

RESEARCH @ ARGYROS

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CHAPMAN
UNIVERSITY

**Argyros College of
Business and Economics**

RESEARCH HIGHLIGHTS FROM OUR FACULTY

WHAT'S INSIDE

Provision of Helpful Review Videos:
Effects of Video Characteristics on
Perceived Helpfulness

Production and Operations Management

Hidden Gems: Do Market
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Journal of Accounting and Economics

Buying from a Competitor: A Model of
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Marketing Science

A MESSAGE

FROM THE DEAN

At the Argyros College, our scholars represent a broad spectrum of expertise from 2002 Nobel Laureate and experimental economics pioneer Vernon L. Smith to newly minted Assistant Professors recruited from leading business schools. Together, they have accumulated an impressive 217,000 citations. Let's pause for a second to consider what this number really signifies: Over two hundred thousand times, another scholar, somewhere in the world, has cited the research of one of our faculty members. This remarkable statistic underscores the profound impact our scholars have had on advancing and leading academic thought in their respective fields.

There are so many unique ways to showcase rigorous academic scholarship: Summaries, tables, and graphs all play their roles. But as the saying goes, "a picture is worth a thousand words." Located near Hollywood and the creative capital of the world, we are inspired by today's AI-driven innovations to incorporate AI-based creativity into this Research Magazine, visually capturing the depth and diversity of our researchers' contributions. The pictures you see with each article in this magazine are AI-generated representations of the research in these articles.

Enjoy exploring the innovative research our scholars have conducted, complemented by illustrations that reflect the capabilities of contemporary AI-generated creativity!



HENRIK CRONQVIST, PH.D.

DEAN, ARGYROS COLLEGE OF BUSINESS AND ECONOMICS



Lights, Camera, Helpfulness! The Science Behind Effective YouTube Product Reviews

SHAHRYAR DOOSTI, PH.D.

Ever wondered what makes some YouTube product reviews more helpful than others? A groundbreaking study, “Provision of Helpful Review Videos: Effects of Video Characteristics on Perceived Helpfulness,” co-authored by Assistant Professor *Shahryar Doosti* from Chapman University’s Argyros College of Business and Economics and published in the prestigious *Production and Operations Management*, dives deep into this very question. From lighting and facial expressions to voice tone and speech rate, the research reveals the hidden secrets behind creating captivating and influential review videos.

In today's digital age, YouTube has become the go-to platform for product reviews. Whether you're looking to buy the latest smartphone or curious about the best kitchen gadgets, there's a YouTube review for that. But with millions of videos out there, how do viewers decide which ones to trust? This is exactly what a recent study set out to explore. The research dives into the fascinating world of YouTube product reviews, analyzing what visual and vocal elements might make a review more helpful to viewers. It suggests that the key to an impactful review is more than just the content—it's about the presentation. By examining thousands of product reviews, the study sheds light on the subtle cues that could influence a video's impact on consumer decisions. From lighting and camera work to vocal tone and facial expressions, every detail can play a role.

VISUALS AND FACIAL EXPRESSIONS: THE POWER OF PRESENCE

Imagine scrolling through a sea of product review videos. You come across two: one is poorly lit, shaky, and lacks any real energy, while the other is bright, visually engaging, and dynamic. Which one are you more likely to click on? It's a no-brainer. The study found that brightness and visual dynamics—like smooth camera movements or changes in scene—are associated with higher perceived helpfulness. These elements don't just keep the viewer's eyes glued to the screen; they also enhance the clarity and delivery of the information being presented. In essence, good visuals make the content easier to digest and more enjoyable to watch.

But it's not just about the backdrop and lighting. The presence of the reviewer's face in the video seems to play a crucial role too. When viewers can see the person talking to them, it creates a sense of trust and authenticity. It's like meeting someone in person rather than talking on the phone—there's a personal connection that can't be replicated otherwise. A reviewer's facial expressions, like a friendly smile or a look of genuine excitement, can make the review feel more engaging and relatable. Viewers are more likely to perceive such reviews as credible because they can see the sincerity in the reviewer's eyes. It's a reminder that behind every review, there's a real person sharing their experience.

VOCAL DYNAMICS: THE SOUND OF HELPFULNESS

Equally important is how the reviewer sounds. The study indicates that a lower voice pitch combined with a faster speech rate might be perceived as more authoritative and engaging. A calm, steady voice can reassure viewers that the reviewer knows what they're talking about, while a lively pace keeps the content from feeling dull or monotonous. But there's more to it than just pitch and speed. Emotion in the voice—whether it's enthusiasm for a product or disappointment with its shortcomings—seems to make the review feel more genuine and compelling. For viewers, these vocal cues help interpret the reviewer's true feelings about the product, which is invaluable when deciding whether to make a purchase.

PUTTING IT ALL TOGETHER: PRACTICAL TIPS FOR REVIEWERS AND BUSINESSES

So, what does all this mean for content creators looking to up their review game? It's simple: pay attention to the details! Start by ensuring your videos are well-lit and visually appealing. Invest in a good camera and consider using props or changing backgrounds to keep things interesting. Show your face and use your expressions to communicate your feelings about the product. When you speak, use a confident, clear voice and vary your pitch and pace to keep the audience engaged. It's also worth noting that positive emotions—like smiling or laughing—can significantly boost your credibility. People respond to positivity, and if your excitement for a product is evident, viewers are more likely to trust your opinion.

This research isn't just for YouTube influencers. Businesses can benefit from these insights too. Companies often produce their own product videos, and by applying these findings, they can create content that resonates more effectively with their audience. Even review platforms might use this information to promote videos that align with these characteristics, ensuring that the most helpful reviews get the visibility

they deserve. For consumers, understanding these cues can make them more discerning viewers, helping them sift through the vast amount of content online to find the most reliable reviews.

In conclusion, this study offers valuable insights into the art and science behind effective YouTube product reviews. It's not just about what you say; it's about how you say it—and show it! For viewers, these insights can help in identifying the most trustworthy reviews, while for creators, they offer a roadmap to crafting content that stands out. So, whether you're a budding reviewer or a seasoned pro, remember: a bright smile, a well-lit room, and a confident voice can turn a good review into a great one. After all, in the world of online reviews, every detail can make a difference.



Shahryar Doosti is an Assistant Professor at the Argyros College of Business and Economics at Chapman University. His research interests span digital marketing, consumer behavior, and the impact of technology on business operations. Professor Doosti's work has been published in top-tier academic journals and has received recognition for its practical implications and relevance to both academia and industry. With a focus on uncovering the nuances of online consumer interactions, he continues to contribute valuable insights that help shape the future of digital business strategies.



Reading Between the Paychecks: How CEO Pay Packages Reveal a Company's Future

ZHI LI, PH.D.

What if there were hidden signals in pay packages that could predict a company's future performance? That's exactly what Chapman University's Associate Professor **Zhi Li** and co-authors uncover in their groundbreaking study, "Hidden Gems: Do Market Participants Respond to Performance Expectations Revealed in Compensation Disclosures?" Published in the prestigious *Journal of Accounting and Economics*, this research reveals how compensation details, often buried in financial disclosures, can offer surprising insights into a firm's future success.

In corporate finance, most investors and analysts focus on traditional indicators like profits, sales, or earnings guidance to gauge a company's future performance. However, a study led by Chapman University's Associate Professor Zhi Li and co-authors reveals an overlooked factor in corporate disclosures: executive compensation packages, particularly performance-based stock grants. Their study, published in the *Journal of Accounting and Economics*, shows how details within these disclosures may help investors stay ahead of the market.

The research focuses on performance-based equity grants, which tie CEO pay to company performance through stock awards that vest when financial or operational milestones are achieved, like revenue growth or profit margins. These grants align executives' interests with shareholders and provide insights into the company's expected trajectory.

THE POWER OF PERFORMANCE-BASED COMPENSATION

The study found a strong link between expected payouts from performance-based equity grants and a company's future success. Companies disclosing high expected payouts significantly outperformed peers over the next two years, with higher returns on assets, stronger sales growth, and better profit margins. For example, a tech company expecting to pay substantial stock grants for meeting revenue or earnings targets signals confidence in its growth.

Conversely, companies with lower expected

payouts due to missed targets often underperformed, showing weaker financial health and profitability. Thus, compensation disclosures can serve as early indicators of a company's future prospects.

WHAT INVESTORS ARE MISSING

While performance-based stock grants are disclosed in public filings like proxy statements or 10-K forms, the market tends to underreact to this information. Traditional signals like quarterly earnings or analyst recommendations dominate investment decisions, but data from compensation disclosures often goes unnoticed because it requires a deeper dive into financial statements.

Dr. Li's study suggests this hidden indicator carries information not immediately captured by traditional channels like earnings guidance or forecasts, creating a delay before the market fully absorbs it. This offers a unique opportunity for investors willing to dig deeper.

For instance, if a manufacturing company discloses significant stock grants to its executives for meeting aggressive growth targets, it signals leadership's confidence. When the company hits these targets, the market may react, leading to a stock price rise. Investors who noticed these disclosures could benefit.

Conversely, consider a retail company lowering compensation payouts due to missed targets. This reduction signals potential struggles, even before these issues appear in earnings reports. Ignoring such disclosures can mean missing

early warning signs.

A TRADING STRATEGY BASED ON COMPENSATION DISCLOSURES

An intriguing part of the study is how investors can translate these insights into strategies. Dr. Li suggests buying stocks of companies with the highest expected payouts and shorting those with the lowest. This approach leverages the market's tendency to underreact to compensation disclosures, allowing investors to capitalize on delayed information incorporation.

In backtests, this strategy delivered substantial outperformance compared to traditional approaches focused on earnings or profit metrics. The market's slow reaction creates a window of opportunity for investors willing to dig into executive pay details.

THE BROADER IMPLICATIONS

This research has significant implications for investors, analysts, and corporate boards. For investors, compensation disclosures shouldn't be dismissed as dry legalese but viewed as powerful tools offering insights into a company's future. By interpreting these details,

investors can anticipate market movements and identify high-growth opportunities before they're widely recognized.

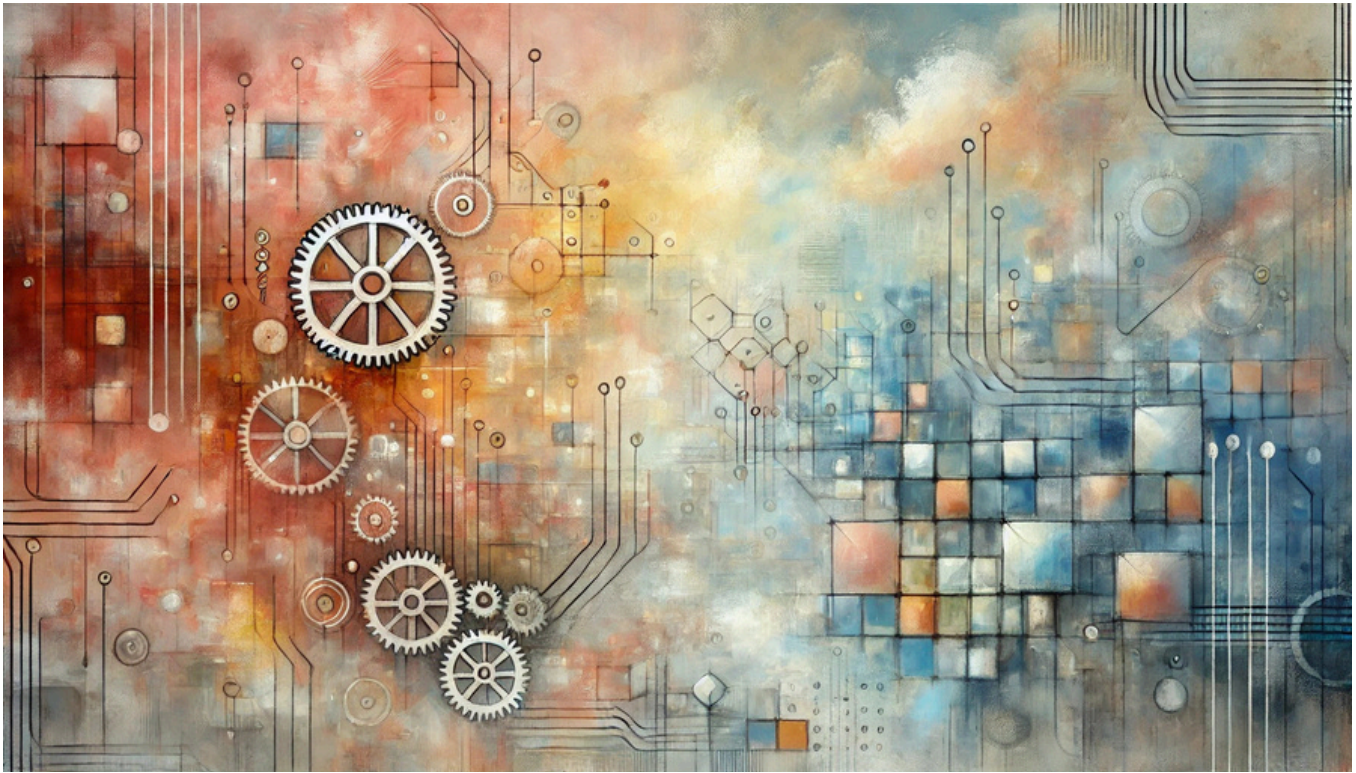
For analysts, the study emphasizes incorporating compensation data into forecasts. Analysts focusing on performance-based grants may provide more accurate predictions.

For corporate boards, the study reinforces the value of performance-based compensation as a mechanism for driving success. These structures align executive and shareholder interests and signal the company's confidence in growth.

In conclusion, Dr. Li's research makes a strong case for paying closer attention to executive compensation disclosures, especially performance-based equity grants. These often-overlooked details contain hidden signals predicting a company's future success or struggles. By understanding these signals, investors can gain an edge in the market and capitalize on opportunities before they're widely recognized. Learning to "read between the paychecks" could be key to unlocking hidden market opportunities.



Zhi Li is an Associate Professor at Chapman University's Argyros College of Business and Economics, specializing in corporate finance, executive compensation, and financial accounting. Her research explores the relationship between executive pay and firm performance. With publications in top-tier journals like the Journal of Financial Economics, Journal of Accounting and Economics, and The Review of Financial Studies, Li has advanced our understanding of the financial impacts of corporate decisions. Her recent work reveals how compensation disclosures can predict future firm performance, offering valuable insights for investors and policymakers. Li's research continues to influence the field through its innovative approach and significant contributions.



Sharing the Crown Jewels? The Perils and Payoffs of Buying from Competitors

MATTHEW SELOVE, PH.D. & MOHAMMAD ZIA, PH.D.

What if buying from your competitor could actually boost your innovation? That's the intriguing question explored by Chapman University's professors *Matthew Selove* and *Mohammad Zia* in their latest paper, "Buying from a Competitor: A Model of Knowledge Spillover and Innovation," co-authored with Dominique Lauga, at University of Cambridge Judge Business School, and published in *Marketing Science*. This research delves into how strategic purchases from rivals can spark creativity and drive business growth.

What if working with your competitor could boost your bottom line today but put your business at risk tomorrow? Many companies, from Apple to Tesla, regularly buy essential components from their biggest rivals, but this strategy comes with a potential downside: knowledge spillover. In a fascinating study, Dominique Lauga, Matthew Selove, and Mohammad Zia explore the possible consequences of this tricky business maneuver.

WHY COMPANIES BUY FROM COMPETITORS

Companies often find themselves purchasing key inputs—like screens, batteries, or software—from their competitors. This might seem counterintuitive, but the benefits can be substantial. For instance, by buying from a competitor, a company can reduce production costs, gain access to superior technology, and even curb fierce price wars. Imagine two tech giants, Apple and Samsung, who have battled for years in the smartphone market. Despite being fierce rivals, Apple has, at times, bought screens from Samsung. This arrangement can be mutually beneficial in the short term—Apple gets high-quality screens, and Samsung profits from the deal, making it less likely to engage in aggressive price-cutting.

But here's where things might get complicated: when a company buys from a competitor, it may need to share detailed information about its product designs and future plans. This might result in 'knowledge spillover,' where the competitor learns valuable secrets. For example, Apple might need to explain specific

design requirements for a new screen feature. Samsung could then use this information to enhance its own smartphones, potentially outpacing Apple in innovation.

SIMPLIFIED EXPLANATION OF THE MODEL

To understand this dynamic, the researchers developed a simple, two-period model. Think of it as a game with two rounds. In the first round, a company (let's call it Company A) decides whether to buy a critical input from a competitor (Company B) or from an independent supplier. If Company A buys from Company B and invests in making the input better, Company B could learn how to make a superior product, which might help it compete more effectively with Company A in the future. In the second round, Company B can use what it learned to negotiate better terms or produce an even better product, possibly leaving Company A in a weaker position.

The model suggests that buying from a competitor might increase short-term profits by reducing competition. However, it could also lead to scenarios where the competitor gains an advantage in the long run. This creates a dilemma: should Company A focus on immediate gains or consider potential future risks?

REAL-WORLD EXAMPLE EXPANDED

Consider the case of Apple and Samsung again. Apple decided to stop buying certain screens from Samsung when it realized that

Samsung when it realized that Samsung might benefit too much from the collaboration. Instead, Apple started investing in another supplier, LG, to develop advanced screen technology, like foldable displays. This move wasn't just about securing a better product; it was a strategic decision to reduce the risk of Samsung gaining an upper hand in the competitive smartphone market.

BROADER IMPLICATIONS FOR BUSINESS STRATEGY

This study highlights the delicate balance companies must maintain between collaboration and competition. It's not just about saving money or getting the best product today; it's about what those decisions mean for tomorrow. Managers need to carefully weigh the potential risks of empowering a competitor, even if it means paying a little more or finding an alternative supplier.

design requirements for a new screen feature. Samsung could then use this information to enhance its own smartphones, potentially outpacing Apple in innovation.

The researchers also suggest that this balancing act is not just limited to tech giants. In any industry where companies rely on specialized inputs—like car manufacturers buying batteries, or watchmakers sourcing components—the same principles could apply. When the stakes are high, and the competition is fierce, understanding the long-term impact of today's supplier choices can make a significant difference.

In summary, the study by Lauga, Selove, and Zia offers valuable insights into the trade-offs involved in buying from competitors. While it might seem like a good idea to collaborate in the short term, the risk of knowledge spillover could have lasting consequences.



Matt Selove is the Donald R. Booth Professor in Economics at Chapman University's Argyros College of Business and Economics. He holds a PhD in Marketing and an MBA from the Massachusetts Institute of Technology. He earned his undergraduate degree magna cum laude in Applied Mathematics and Economics from Harvard University. Before joining Chapman, he held academic roles at the University of Florida and USC. His research focuses on marketing strategy and economic modeling, contributing significantly to the field through his scholarly publications.



Mohammad Zia is an Assistant Professor at Chapman University's Argyros College of Business and Economics. He holds a PhD in Management Science from the University of Texas – Dallas. His research expertise is in marketing strategy, consumer behavior, and digital advertising. His work, published in renowned journals like *Marketing Science* and *Management Science*, addresses complex topics such as budget allocation across search engines, the impact of ad-blockers, and the benefits of customer loyalty.

ARGYROS ANNOUNCEMENTS

ARGYROS SCHOOL ELEVATED TO COLLEGE

In September 2022, with special guest Earvin 'Magic' Johnson in attendance, the George L. Argyros School of Business and Economics grew into the **George L. Argyros College of Business and Economics**, made possible by a generous gift from the Argyros family.

This change elevates Argyros to a new level, providing a structure to support specialized schools that drive forward research and education across various fields. This expansion sets the Argyros College on the path to becoming a top-tier business institution, committed to delivering high-quality, industry-aligned education that prepares students for success in the ever-evolving world of business.



ACCOUNTING AND FINANCE SCHOOL

At the 40th and final Chapman Celebrates gala, Chapman University announced a remarkable gift from longtime supporters Jim and Kay Burra, ushering in an exciting new era for the university. This contribution introduces the **Burra School of Accounting and Finance** within the George L. Argyros College of Business and Economics, fueling innovation and enhancing Chapman's influence in accounting and finance education.

MANAGEMENT SCHOOL

Thanks to a generous gift from Board of Trustees Chairman Emeritus Doy Henley, the George L. Argyros College of Business and Economics now includes the **Doy B. Henley School of Management**. This new school honors Henley's impactful leadership and his long-standing commitment to Chapman's growth and success, marking an exciting step forward in the university's mission to provide outstanding management education.

NEW & NOTEWORTHY

FACULTY IN FOCUS



MATTHEW SELOVE, PH.D.

DONALD R. BOOTH PROFESSOR IN ECONOMICS IN HONOR OF LARRY PARLETT AND
IN MEMORY OF ALAN D. THOMPSON, ASSOCIATE PROFESSOR OF MARKETING

Dr. Matthew Selove has been appointed the Donald R. Booth Professor in Economics in Honor of Larry Parlett and in Memory of Alan D. Thompson. Dr. Selove completed his undergraduate studies at Harvard University and his Ph.D. at MIT. Dr. Selove's research has been published in Management Science and Marketing Science.



JESSICA KIM-GINA, LL.M., PH.D.

ASSISTANT PROFESSOR OF ACCOUNTING

We warmly welcome Dr. Jessica Kim-Gina, Assistant Professor of Accounting. An undergraduate from New York University and with an LL.M. and Ph.D. from the University of Pennsylvania Law/Wharton, she is an expert in corporate intellectual property. She recently received the highest teaching evaluations of any professor in UCLA-Anderson's EMBA program. Dr. Kim-Gina's research has been published in Management Science.

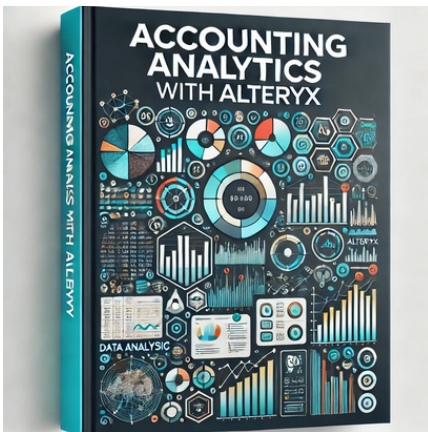


SIMHA MUMMALANENI, PH.D.

ASSISTANT PROFESSOR OF MARKETING

We are happy to welcome Assistant Professor of Marketing Simha Mummаланeni, Ph.D., to our faculty. An undergraduate from the University of Chicago with a Ph.D. from Northwestern-Kellogg, he is an expert in marketing analytics and recently received the MBA teaching award at the University of Washington's Foster School of Business. Dr. Mummаланeni's research has been published in Marketing Science and MIT Sloan Management Review.

THE ARGYROS COLLEGE ON THE SHELF



ACCOUNTING ANALYTICS WITH ALTERYX

Bruce Dehning, Ph.D.

*Published by BDTS&PM Publishing,
1st Edition, 2024*

This is the only accounting analytics textbook focusing solely on Alteryx data analytics and visualization software. It is also unique because all examples are accounting-based, covering audit, tax, managerial, and financial accounting. Most of the datasets used in the book are real companies or based on real company data.

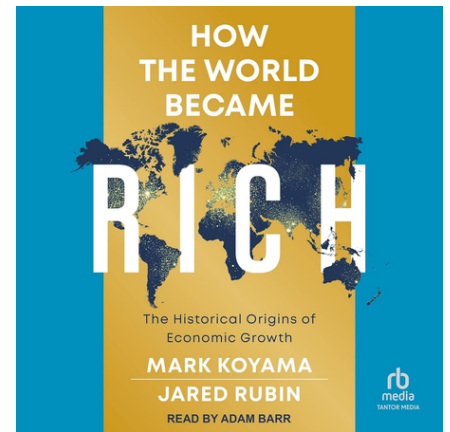


THE ELGAR COMPANION TO DECENTRALIZED FINANCE, DIGITAL ASSETS, AND BLOCKCHAIN TECHNOLOGIES

Edited by Henrik Cronqvist, Ph.D.

Published by Edward Elgar Publishing, 2024

This timely Companion provides valuable insights into the challenges of valuing digital versus traditional assets, examining how behavioral and social factors can lead to biased perceptions in over- or underestimating digital asset value. Innovative and comprehensive, it first explores the impact of decentralization on current financial systems, then delves into decentralized lending and predicts the future role of digital assets in payments.



HOW THE WORLD BECAME RICH: THE HISTORICAL ORIGINS OF ECONOMIC GROWTH

Jared Rubin, Ph.D.

Published by Polity, 1st Edition, 2022

Mark Koyama and Jared Rubin dive into the many theories of why modern economic growth happened when and where it did. They discuss recently advanced theories rooted in geography, politics, culture, demography, and colonialism. Pieces of each of these theories help explain key events on the path to modern riches.



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