

Eliciting Knowledge in Networks

Dimitri Migrow
University of Warwick

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Abstract

This paper studies the welfare implications of different communication networks within organizations. Communication is costless and strategic (cheap talk). A single decision maker aims to extract payoff relevant information observed by a group of experts with an arbitrary vector of biases. She can design a communication network between the experts who can exchange messages only within the chosen network. While choosing the communication structure, the decision maker solves the trade-off between the amount of information and the noise of the information transmission. Although much of the relevant literature focuses on a star network, we show that this network is weakly dominated by any other monotonically ordered network. We further show for a wide range of cases division of experts into groups outperforms ordering them in a line. Finally, we show that an optimal network yields better results if less loyal experts have different directions of the biases. Thus, in case of a strong conflict of interest between the decision maker and the experts, the former benefits from employing experts with conflicting preferences among themselves.