000)	(0.001)	(0.000)
CNCY×DOI			−0.041***				
			(0.013)				
DOI			−0.025**				
			(0.012)				
CNCY×IGS				−0.013***			
				(0.002)			
IGS				−0.021***			
				(0.003)			
CNCY×FSIZE					0.012***		
					(0.000)		
FSIZE					0.021***		
					(0.000)		
CNCY×COD						0.027***	
						(0.002)	
COD						0.037***	
						(0.003)	
CNCY×STATUS							−0.003***
							(0.001)
STATUS							0.034***
							(0.002)
PSgrowth	0.050***	0.050***	0.002	0.002	0.040***	0.003**	0.044***
	(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.001)	(0.001)
NSgrowth	−0.012***	−0.012***	3.473	6.321	−0.004***	1.153	−0.009***
	(0.001)	(0.001)	(3.132)	(4.107)	(0.001)	(4.969)	(0.001)
Size (*log*)	−0.002***	−0.002***	−0.001	−0.000	−0.002***	−0.002**	−0.002***
	(0.000)	(0.000)	(0.001)	(0.001)	(0.000)	(0.001)	(0.000)
Age	0.001***	0.001***	−0.001***	−0.001***	0.000***	−0.001***	0.002***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Age squared	−0.000***	−0.000***	−0.004***	−0.001***	−0.000***	−0.001***	−0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Leverage	0.000***	0.000***	0.000***	0.000***	0.000***	0.000***	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Intangibles	−0.116***	−0.115***	−0.210***	−0.220***	−0.137***	0.033***	−0.094***
	(0.003)	(0.004)	(0.007)	(0.006)	(0.003)	(0.009)	(0.004)

(Continues)

TABLE 7 | (Continued)

	Raw sample	Propensity score matched sample				
	(1)	(2)	(3)	(5)	(4)	(6)	(7)
Cash	−0.017***	−0.012**	−0.129***	−0.111***	−0.042***	−0.192***	0.022***
	(0.005)	(0.005)	(0.013)	(0.012)	(0.004)	(0.011)	(0.005)
R&D	0.024***	0.024***	0.011***	0.010***	0.010***	0.006**	0.032***
	(0.001)	(0.001)	(0.003)	(0.003)	(0.001)	(0.002)	(0.001)
FAgrowth	−0.321***	−0.320***	0.281***	0.247***	−0.202***	0.262***	−0.275***
	(0.003)	(0.003)	(0.012)	(0.011)	(0.003)	(0.011)	(0.002)
Constant	0.138***	0.138***	0.285***	0.168***	0.142***	0.107***	0.089***
	(0.001)	(0.001)	(0.018)	(0.009)	(0.001)	(0.009)	(0.002)
Adj. R-squared	0.796	0.799	0.508	0.558	0.848	0.584	0.806
N	559,070	534,324	27,629	27,629	534,324	27,629	534,324

Note: This Table presents the results of the effect of name change on firm financial performance, and the moderation effects of DOI, FSIZE, IGS, COD and STATUS on this relationship using Difference-in-Difference (DiD) approach. All regressions are run with robust standard errors to reduce heteroscedasticity. The dependent variable is the ROA. Column 1 reports the estimation results on the whole sample. Columns (2)–(7) report the estimation results from running the propensity score matching with one–to–one matching to the nearest neighborhood with replacement. ROA is the return on assets. CNC is corporate name change. DOI is DOI. IGS is international geographic spread. FSIZE is the dummy to indicate whether the firm is large or SME. COD is destination country. STATUS is the dummy to indicate whether the firm is international or national. PSgrowth is positive sales growth. NSgrowth is negative sales growth. Size is the natural logarithm of total assets. Age is the number of years of the firm. Leverage is total debt scaled by total assets. Intangibles is intangible assets scaled by total assets. Cash is cash and cash equivalent scaled by total assets. R&D is research and development scaled by total assets. FAgrowth is changes in fixed assets from *t*–1 to *t*. See Table 1 for all variable definitions. *Robust standard errors* are shown in parentheses. ***, **, and * indicate statistical significance at 1%, 5% and 10% levels, respectively.

$$\begin{aligned} ROA_{it} = {} & \beta_0 + \beta_1 CNC_{it-1} + \beta_2 CNC \times Moderators_{it-1} \\ & + \beta_3 Moderators_{it-1} + \beta_4 PSgrowth_{it-1} + \beta_5 NSgrowth_{it-1} \\ & + \beta_6 Size_{it-1} + \beta_7 Age_{it-1} + \beta_8 Age\ squared_{it-1} \\ & + \beta_9 Leverage_{it-1} + \beta_{10} Intangibles_{it-1} + \beta_{11} Cash_{it-1} \\ & + \beta_{12} R\&D_{it-1} + \beta_{13} FAgrowth_{it-1} + Year\ effects \\ & + Industry\ effects + Country\ effects + \varepsilon_{it} \end{aligned} \tag{10}$$

The results after excluding all financial firms are presented in Table 8. The results are similar to those reported in Table 4. Specifically, the results in column (2) show that the coefficient of the variable CNC ($\beta_1 = 0.051$) is positive and statistically significant at the 1% level. In columns (3) to (7), the results show that DOI ($\beta_2 = -0.042$), IGS ($\beta_2 = -0.037$), (FSIZE) ($\beta_2 = 0.008$), (COD) ($\beta_2 = 0.055$), and STATUS ($\beta_2 = -0.046$) negatively (positively) moderated the relationship between CNC and ROA. These indicate the robustness of our results to the inclusion of financial firms.

4.7 | Endogeneity

Our main results in Table 4, which suggest a positive association between CNC and ROA, could suffer from three endogeneity problems: (1) omitted variables bias, which stems from the omission of some important control variables (Wooldridge 2002); (2) a correlation between the error term and a regressor, which comes about if CNC is correlated with the error term and therefore is not exogenous (Larcker and Rusticus 2010); and (3) simultaneity (Adams and Ferreira 2009), where CNC is simultaneously determined by firm performance. For example, Wu (2010) suggests that firms associated with poor past performance tend to change their names in the future. Therefore, although it is found in this paper that CNC increases performance, it could be the case that poor-performing firms change their names.

The two-stage least squares (2SLS) regression analysis has been recommended by Adams and Ferreira (2009) as a way of dealing with endogeneity. The 2SLS is therefore employed in this paper to address any possible endogeneity issues. The first step in a 2SLS regression is to identify an appropriate instrument, which should be highly correlated with the independent variables (CNC). To achieve this, we first follow a similar approach by Devos, Huang, and Zhou (2021) and use a measure of firm-level financial constraint as the instrumental variable. This is because firms facing financial hardship may be forced to change their names. Since the majority of our firms are private, we employ a new measure of financial constraint that is suitable for both private and public firms (FCP) developed by Schauer, Elsas, and Breitkopf (2019), where lower (higher) values indicate less (more) financial constraints. The FCP is calculated as:

$$\begin{aligned} FCP_{i,t} = {} & -0.123 \times Size_{i,t-1} - 2.128 \times Cash_{i,t-1} \\ & - 4.374 \times ROA_{i,t-1} - 0.021 \times Interest\ Coverage_{i,t-1} \end{aligned} \tag{11}$$

Where: FCP represents the level of firm financial constraint. Size is the natural logarithm of total assets. Cash is the ratio of cash holdings at the start of the year to total assets. Interest coverage is the ratio of earnings before interest and taxes (EBIT) to interest expenses. The following regression equation was estimated:

$$\begin{aligned} ROA_{it} = {} & \beta_0 + \beta_1 CNC_{it-1} + \beta_2 PSgrowth_{it-1} + \beta_3 NSgrowth_{it-1} \\ & + \beta_4 Size_{it-1} + \beta_5 Age_{it-1} + \beta_6 Age\ squared_{it-1} \\ & + \beta_7 Leverage_{it-1} + \beta_8 Intangibles_{it-1} + \beta_9 Cash_{it-1} \\ & + \beta_{10} R\&D_{it-1} + \beta_{12} FAgrowth_{it-1} + Year\ effects \\ & + Industry\ effects + Country\ effects + \varepsilon_{it} \end{aligned} \tag{12}$$

TABLE 8 | Results excluding financial firms.

	Raw sample	Propensity score matched sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
CNC	0.008***	0.051***	0.065***	0.046***	0.041***	0.002**	0.066***
	(0.001)	(0.001)	(0.010)	(0.002)	(0.001)	(0.001)	(0.002)
CNC×DOI			−0.042***				
			(0.011)				
DOI			0.007***				
			(0.001)				
CNC×IGS				−0.037***			
				(0.002)			
IGS				−0.002***			
				(0.001)			
CNC×FSIZE					0.008***		
					(0.002)		
FSIZE					0.033***		
					(0.002)		
CNC×COD						0.055***	
						(0.002)	
COD						0.002**	
						(0.001)	
CNC×STATUS							−0.046***
							(0.002)
STATUS							0.023***
							(0.001)
PSgrowth	0.014***	0.063***	0.002**	0.001	0.050***	0.003***	0.055***
	(0.000)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
NSgrowth	−0.010***	−0.015***	−0.122***	−0.117***	0.001	−0.078***	−0.006***
	(0.000)	(0.001)	(0.025)	(0.017)	(0.001)	(0.020)	(0.001)
Size (*log*)	−0.003***	−0.004***	0.000	0.000	−0.004***	0.000	−0.003***
	(0.000)	(0.000)	(0.001)	(0.001)	(0.000)	(0.001)	(0.000)
Age	0.001***	0.002***	−0.000	−0.000**	0.001***	0.000	0.003***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Age squared	0.000***	0.000***	−0.000***	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Leverage	0.000**	−0.000***	0.000	−0.000	−0.000	−0.000**	−0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Intangibles	−0.142***	−0.159***	−0.172***	−0.157***	−0.184***	0.018**	−0.122***
	(0.001)	(0.004)	(0.007)	(0.007)	(0.003)	(0.008)	(0.004)

(Continues)

TABLE 8 | (Continued)

	Raw sample	Propensity score matched sample					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Cash	0.021***	−0.072***	−0.109***	−0.092***	−0.078***	−0.160***	−0.001
	(0.002)	(0.007)	(0.011)	(0.010)	(0.006)	(0.010)	(0.006)
R&D	0.017***	0.053***	0.009***	0.008***	0.031***	0.006**	0.061***
	(0.000)	(0.001)	(0.003)	(0.002)	(0.001)	(0.002)	(0.001)
FAgrowth	−0.002	0.009***	0.425***	0.385***	0.145***	0.410***	0.070***
	(0.001)	(0.003)	(0.012)	(0.012)	(0.003)	(0.012)	(0.003)
Constant	0.150***	0.062***	0.059***	0.059***	0.071***	0.024***	0.014***
	(0.001)	(0.002)	(0.003)	(0.002)	(0.002)	(0.003)	(0.002)
R-squared	0.680	0.626	0.383	0.474	0.711	0.475	0.648
N	1,522,330	405,442	31,966	31,966	405,442	31,966	405,442

Note: This Table presents the results of the effect of name change on firm financial performance, and the moderation effects of DOI, FSIZE, IGS, COD and STATUS on this relationship. All regressions are run with robust standard errors to reduce heteroscedasticity. The dependent variable is the ROA. Columns 1 reports the estimation results on the whole sample. Columns (2)–(7) report the estimation results from running the propensity score matching with one–to–one matching to the nearest neighborhood with replacement. ROA is the return on assets. CNC is corporate name change. DOI is DOI. IGS is international geographic spread. FSIZE is the dummy to indicate whether the firm is large or SME. COD is destination country. STATUS is the dummy to indicate whether the firm is international or national. PSgrowth is positive sales growth. NSgrowth is negative sales growth. Size is the natural logarithm of total assets. Age is the number of years of the firm. Leverage is total debt scaled by total assets. Intangibles is intangible assets scaled by total assets. Cash is cash and cash equivalent scaled by total assets. R&D is research and development scaled by total assets. FAgrowth is changes in fixed assets from $t-1$ to t. See Table 1 for all variable definitions. *Robust standard errors* are shown in parentheses. ***, **, and * indicate statistical significance at 1%, 5% and 10% levels, respectively.

To examine the moderation effects of DOI, IGS, FSIZE, COD, and STATUS, we estimated the following econometric equation:

$$\begin{aligned} ROA_{it} = {} & \beta_0 + \beta_1 CNC_{it-1} + \beta_2 CNC \times Moderators_{it-1} \\ & + \beta_3 Moderators_{it-1} + \beta_4 PSgrowth_{it-1} + \beta_5 NSgrowth_{it-1} \\ & + \beta_6 Size_{it-1} + \beta_7 Age_{it-1} + \beta_8 Age\ squared_{it-1} \\ & + \beta_9 Leverage_{it-1} + \beta_{10} Intangibles_{it-1} + \beta_{11} Cash_{it-1} \\ & + \beta_{12} R\&D_{it-1} + \beta_{13} FAgrowth_{it-1} + Year\ effects \\ & + Industry\ effects + Country\ effects + \varepsilon_{it} \end{aligned} \quad (13)$$

The results are presented in Table 9. In the first-stage regression, we replaced the independent variable (CNC) with the instrumental variable (FCP) and then made the CNC the dependent variable, as follows:

$$\begin{aligned} CNC_{it} = {} & \beta_0 + \beta_1 FCP_{it-1} + \beta_2 PSgrowth_{it-1} + \beta_3 NSgrowth_{it-1} \\ & + \beta_4 Size_{it-1} + \beta_5 Age_{it-1} + \beta_6 Age\ squared_{it-1} \\ & + \beta_7 Leverage_{it-1} + \beta_8 Intangibles_{it-1} + \beta_9 Cash_{it-1} \\ & + \beta_{10} R\&D_{it-1} + \beta_{12} FAgrowth_{it-1} + Year\ effects \\ & + Industry\ effects + Country\ effects + \varepsilon_{it} \end{aligned} \quad (14)$$

The results which are reported in column (1) ($\beta_1 = 0.416$) show a positive and statistically significant effect of financial constraint on CNC. In the second-stage regression, the predicted values ($CNC^{\wedge}$) from running the first-stage regression are used as the independent variable, as follows:

$$\begin{aligned} ROA_{it} = {} & \beta_0 + \beta_1 CNC^{\wedge}{}_{it-1} + \beta_2 PSgrowth_{it-1} + \beta_3 NSgrowth_{it-1} \\ & + \beta_4 Size_{it-1} + \beta_5 Age_{it-1} + \beta_6 Age\ squared_{it-1} \\ & + \beta_7 Leverage_{it-1} + \beta_8 Intangibles_{it-1} + \beta_9 Cash_{it-1} \\ & + \beta_{10} R\&D_{it-1} + \beta_{12} FAgrowth_{it-1} + Year\ effects \\ & + Industry\ effects + Country\ effects + \varepsilon_{it} \end{aligned} \quad (15)$$

The results which are presented in column (2) for the whole sample ($\beta_1 = 0.053$) and column (3) ($\beta_1 = 0.209$) for the propensity score-matching sample show a positive and statistically significant coefficient of the instrumented name change ($CNC^{\wedge}$). Second, we follow Dass, Jayant, and Nanda (2014) and use the mean CNC in the same industry-year. This is considered a valid instrument because firms are known to follow industry practices (Bisztray and Szeidl 2018) and therefore firms in the same industry would be persuaded to change names after similar success by a rival. In the first-stage regression we replaced the independent variable (CNC) with the instrumental variable (Ind_CNC) and then made the CNC the dependent variable. The results which are reported in column (4) ($\beta_1 = 0.547$) show a positive and statistically significant effect of Ind_CNC on CNC. In the second-stage regression, the predicted values ($CNC^{\wedge}$) from running the first-stage regression are used as the independent variable. The results which are presented in column (5) for the whole sample ($\beta_1 = 0.077$) and column (6) ($\beta_1 = 0.083$) for the propensity score-matching sample show a positive and statistically significant coefficient of the instrumented name change ($CNC^{\wedge}$). Thus, the results imply that CNC leads to higher firm ROA even after accounting for endogeneity.

TABLE 9 | Two stage least squares instrumental variables regression.

	Propensity score matched sample					
	Financial constraint			Industry mean CNC		
	1SLS	*2SLS*		*1SLS*	*2SLS*	
	(1)	(2)	(3)	(4)	(5)	(6)
FCP	0.416***					
	(0.015)					
Ind_CNC				0.547***		
				(0.042)		
*CNC^*		0.053***	0.209***		0.077***	0.083***
		(0.002)	(0.004)		(0.001)	(0.001)
PSgrowth	0.678***	−0.044***	−0.155***	0.165***	0.013***	0.062***
	(0.029)	(0.003)	(0.004)	(0.037)	(0.000)	(0.001)
NSgrowth	0.470***	−0.047***	−0.147***	0.139**	−0.011***	−0.018***
	(0.047)	(0.002)	(0.002)	(0.065)	(0.000)	(0.001)
Size (*log*)	−0.296***	0.014***	0.066***	−0.345***	−0.002***	−0.004***
	(0.010)	(0.001)	(0.001)	(0.020)	(0.000)	(0.000)
Age	−0.111***	0.007***	0.023***	−0.030***	0.001***	0.002***
	(0.003)	(0.000)	(0.000)	(0.005)	(0.000)	(0.000)
Age squared	0.124***	−0.002***	−0.008***	0.112***	0.000	−0.000
	(0.003)	(0.000)	(0.000)	(0.003)	(0.000)	(0.000)
Leverage	−0.001***	−0.000***	−0.000***	−0.001***	0.000	−0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Intangibles	−21.459***	1.428***	6.023***	−4.432***	−0.093***	−0.046***
	(0.202)	(0.069)	(0.108)	(0.301)	(0.001)	(0.003)
Cash	−4.428***	0.107***	0.341***	−4.247***	−0.014***	−0.165***
	(0.202)	(0.006)	(0.012)	(0.347)	(0.002)	(0.006)
R&D	−3.183***	0.217***	0.841***	−3.041***	0.021***	0.055***
	(0.048)	(0.009)	(0.014)	(0.116)	(0.000)	(0.001)
FAgrowth	12.056***	−0.594***	−2.355***	11.044***	−0.018***	−0.053***
	(0.108)	(0.027)	(0.041)	(0.213)	(0.001)	(0.003)
Constant	−0.707***	0.024***	−0.480***	−6.197***	0.101***	0.057***
	(0.102)	(0.007)	(0.011)	(0.161)	(0.001)	(0.002)
Pseudo R^2	0.8097			0.2717		
Adj. R-squared		0.674	0.613		0.641	0.573
N	1,709,706	1,709,706	581,945	1,709,706	1,709,706	581,945

Note: This Table presents the results of the effect of name change on firm financial performance using the instrumental variables (2SLS) estimator, and the moderation effects of DOI, FSIZE, IGS and STATUS on this relationship. All regressions are run with robust standard errors to reduce heteroscedasticity. The dependent variable is the ROA. Columns (1) and (4) reports the first-stage results. Columns (2 to 3) and (5) to (6) report the second-stage results. All regressions are run using the propensity score matching with one–to–one matching to the nearest neighborhood with replacement. ROA is the return on assets. FCP is the firm level financial constraint. Ind CNC is the industry-mean CNC. CNC^ is the instrumented CNC. DOI is DOI. IGS is international geographic spread. FSIZE is the dummy to indicate whether the firm is large or SME. COD is destination country. STATUS is the dummy to indicate whether the firm is international or national. PSgrowth is positive sales growth. NSgrowth is negative sales growth. Size is the natural logarithm of total assets. Age is the number of years of the firm. Leverage is total debt scaled by total assets. Intangibles is intangible assets scaled by total assets. Cash is cash and cash equivalent scaled by total assets. R&D is research and development scaled by total assets. FAgrowth is changes in fixed assets from *t*−1 to *t*. See Table 1 for all variable definitions. *Robust standard errors* are shown in parentheses. ***, **, and * indicate statistical significance at 1%, 5% and 10% levels, respectively.

5 | Discussion and Implications

Drawing on resource-based theory (Barney, Wright, and Ketchen Jr 2001) and organizational identity theory (Brown 2022), we examined the boundary and contextual conditions under which CNC yield either beneficial or detrimental effects. Using financial data from FAME to capture the population of listed and unlisted samples of UK international and domestic firms from 2000 to 2022, we focus specifically on the potential moderating influences of DOI, IGS, FSIZE, COD, and STATUS on the relationship between CNC and firm performance. The analysis indicated that developed-country firms' CNCs in developing countries enjoy weaker performance. A possible explanation of this observation is that CNC appears to sever ties and discard prior brand investments, leading to a loss of sales and potential diminished reputation, culminating in performance decline. The pioneering costs stemming from developing and promoting new brands can add to the cost of doing business, such as educating consumers about the new name, new product names, and packaging, in such an uncertain business environment (see Hill and Hult 2016). The empirical findings show that larger firms perform better than their smaller counterparts after a CNC. The considerable resources possessed by large firms provide them with the financial and human resources to design and support name change activities leading to improved performance. On the other hand, lacking such resources, SMEs could actually risk projecting confusing messages to stakeholders, leading to loss of sales. Moreover, firms with low internationalization perform better than highly internationalized firms. Under the conditions where CNC is beneficial, we found that firms that changed their names achieved higher financial performance compared to similar matched firms and years before the name change. Also, firms with low international geographic spread perform better than those with high international geographic spread.

5.1 | Theoretical Contributions

The study makes vital theoretical contributions. First, we deviate from prior scholarly works by examining the moderating influences on the CNCs-firm performance nexus (Cole et al. 2015; Kumar 2023). This extends the existing scholarly discourse on the contextual and economic effects of CNCs and firm performance. Additionally, although CNCs are not uncommon (Cole et al. 2015; Joseph et al. 2021; Muzellec 2006; Tarnovskaya and Biedenbach 2018; Wu 2010), the current literature lacks a detailed analysis concurrently testing whether firms that change their names subsequently enjoy higher performance in both developed and developing countries. By integrating the literature on CNCs (Akyildirim et al. 2020; Cole et al. 2015; Cooper et al. 2005; Lee 2001; Muzellec 2006) and organizational identity literature (Brickson 2005), the study provides insights demonstrating how domestically operating firms perform better than internationally operating firms.

5.2 | Implications for Practice

From a practical standpoint, companies around the globe have been investing considerable resources in CNC and strategic repositioning activities (Kalaignanam and Bahadir 2013; Miller, Merrilees, and Yakimova 2014). Yet, it remains unclear whether these resources are squandered or deliver fruitful outcomes (see Tarnovskaya and Biedenbach 2018). We provide practical insights into the conditions under which CNCs are beneficial. The analysis indicates to practicing managers that a corporate rebranding implementation process can be time and resource-consuming, which can serve as an obstacle in motivating resource-poor organizations to engage in such activities. Organizations from developed countries would be well-advised to refrain from CNCs as the sole basis for competing and rather focus on offering superior products or services. Accordingly, our analysis indicates that a name change should be buttressed with reasonable resources to support the implementation to enhance the chances of yielding superior performance. In addition, CNC also needs to be accompanied by positive communication to help fortify or develop ties with end users. Furthermore, developed-country firms would be better served by adopting CNC as a strategic response mainly in stable developed-country settings. Given that rebranding campaigns often fail to deliver superior performance for SME internationalizing firms, there is a need for such firms to back away from costly rebranding campaigns to conserve resources. Thus, their ability to compete is less dependent on their brands and more on their offerings.

5.3 | Limitations and Directions for Future Research

There are some reservations that must be borne in mind when interpreting the present findings. First, the research focused on United Kingdom firms in the FAME database. Given that many firms are not included in this database, future research should seek to utilize other databases to further enrich research in this domain. Furthermore, our sample covers the period from 2000 to 2022; future research should seek to expand the timeframe of our data. Additional work is needed to assess whether the findings would apply to developing-country firms. Future research could also provide valuable insights into how national culture, traditions, and norms trigger local CNC among multinational subsidiaries. Another limitation of the study is that the data do not allow us to differentiate between a name change that accompanies a change in the firm's offerings and a superficial or cosmetic name change (see Feng et al. 2022). Thus, future studies should adopt a qualitative method to examine and compare firms that undergo name changes for cosmetic versus non-cosmetic reasons. Additionally, future research could seek cross-country data, encompassing both domestic and internationalizing firms, to test the robustness of the findings presented here. It is our hope that this study on CNC would stimulate scholars to pursue new research on name change effects on other stakeholders such as rival firms, customers, and industry regulators.

Conflicts of Interest

The authors declare no conflicts of interest.

Data Availability Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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Appendix A

TABLE A1 | Sample selection.

Panel A: Sample firms selection procedure	Firms
UK firms listed in the FAME database	16,825,661
After excluding firms that have not changed their names before	688,305
After excluding firms that changed their names outside of the sample period	97,870
After excluding firms that have been acquired or merged into an independent firm	86,514

TABLE A2 | List of countries.

Afghanistan	Lesotho
Algeria	Liberia
Argentina	Libya
Australia	Madagascar
Bangladesh	Malawi
Barbados	Malaysia
Belgium	Mali
Benin	Mexico
Bermuda	Morocco
Bolivia	New Zealand
Brazil	Niger
Camaroon	Nigeria
Canada	Pakistan
Chile	Paraguay
China	Peru
Colombia	Philippines
Czech Republic	Poland
Democratic Republic of Congo	Portugal
Ecuador	Qatar
Egypt, Arab Republic	Russian Federation
Ethiopia	Rwanda
Fiji	Saudi Arabia
Finland	Senegal
France	Singapore
Geogia	Somalia
Germany	South Africa
Ghana	South Korea
Greece	Spain
Guinea	Sri Lanka
Haiti	Sudan
Hong Kong	Sweden
Hungary	Taiwan
Iceland	Tanzania
India	Thailand
Indonesia	Togo
Ireland	Tunisia
Isle of Man	Turkey
Israel	Uganda
Italy	Ukraine
Ivory Coast	United Arab Emirates
Japan	United States
Jordan	Vietnam
Kenya	Zambia
Kuwait	Zimbabwe

(Continues)

TABLE A2 | (Continued)