Proceedings of ICEMGD 2025 Symposium: Digital Transformation in Global Human Resource Management
DOI: 10.54254/2754-1169/2025.LD25130

The Impact of a Stock Name Containing "Oriental" on the Share Price

Yuqi Liu

School of Business, Shandong University, Weihai, China
yukie_liu@126.com

Abstract. This study focuses on the impact mechanism of the specific naming element "Oriental" in the securities market on stock pricing. Based on the sample of Chinese A-share listed companies from 2015 to 2023, after screening and processing, 33,035 sample-year observations were obtained. Through descriptive statistics, correlation analysis, regression analysis, and robustness tests, three key issues were explored: whether the inclusion of "Oriental" in stock names affects investors' expectations of stock price volatility; whether there is a significant correlation between such naming characteristics and stock price volatility; and whether this correlation remains stable after controlling for corporate fundamentals and governance factors. The results show that companies with "Oriental" in their names account for only 0.9% of the sample, and there is a significant negative correlation between the name containing "Oriental" and stock price volatility. After adding control variables, the stock price volatility of these companies is significantly about 2.225 units lower than that of peer companies. This conclusion remains valid in robustness tests, indicating that the inclusion of "Oriental" in stock names has a stable and significant inhibitory effect on stock price volatility.

Keywords: Stock names, "Oriental", Stock price volatility, Behavioral finance

1. Introduction

Traditional financial theories based on the efficient market hypothesis suggest that security prices can fully reflect all available information, so non-timely factors such as company names do not have a substantial impact on asset pricing. However, research in the field of behavioral finance shows that systematic cognitive biases are prevalent in the decision-making process of investors [1]. When facing the complexity of information processing and market uncertainties, market participants often adopt heuristic decision-making models, that is, making investment judgments through mental shortcuts rather than fully rational analysis. In the context of securities investment, as stock names are the most direct cognitive symbols, some investors may form irrational judgments about a company's industry attributes, business scope, and even operating quality through the literal interpretation of the name. This study focuses on three key issues regarding the impact of the specific element "Oriental" in stock names on stock pricing in the securities market: First, does the inclusion of "Oriental" in stock names affect investors' expectations of stock price volatility? Second, is there a significant correlation between such naming characteristics and stock price

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volatility? Third, does this correlation remain robust after controlling for corporate fundamentals and governance factors? Three critical issues will be investigated through robustness tests, regression analysis, correlation analysis, and descriptive statistics. This study holds significant implications for both theoretical and practical aspects of financial markets. It enriches the understanding of how non - financial factors, such as stock names, influence investor behavior and stock price volatility, thereby contributing to the field of behavioral finance. For investors, recognizing the potential impact of stock names can lead to more informed decision - making. For companies, the findings suggest that naming strategies may affect market perception and stock valuation, offering insights for corporate branding.

2. Literature survey

Traditional financial theories assume that investors act rationally and posit that stock prices are determined by discounting expected future cash flows. However, behavioral finance research indicates that factors such as social environment and cultural traditions can influence investor behavior, thereby impacting stock prices [2]. Against this backdrop, the impact of stock names, as a crucial identifier of a company in the market, on stock prices has gradually become a research hotspot.Early research primarily focused on the impact of stock name changes on corporate value. Mase [3] discovered that company name change announcements are often accompanied by significant abnormal returns, and the type of name change plays a decisive role in determining the sign of these abnormal returns. Lee and Cooper, Dimitrov, & Rau [4] further confirmed that when companies associate their names with popular concepts, such as adding a “.com” suffix or changing to an Internet - related name, stock prices and trading volumes experience substantial increases. Notably, Cooper et al.'s study [5] showed that such companies achieved a cumulative abnormal return of up to 74% in the 10 - day period around the announcement day. As research progresses, scholars have started to explore the impact of the inherent characteristics of stock names on stock prices. Jin, Shen, & Yu [6] found a premium for three - character - long stock names, and this premium tends to decrease as the information environment of the stocks improves. Green & Jame [7], from the perspective of name fluency, demonstrated that short and easy - to - pronounce names can enhance a company's breadth of ownership, share turnover, reduce transaction price impacts, and increase valuation ratios.

Regarding the impact on shareholder wealth, Gupta & Aggarwal [8] showed that stock name changes result in significant positive cumulative abnormal returns and positive abnormal returns, indicating that name changes can directly affect shareholder wealth by influencing market perception.

Existing studies have revealed the influence mechanisms of stock names on stock prices from multiple dimensions, including name changes and name characteristics. However, no research has directly explored the impact of specific words like “Oriental” in stock names on stock prices, which points to a promising direction for future research.

3. Empirical analysis

3.1. Sample selection and data sources

This paper uses A-share listed companies in China from 2015 to 2023 as the initial research sample, and follows these principles for sample selection: (1) excluding financial enterprises; (2) excluding ST, *ST, and companies with a debt-to-asset ratio exceeding 100% as abnormal financial samples;

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(3) excluding samples with missing other variables. After this screening, 33,035 annual observation values were obtained. To avoid the impact of outliers on the research results, each continuous variable was subjected to Winsorization tail trimming at the 1% and 99% levels.

3.2. Descriptive statistics

Table 1: Descriptive statistics of variables

Variable	Obs	Mean	Std. Dev.	Min	Max
VAR RAW	33035	2.604	6.603	.271	80.73
east dummy	33035	.009	.094	0	1
Size	33035	22.263	1.309	19.777	26.44
Lev	33035	.408	.203	.049	.924
Growth	33035	.144	.386	-.653	3.808
Top5	33035	.535	.154	.176	.892
Board	33035	2.099	.196	1.609	2.708
Indep	33035	37.862	5.387	28.57	60
Dual	33035	.32	.466	0	1
ListAge	33035	2.036	.98	0	3.434

According to Table 1, the mean value of the explained variable, stock price volatility (VAR_RAW), is 2.604, and the standard deviation is 6.603, indicating significant differences in stock price volatility among different companies. The minimum value is 0.271, and the maximum value is 80.73, confirming the extreme nature of market fluctuations. The mean value of the core explanatory variable, the "Oriental" name identifier (east_dummy), is 0.009, indicating that only 0.9% of the sample companies have "Oriental" in their names, which is in line with the scarcity characteristics of companies with specific names. In terms of control variables, the mean value of company size (Size) is 22.263 (logarithmic transformation), and the distribution is relatively concentrated; the mean value of financial leverage (Lev) is 0.408, indicating that the average debt level of sample enterprises is moderate; the mean value of equity concentration (Top5) is 0.535, reflecting the typical governance structure where the top five shareholders hold more than half of the shares. The mean values of board size (Board) and independence (Indep) are 2.099 and 37.862%, respectively, which meet the governance requirements of Chinese listed companies. In addition, the mean value of listing age (ListAge) is 2.036, and the standard deviation is 0.98, indicating that the sample covers enterprises at different life cycle stages.

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3.3. Pairwise correlations

Table 2: Pairwise correlation matrix

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(1) VAR_RAW	1.000									
(2) east_dummy	-0.010*	1.000								
(3) Size	-0.141***	0.038***	1.000							
(4) Lev	-0.089***	0.009*	0.500***	1.000						
(5) Growth	0.031***	0.017***	0.050***	0.033***	1.000					
(6) Top5	0.053***	-0.018***	0.101***	-0.086***	0.050***	1.000				
(7) Board	-0.027***	0.009	0.271***	0.137***	0.006	0.006	1.000			
(8) Indep	-0.016***	-0.001	-0.008	-0.006	-0.007	0.029***	-0.575***	1.000		
(9) Dual	0.060***	-0.018***	-0.197***	-0.142***	0.018***	0.008	-0.174***	0.100***	1.000	
(10) ListAge	-0.265***	0.030***	0.473***	0.384***	-0.057***	-0.330***	0.164***	0.003	-0.260***	1.000

*** p<0.01, ** p<0.05, * p<0.1

The core explanatory variable, the "Oriental" name identifier (east_dummy), has a significant negative correlation with stock price volatility (VAR_RAW), with a correlation coefficient of -0.010 and significance at the 10% level, initially supporting the hypothesis that the inclusion of "Oriental" in the name may reduce stock price volatility. It is worth noting that there is a highly significant negative correlation (-0.141) between stock price volatility and company size (Size), suggesting that the economies of scale effect may suppress market fluctuations; and a significant negative correlation (-0.089) with financial leverage (Lev), reflecting that companies with high debt may have reduced stock price anomalies due to creditor supervision. In particular, there is a strong negative correlation (-0.265) between listing age (ListAge) and stock price volatility, highlighting the market stability advantages of mature enterprises. Among the governance variables, there is a weak negative correlation (-0.016) between board independence and stock price volatility, while equity concentration (Top5) shows a positive correlation (0.053), indicating that governance mechanisms have differential impacts on stock price stability. The multicollinearity test shows that all correlation coefficients are lower than the warning threshold of 0.6, indicating that there is no serious multicollinearity problem among variables.

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Table 3: Benchmark

	(1) No control variables	(2) Add control variables
east_dummy	-0.6853*	-2.2251***
	(-1.7657)	(-3.5878)
Size		0.2508***
		(3.3551)
Lev		0.9289***
		(3.3793)
Growth		0.2254***
		(2.9385)
Top5		-6.9547***
		(-14.9378)
Board		0.0799
		(0.2889)
Indep		-0.0183**
		(-2.1968)
Dual		-0.0108
		(-0.1076)
ListAge		-5.4804***
		(-26.7406)
_cons	2.6100***	12.0082***
	(71.5300)	(7.6981)
Time effects	no	yes
Individual effects	no	yes
N	33035	32726
R^2	0.0001	0.386
F	3.118	84.579

***p<0.01, **p<0.05, *p<0.10

In the basic model without control variables, the negative impact coefficient of the "Oriental" name identifier on stock price volatility is -0.6853, significant at the 10% level. When corporate characteristics and governance variables are introduced, the absolute value of this coefficient expands to -2.2251 and is significant at the 1% level, confirming that the name effect has independent economic significance. This indicates that the stock price volatility of companies with "Oriental" in their names is significantly about 2.225 units lower than that of peer companies, possibly due to investors' cognitive consensus on the "traditional and stable" characteristics implied by such names, which reduces transaction volatility caused by information asymmetry. Among the control variables, the positive impacts of company size (0.2508) and growth (0.2254) are in line with expectations, as large and high-growth enterprises are more likely to attract market attention; while the strong negative effects of equity concentration (-6.9547) and listing age (-5.4804)

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highlight the key value of a stable equity structure and market experience in smoothing stock prices. The adjusted R^2 of the model reaches 0.386, indicating good explanatory power, and the fixed effects control effectively eliminates the interference of unobservable factors.

Table 4: Robustness

	(1) Stock price volatility	(2) Stock price volatility-variance
east_dummy	-0.7897**	-2.2529***
	(-2.0505)	(-3.4249)
Size		0.2313***
		(3.0907)
Lev		1.0118***
		(3.6794)
Growth		0.2091***
		(2.7184)
Top5		-7.0890***
		(-15.1495)
Board		-0.0151
		(-0.0545)
Indep		-0.0223***
		(-2.6757)
Dual		-0.0065
		(-0.0646)
ListAge		-5.4451***
		(-26.5404)
_cons	2.1173***	12.2698***
	(58.4810)	(7.8548)
time effect	No	yes
Individual effects	no	yes
N	33035	32726
R^2	0.000	0.374
F	4.205	83.820

***p<0.01, **p<0.05, *p<0.10

The robustness test in Table 4 verifies the reliability of the conclusion by changing the measurement method of stock price volatility. By replacing the original indicator with stock price variance, the coefficient of the “Oriental” name indicator remains highly significantly negative (-2.2529), consistent with the baseline results, confirming that the core conclusion is not affected by the measurement method. The signs and significance of other control variables have not changed substantially.

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4. Discussion

The findings of this study offer several intriguing insights into the role of cultural vocabulary in stock naming conventions and their impact on market behavior. The significant negative correlation between "Oriental" in stock names and price volatility suggests that investors may associate such terms with stability and tradition, leading to more predictable trading patterns. This aligns with behavioral finance theories emphasizing the influence of cognitive heuristics, where symbolic language in names acts as a mental shortcut for evaluating risk. For instance, the "Oriental" label might evoke perceptions of established business roots or cultural heritage, reducing speculative trading driven by information asymmetry. From a practical standpoint, these results have implications for corporate strategy and investor decision-making. Companies considering naming or rebranding strategies could leverage culturally resonant terms to signal stability, though caution is warranted to ensure alignment with actual corporate fundamentals. Over-reliance on symbolic naming without operational consistency may lead to market distrust in the long run. For investors, the study highlights the need to transcend superficial name-based heuristics and conduct in-depth fundamental analysis, particularly given that only 0.9% of firms in the sample use "Oriental," indicating its limited but statistically significant effect. Future research could expand on this by exploring other culturally specific terms (e.g., "China," "Global") or examining regional variations within the A-share market. Additionally, investigating the mediating effects of investor sentiment or media coverage on the name-volatility relationship would deepen our understanding of the underlying mechanisms. Overall, this study bridges the gap between linguistic symbolism and financial markets, providing a foundation for more nuanced analyses of how cultural context shapes asset pricing.

5. Conclusion

This study empirically investigates three central research questions regarding the impact of stock names containing "Oriental" on stock price volatility. First, whether the inclusion of "Oriental" affects investors' expectations of volatility: the results show a significant negative association, indicating that such names influence investors to perceive lower risk, translating into reduced actual price volatility. Second, on the existence of a significant correlation: both correlation analysis (coefficient = -0.010, $p<0.1$) and regression models (coefficient = -2.2251, $p<0.01$) confirm a robust negative relationship, where "Oriental"-named companies exhibit stock price volatility approximately 2.225 units lower than their peers. Third, concerning the correlation's robustness after controlling for fundamentals and governance: the negative effect persists and strengthens in multivariate models, with robustness tests using alternative volatility measures validating its stability. However, the study has limitations. The cultural connotations of "Oriental" as a "traditional and stable" symbol are theoretically assumed rather than empirically validated through linguistic or psychological frameworks. Additionally, the scarcity of sample firms (0.9%) raises concerns about endogeneity, as naming choices may correlate with unobserved factors like industry or regional characteristics. The underlying mechanisms—such as whether the effect operates through cognitive fluency or media attention—remain underexplored. To address these gaps, future research could employ text mining to analyze the semantic context of "Oriental" in corporate communications, conduct cross-cultural comparisons to isolate cultural specificity, and use event studies to examine volatility changes around name additions/deletions. Behavioral experiments could also directly test investors' risk perceptions of "Oriental"-named firms, providing causal insights. By deepening the theoretical and mechanistic understanding of how cultural vocabulary influences asset pricing, such

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research would enhance the generalizability of these findings and inform more nuanced market behaviors.

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