

Summary of Paper: [Does a Cooperative Values Statement Impact Predicted Transfer Prices?](#)

What is this study about?

This study tests whether a cooperative corporate values statement (a nonbinding “we work better together” message) changes how managers predict transfer prices when two divisions negotiate an internal price for a component. The core idea is behavioral: buyers and sellers enter negotiations with different starting points, and a culture “nudge” may shift those expectations, especially for the buying manager.

What are the major findings of the study?

In a 2×2 experiment with 65 MBA participants (avg. age 32; ~9 years work experience), the cooperative values statement raised buying managers’ predicted transfer prices, meaning buyers were more willing to concede margin to the selling division. Sellers’ predictions did not change meaningfully. Importantly, without the statement, seller vs. buyer expectations were far apart (~\$10.67 gap), but with the statement the gap shrank to ~\$2.53—a signal of more aligned expectations (i.e., fewer impasses). A supplemental experiment (140 online MBAs) replicated the pattern: buyers increased predictions while sellers again did not move.

Why is the study important?

Transfer pricing disputes are not purely technical—they’re also behavioral and governance-relevant because misaligned internal prices can distort segment performance evaluation, incentive payouts, investment decisions, and tax/transfer pricing documentation narratives. This study suggests a low-cost “soft control” can reduce buyer–seller disagreement, supporting more efficient internal trade when external market prices create self-serving bias.

What is the impact on professional practice and society at large?

For controllers, CFOs, and internal audit, the takeaway is that culture controls can complement formal transfer pricing policy. A cooperative values statement mainly nudges buyers (not sellers) by increasing buyers’ psychological ownership of the internally produced part (measured in the supplemental study: buyers increased from 3.41 to 4.17 on a 1–7 scale). Practically, this can reduce negotiation friction, speed internal sourcing decisions, and improve resource allocation—benefiting firm performance and, ultimately, shareholders via fewer internal inefficiencies and better operating alignment.