

DISCLOSURE BY GROUPS
AND
DISCLOSURE AND INCENTIVES

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Berkeley, Dec 2024

INTRODUCTION

Communication is often done by organizations, rather than by individual actors.

- Political parties collectively agree on “stances” their members should publicly hold regarding politically relevant issues.
- Decisions on what reporting to include in a magazine or newspaper’s next issue are normally made by editorial boards.
- Teams of startup founders jointly decide when and how to pitch start up ideas to potential investors.

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Cyert and March (1963): “People have goals; collectivities of people do not.”

We consider communication by **groups**: collectives of individuals who reach decisions via the (perhaps uneven) aggregation of their often-conflicting interests.

GROUP COMMUNICATION

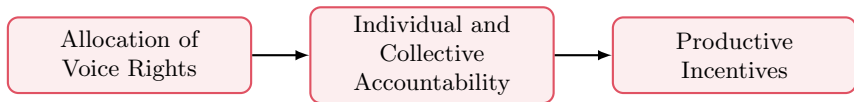
We propose a model of group communication in which a group of senders communicates with a receiver via the disclosure of verifiable information.

- Communication protocol is as in Milgrom (1981), Grossman (1981): Receiver learns either by observing a piece of verifiable information or by inference based on strategic non-disclosure.
- Group members have different preferences over the disclosure/non-disclosure of each information piece, and make disclosure recommendations accordingly.
- These diverse recommendations are aggregated into a collective disclosure decision via a pre-determined deliberation procedure.
- Different agents might have different powers over the communication, and this impacts the inference made by the receiver.

IMPLICATIONS FOR INCENTIVES

Voice Rights: “who can speak on behalf of an organization.”

Zuckerman (2010), Freeland and Zuckerman (2018)



We add a **team production** to our **communication** environment.

- We add a simple productive environment in order to study how equilibrium communication of outcomes affects team members' productive incentives.
- We consider the design of how team's communicate their joint production outcomes to outsiders.
- We interpret our design problem as “designing corporate culture”.

HIGHLIGHTING THE CONTRIBUTIONS

1. New model of group communication.
 - A. Disclosure by groups differs qualitatively from individual disclosure.
 - The traditional unravelling logic introduced in Milgrom (1981) and Grossman (1981) does not necessarily apply in the group disclosure environment.
 - Typically, there exist equilibria without full disclosure.
 - B. Results regarding the structure of the equilibrium set.
 - We characterize environments in which the group disclosure game exhibits strategic complementarities between group members.
 - We characterize environments in which a sequential equilibrium with full disclosure exists or does not exist.
 - C. Comparative statics results relating the group's deliberation procedure and
 - the “amount of disclosure” in equilibrium.
 - the interpretation of “no disclosure” in equilibrium.

HIGHLIGHTING THE CONTRIBUTIONS

1. New model of group communication.
2. How to design the way a team makes communication decisions with the goal of providing effort incentives.
 - Low team externalities environment:
 - Give team members unilateral rights to disclose team outcomes.
 - High team externalities environment:
 - Give team members unilateral rights to veto disclosure of team outcomes.
3. Interpretation of communication equilibrium as corporate culture.
 - Formalize one aspect of corporate culture: individual vs. group accountability.
 - Connect our design results to recommended business practices.

RELATION TO PREVIOUS LITERATURE

1. Multi-sender Communication.

Milgrom and Roberts (1986), Battaglini (2002), Gentzkow and Kamenica (2016).

+ Disclosure of Verifiable Information.

Grossman (1981), Milgrom (1981), Dye (1985).

Our paper: model of communication by a group of senders.

2. Career Concerns and Moral Hazard in Teams.

Holmstrom (1982, 1999), Jeon (1996), Auriol, Friebel, and Pechlivanos (2002), Bar-Isaac (2007), Arya and Mittendorf (2011), Chaliotti (2016).

+ Reputation in Committees.

Levy (2007), Visser and Swank (2007), Name-Correa and Yildirim (2019).

Our paper: we show that voice rights can be used as an incentive tool.

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Disclosure Environment

Equilibrium Group Disclosure

The Equilibrium Set

Comparative Statics

Deliberation and Incentives

Conclusion

MODEL - DISCLOSURE IN GROUPS

A group is made up of $n \geq 2$ group-members. ($N = \{1, \dots, n\}$).

Group produces outcome $\omega = (\omega_1, \dots, \omega_n)$, drawn from distribution μ .

- $\omega_i \in \Omega_i$, a finite subset of \mathbb{R} , with $|\Omega_i| > 1$.
- μ has full support over $\Omega = \Omega_1 \times \dots \times \Omega_n$.

After outcome ω realizes, group decides whether to disclose it to an observer.

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Group Member's Payoffs

- If ω is disclosed, then group member i 's payoff is ω_i .
- If ω is not disclosed, observer “sees” the absence of disclosure and infers ω_i . group member i 's payoff is then

$$\omega_i^{ND} = \mathbb{E}[\omega_i | \text{no disclosure}].$$

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Possible Interpretations.

- Career Concerns in a Heterogeneous Team
- Board of Editors with Heterogeneous Editorial Biases

DELIBERATION PROCEDURE

Each member $i \in N$ sees ω and makes a disclosure recommendation $x_i(\omega)$.

- $x_i(\omega) = 1$ indicates that i favors disclosure
- $x_i(\omega) = 0$ indicates that i does not favor disclosure

Recommendations are summarized by $X(\omega) \subseteq N$, the set of group members who favor disclosure of outcome ω .

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$$d(\omega) = D(X(\omega)).$$

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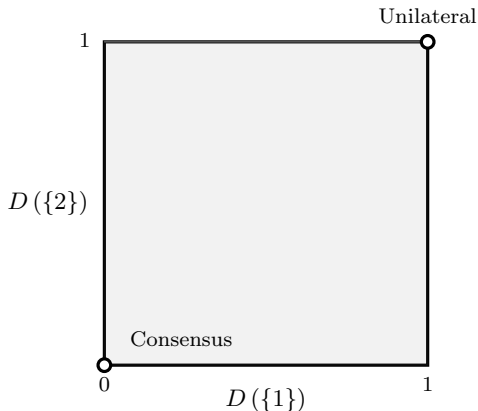
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Assumptions. The deliberation procedure D

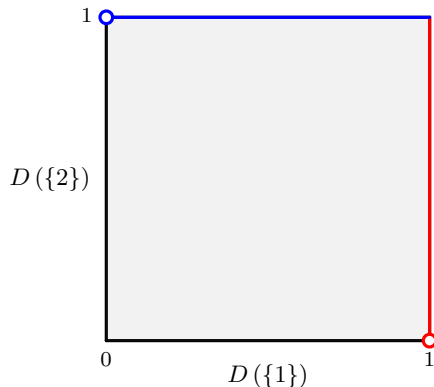
1. Respects unanimity: $D(\emptyset) = 0$ and $D(N) = 1$.
2. Is monotone: $X' \subseteq X$ implies $D(X) \geq D(X')$.

DELIBERATION IN TWO-PERSON GROUP



- Protocol can be fully described by $D(\{1\})$ and $D(\{2\})$, because $D(\emptyset) = 0$ and $D(\{1, 2\}) = 1$.

DELIBERATION IN TWO-PERSON GROUP



- Protocol can be fully described by $D(\{1\})$ and $D(\{2\})$, because $D(\emptyset) = 0$ and $D(\{1, 2\}) = 1$.
- In **red** are protocols where group-member 1 can unilaterally choose disclosure.
- In **blue** are protocols where group-member 2 can unilaterally choose disclosure.

EQUILIBRIUM

We consider weak Perfect Bayesian Equilibria: disclosure recommendations x_i for $i \in N$, and no-disclosure posteriors ω_i^{ND} for $i \in N$ such that x is individually rational given ω^{ND} and ω^{ND} is Bayes-consistent if no disclosure happens on path.

Two Refinements:

1. Individual disclosure strategies are as if pivotal:

$$\omega_i > \omega_i^{ND} \Rightarrow x_i(\omega) = 1 \text{ and } \omega_i < \omega_i^{ND} \Rightarrow x_i(\omega) = 0.$$

2. Individual disclosure recommendations are determined by own outcome values:

$$\omega, \hat{\omega} \in \Omega \text{ with } \omega_i = \hat{\omega}_i \Rightarrow x_i(\omega) = x_i(\hat{\omega}).$$

We refer to a weak PBE that satisfies the two refinements as an equilibrium.

INDIVIDUAL DISCLOSURE

Observation 1.

Suppose that μ is such that outcomes are perfectly correlated across agents. Then, for any deliberation procedure D , the **unique** equilibrium outcome is full disclosure.

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EQUILIBRIUM GROUP DISCLOSURE

Theorem 1. Given a deliberation procedure D , let $I \subseteq N$ be the set of group members who can unilaterally choose disclosure.

The following is true about the equilibrium set:

1. A full-disclosure equilibrium exists. An equilibrium without full disclosure exists if and only if the set $N \setminus I$ is not empty.

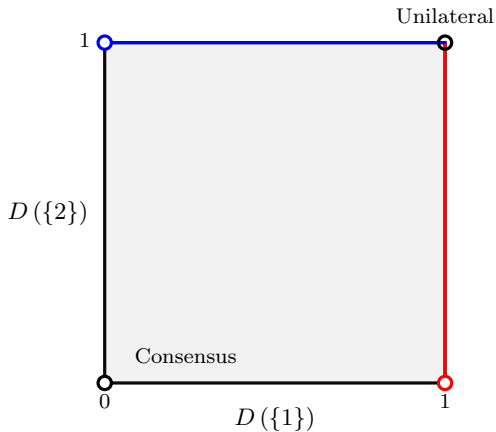
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The following is true about the equilibrium set:

1. A full-disclosure equilibrium exists. An equilibrium without full disclosure exists if and only if the set $N \setminus I$ is not empty.
2. If $i \in I$ (i is a group member who can unilaterally choose disclosure), then $\omega_i^{ND} = \min(\Omega_i)$ in every equilibrium without full disclosure.
3. Conversely, if $i \in N \setminus I$ (i cannot unilaterally choose disclosure), then $\omega_i^{ND} > \min(\Omega_i)$ in every equilibrium without full disclosure.

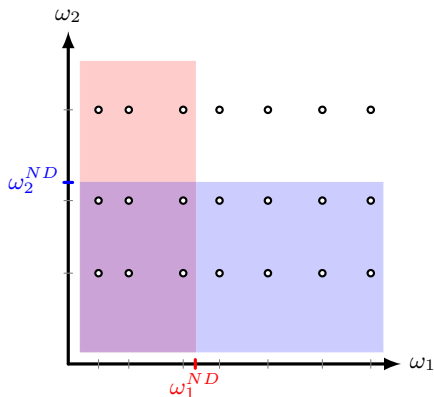
EQUILIBRIUM GROUP DISCLOSURE



PROOF INTUITION WITH $n = 2$

Suppose there are two agents in the group, $n = 2$.

Conjecture an equilibrium with $\omega_1^{ND} > \min(\Omega_1)$ and $\omega_2^{ND} > \min(\Omega_2)$.



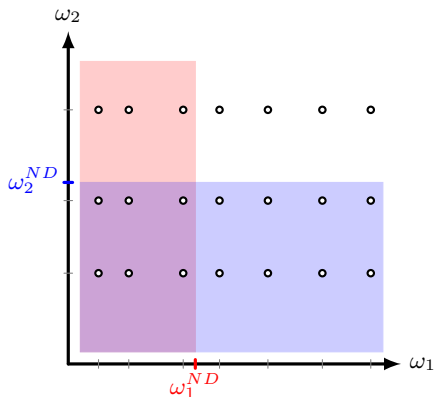
red region \rightarrow 1 recommends ND.

blue region \rightarrow 2 recommends ND.

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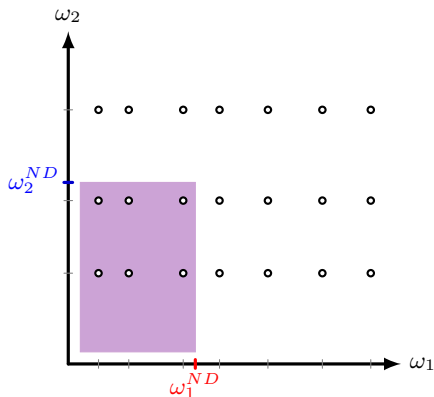
blue region \rightarrow 2 recommends ND.

Suppose both individuals can unilaterally disclose, so that $D(\{1\}) = D(\{2\}) = 1$.

PROOF INTUITION WITH $n = 2$

Suppose there are two team-members, $n = 2$.

Conjecture an equilibrium with $\omega_1^{ND} > \min(\Omega_1)$ and $\omega_2^{ND} > \min(\Omega_2)$.



red region \rightarrow 1 recommends ND.

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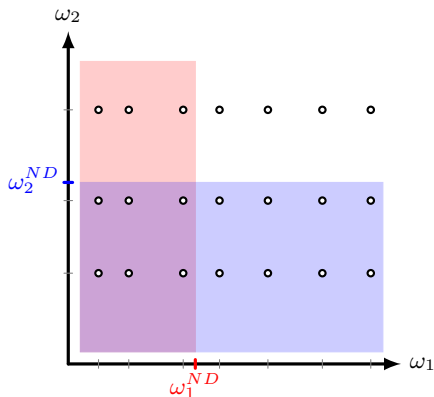
Suppose both individuals can unilaterally disclose, so that $D(\{1\}) = D(\{2\}) = 1$.

The conjectured equilibrium unravels.

PROOF INTUITION WITH $n = 2$

Suppose there are two team-members, $n = 2$.

Conjecture an equilibrium with $\omega_1^{ND} > \min(\Omega_1)$ and $\omega_2^{ND} > \min(\Omega_2)$.



red region \rightarrow 1 recommends ND.

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If instead neither team-member can unilaterally disclose, so that $D(\{1\}) = D(\{2\}) = 0$.

Unraveling logic breaks,
and one such equilibrium exists.

SKEPTICISM IN GROUP COMMUNICATION

Two Lessons from Theorem 1

1. The existence of disclosure equilibria in which “failures” are concealed.
(In contrast with result in a parallel model of individual disclosure.)

SKEPTICISM IN GROUP COMMUNICATION

Two Lessons from Theorem 1

1. The existence of disclosure equilibria in which “failures” are concealed.
2. A relationship b/w an individual's power to disclose the outcome and the observer's skepticism about that individual's value upon seeing no-disclosure.

(New mechanism introduced in a model of group disclosure.)

SKEPTICISM IN GROUP COMMUNICATION

Two Lessons from Theorem 1

1. The existence of disclosure equilibria in which “failures” are concealed.
2. A relationship b/w an individual's power to disclose the team outcome and the observer's skepticism about that individual's value upon seeing no-disclosure.

Next Results:

1. How the structure of the disclosure procedure **impacts** what is disclosed in equilibrium.
2. How an individual power to disclose the outcome (determined by D) **impacts** the no-disclosure skepticism targeted at that individual (measured by ω_i^{ND}).

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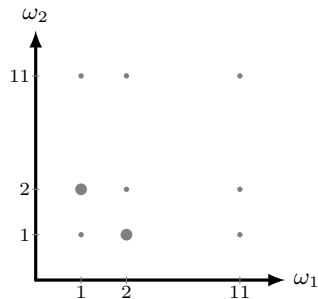
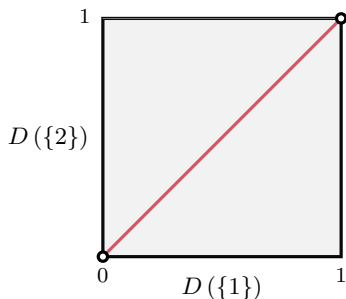
EXAMPLE 1

Group: Two group members $i \in \{1, 2\}$.

Deliberation Procedure: $D(\emptyset) = 0$, $D(\{1, 2\}) = 1$, $D(\{1\}) = D(\{2\}) = \delta < 1$.

Outcome Distribution: $\Omega_1 = \Omega_2 = \{1, 2, 11\}$.

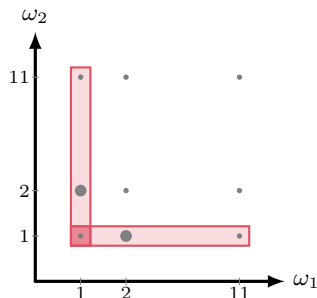
$\omega = (1, 2)$ and $\omega = (2, 1)$ occur with probability $4/15$ each, while every other possible outcome occurs with probability $1/15$.



EXAMPLE 1 – LARGE δ

Suppose first that δ is large: $\delta \geq 3/4$.

- Both group members have sufficiently large power to enforce disclosure.
- In this case, there exists **one equilibrium without full disclosure**.
- In it, each group member recommends to disclose iff their own outcome value is strictly larger than 1.



No-disclosure beliefs are, for $i \in \{1, 2\}$,

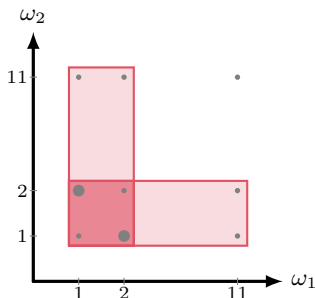
$$\omega_i^{ND} = \frac{1 + 24(1 - \delta)}{1 + 10(1 - \delta)} \in [1, 2],$$

which justify the conjectured strategy.

EXAMPLE 1 – SMALL δ

Suppose now that δ is small: $\delta \leq 12/17$.

- Both group members have sufficiently large power to enforce disclosure.
- In this case, there exists **one equilibrium without full disclosure**.
- In it, each group member recommends to disclose iff their own outcome value is strictly larger than 2.



No-disclosure beliefs are, for $i \in \{1, 2\}$,

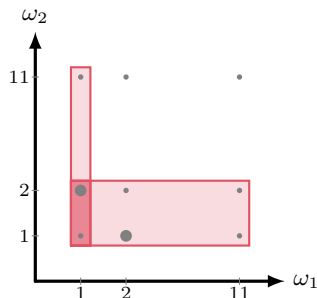
$$\omega_i^{ND} = \frac{15 + 25(1 - \delta)}{10 + 4(1 - \delta)} \in [2, 11],$$

which justify the conjectured strategy.

EXAMPLE 1 – INTERMEDIATE δ

Suppose now that δ is intermediate: $\delta \in (12/17, 3/4)$.

- There are **two equilibria without full disclosure**, which are both asymmetric despite the environment being symmetric both in terms of the outcome distribution and the deliberation procedure.
- One group member (group member 1, say) recommends to disclose iff their own outcome value is strictly larger than 1. The other group member recommends to disclose iff their own outcome value is strictly larger than 2.



No-disclosure beliefs are:

$$\omega_1^{ND} = \frac{5 + 33(1 - \delta)}{5 + 8(1 - \delta)} \in (1, 2),$$

$$\omega_2^{ND} = \frac{9 + 20(1 - \delta)}{5 + 8(1 - \delta)} \in (2, 11),$$

which justify the conjectured strategy.

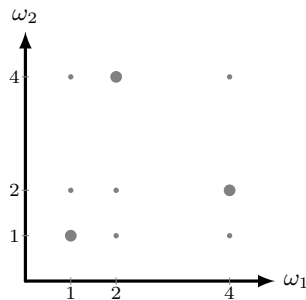
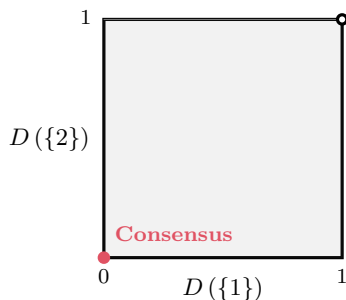
EXAMPLE 2

Group: Two group members $i \in \{1, 2\}$.

Consensus Procedure: $D(\emptyset) = 0$, $D(\{1, 2\}) = 1$, $D(\{1\}) = D(\{2\}) = 0$.

Outcome Distribution: $\Omega_1 = \Omega_2 = \{1, 2, 4\}$.

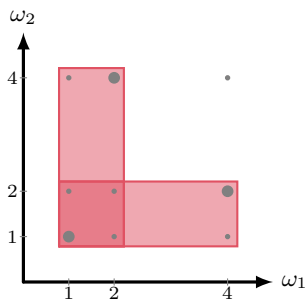
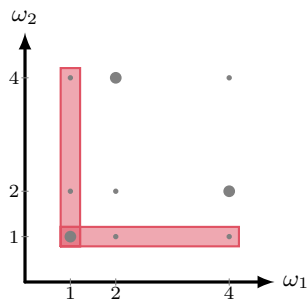
$\omega = (1, 1)$, $\omega = (2, 4)$ and $\omega = (4, 2)$ occur with probability $4/18$ each, while every other possible outcome occurs with probability $1/16$.



EXAMPLE 2

In this example, there are **two equilibria without full disclosure**, which are ordered in terms of the amount of disclosure:

- Equilibrium 1: each group member recommends disclosure if and only if their own outcome value is strictly larger than 1.
- Equilibrium 2: each group member recommends disclosure if and only if their own outcome value is strictly larger than 2.



STRUCTURE OF THE EQUILIBRIUM SET

The Examples Illustrate:

1. That there may be one or more equilibria without full disclosure.
2. Equilibria may or may not be comparable in terms of amount of disclosure.
3. Equilibria can be asymmetric in a symmetric environment.

(Determined by the outcome distribution μ and the deliberation procedure D .)

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We focus on the non-empty set \mathbb{D} of deliberation procedures in which group members' disclosure recommendations are strategic complements to each other.

For deliberation procedures in that set,

- There exists an equilibrium with **most disclosure**, the full disclosure equilibrium, and an equilibrium with **least disclosure**.
- We can perform comparative statics, relating the deliberation procedure to the amount of disclosure in equilibrium, as well as to the equilibrium no-disclosure belief vector ω^{ND} .

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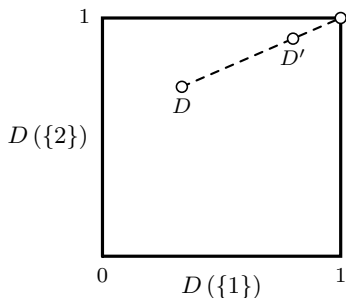
THE AMOUNT OF DISCLOSURE

We say that deliberation procedure D' is closer to the unilateral procedure than D if D' is a convex combination of D and the unilateral procedure.

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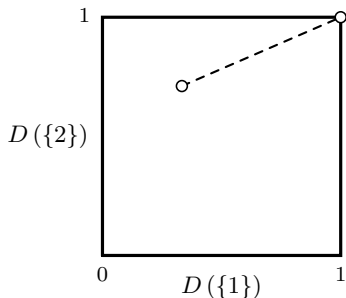
Proposition 2. Let $D, D' \in \mathbb{D}$. If D' is closer to the unilateral procedure than D , the equilibrium with least disclosure under D' has more disclosure than the equilibrium with least disclosure under D .



- Disclosure is “easier” under D' than under D .
- The relative disclosure power between group members is unchanged between D and D' .

THE AMOUNT OF DISCLOSURE: IMPLICATIONS FOR SHARING BLAME

We say that deliberation procedure D' is closer to the unilateral procedure than D if D' is a convex combination of D and the unilateral procedure.



If the deliberation protocol becomes more unilateral, then

$$\omega_i^{ND} \text{ decreases for every } i \in N,$$

Equivalently, observer's skepticism about each team member increases.

THE INTERPRETATION OF NO DISCLOSURE

How does the equilibrium vector of no-disclosure beliefs in the equilibrium with least disclosure $\bar{\omega}^{ND}$ depends on the deliberation procedure?

- The interpretation of group communication depends on the observer's perception of the power balance between members within the group.
- An individual's power to implement disclosure impacts the observer's skepticism that is targeted at that individual.

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The Gradient $\nabla \bar{\omega}_i^{ND}$. We denote by $\nabla \bar{\omega}_i^{ND}$ the vector $\left(\frac{\partial \bar{\omega}_i^{ND}}{\partial D(I)} \right)_{I \subseteq N}$ of partial derivatives of the observer's no-disclosure belief about i 's value with respect to each element of the deliberation procedure.

For each i , the gradient $\nabla \bar{\omega}_i^{ND}$ exists for almost all $D \in \mathbb{D}$.

THE INTERPRETATION OF NO DISCLOSURE

Proposition 3. Let $v = (v(I))_{I \subseteq N}$ be a direction in the space of deliberation procedures. We say v is a direction that increases group member i 's power if

$$i \in I \Rightarrow v(I) \geq 0 \text{ and } i \notin I \Rightarrow v(I) \leq 0.$$

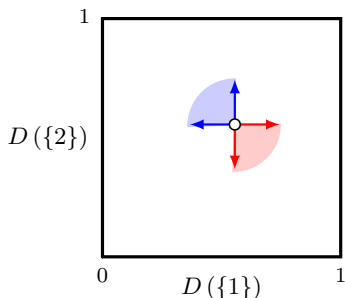
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In **red** are directions that increase group member **1**'s power.

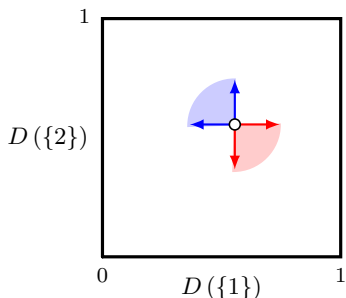
In **blue** are directions that increase group member **2**'s power.

THE INTERPRETATION OF NO DISCLOSURE

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If v is a direction that increases i 's power, then $\nabla \bar{\omega}_i^{ND} \cdot v \leq 0$.



In **red** are directions that increase group member **1**'s power.

In **blue** are directions that increase group member **2**'s power.

This relationship between individual power and individual skepticism is tested and confirmed in a lab experiment by **Onuchic and Avoyan (2024)**.

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Comparative Statics

Deliberation and Incentives

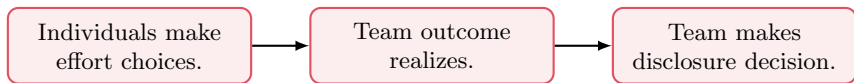
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DISCLOSURE AND INCENTIVES



So far: group disclosure, distribution of outcome values as an exogenous primitive.

DISCLOSURE AND INCENTIVES

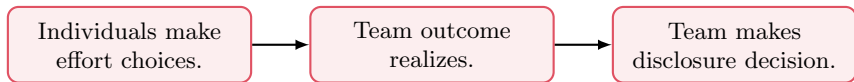


So far: team disclosure, distribution of outcome values as an exogenous primitive.

We now interpret the group as a team and focus on an environment that combines **production** + **disclosure**.

Question. How can the team design the procedure used to make communication decisions — voice rights — so as to incentivize individual effort provision?

DISCLOSURE AND INCENTIVES



Productive Environment:

- Each $i \in N$ covertly chooses effort $e_i \in \{0, 1\}$, incurring in cost $c_i > 0$ if $e_i = 1$.
- Given an effort vector e , the outcome distribution is $\mu(\cdot; e)$.
- Once outcome ω realizes, team chooses to disclose/not disclose it, as before.

Assumption. Effort is productive: $e \geq e' \Rightarrow \mu(\cdot; e) \succsim_{FOS} \mu(\cdot; e')$.

Notation. e_I indicates $e_i = 1$ if and only if $i \in I$.

FULL EFFORT IMPLEMENTATION

We want to compare deliberation procedures in terms of effort-incentive provision.

Definition. Deliberation procedure D dominates procedure D' if for every cost vector $c \in \mathbb{R}_{++}^n$ such that full effort is implementable in equilibrium under D' , full effort is also implementable in equilibrium under D .

FULL EFFORT IMPLEMENTATION

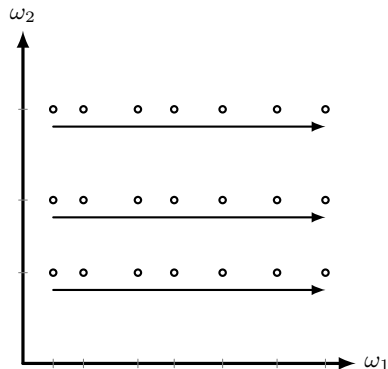
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Lemma. Deliberation protocol D implements full effort given cost vector $c \in \mathbb{R}_{++}^N$ if and only if for some equilibrium team-disclosure strategy $d : \Omega \rightarrow [0, 1]$, for every $i \in N$,

$$\underbrace{\mathbb{E}[\omega_i | e_N] - \mathbb{E}[\omega_i | e_{N \setminus i}]}_{\text{Individual Effort Benefits}} + \mathbb{P}[ND | e_{N \setminus i}] \underbrace{\left[\omega_i^{ND}(e_{N \setminus i}) - \omega_i^{ND}(e_N) \right]}_{\text{Misattributed Skepticism}} \geq c_i.$$

EXTERNALITIES IN PRODUCTIVE ENVIRONMENT



Def. Effort is purely self-improving if, for every $i \in N$ and every $I \subset N$,

$$\mu_{N \setminus i}(\cdot; e_I) = \mu_{N \setminus i}(\cdot; e_{I \setminus i})$$

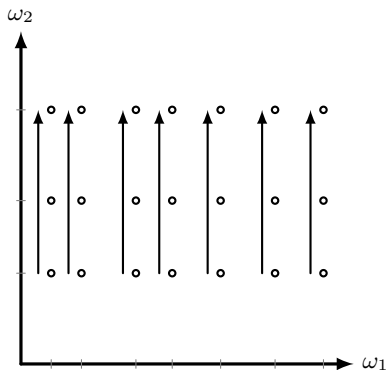
and $\mu_i(\cdot | \omega_{N \setminus i}; e_I) \succ_{FOS} \mu_i(\cdot | \omega_{N \setminus i}; e_{I \setminus i})$.

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DISCLOSURE AND INCENTIVES

Theorem 2.

- If effort is purely self-improving, then unilateral deliberation dominates any other deliberation procedure.
- If effort is purely team-improving, then the consensus deliberation procedure strictly dominates any procedure in which some team member can unilaterally choose disclosure.

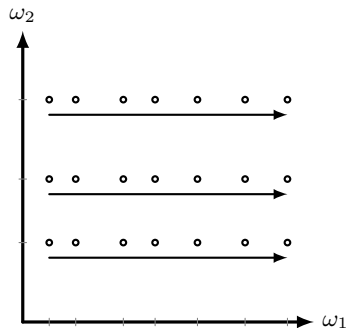
Additional Results: Monotonicity with respect to “more self-improving” and “more team-improving” as well as correlation increasing changes to the productive environment.

PROOF SKETCH

$$\textit{Lemma} : \underbrace{\mathbb{E}[\omega_i|e_N] - \mathbb{E}[\omega_i|e_{N \setminus i}]}_{\text{Individual Effort Benefits}} + \mathbb{P}[ND|e_{N \setminus i}] \underbrace{\left[\omega_i^{ND}(e_{N \setminus i}) - \omega_i^{ND}(e_N) \right]}_{\text{Misattributed Skepticism}} \geq c_i.$$

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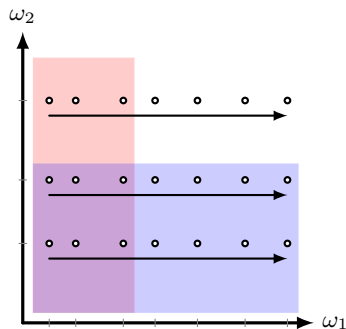
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Purely Self-Improving

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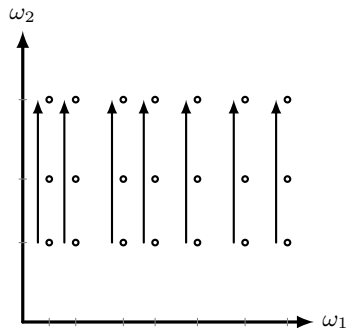
Given the eq. region of no disclosure,

$$\omega_1^{ND}(e_N) > \omega_1^{ND}(e_{N \setminus 1}).$$

\Rightarrow Misattributed skepticism reduces effort incentives.

PROOF SKETCH

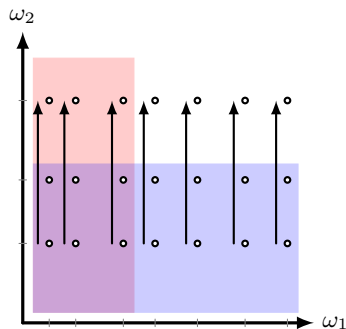
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Purely Team-Improving

PROOF SKETCH

$$\text{Lemma : } \underbrace{\mathbb{E}[\omega_i|e_N] - \mathbb{E}[\omega_i|e_{N \setminus i}]}_{\text{Individual Effort Benefits}} + \mathbb{P}[ND|e_{N \setminus i}] \underbrace{\left[\omega_i^{ND}(e_{N \setminus i}) - \omega_i^{ND}(e_N) \right]}_{\text{Misattributed Skepticism}} \geq c_i.$$



Purely Team-Improving

Given the eq. region of no disclosure,

$$\omega_1^{ND}(e_N) < \omega_1^{ND}(e_{N \setminus 1}).$$

⇒ Misattributed skepticism improves effort incentives.

LESSONS AND INTERPRETATION

Two Lessons from Theorem 2

1. Full disclosure implied by unilateral procedure
 - individual fully benefits from effect of effort on their own value.
2. Strategic non-disclosure implied by consensus procedure
 - individual internalizes effect of effort on fellow team members' values.

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Interpretation: Deliberation as Corporate Culture

1. Radically transparent corporate culture ↔ Unilateral disclosure procedure
→ Individual accountability for contributions to teams' successes/failures.
2. No blame game corporate culture ↔ Consensus disclosure procedure
→ Team collectively suffers the burden of bad team outcomes.

LESSONS AND INTERPRETATION

Advocacy for radically transparent culture:

“when used judiciously (...) blame can prod people to put forth their best efforts”

From: “How to Win the Blame Game,” Harvard Business Review.

Advocacy for “no blame game” culture:

“too much transparency can create a blaming culture that may actually decrease constructive, reciprocal behavior between employees.”

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Our contribution:

Degree of externalities in the effort determines the fitness of culture to productive environment.

Disclosure Environment

Equilibrium Group Disclosure

The Equilibrium Set

Comparative Statics

Deliberation and Incentives

Conclusion

CONCLUSION

We studied a model of **group communication** and discussed novel implications it has for the provision of **incentives in teams**.

1. We introduced an evidence disclosure model, where a **group** makes disclosure decisions through a deliberation procedure.
 - Group communication is qualitatively different from communication done by a single individual.
 - Balance of power within the group affects the structure of the equilibrium set and the interpretation of “no disclosure.”
2. We proposed a new problem of **designing** how a team makes communication decisions with the goal of providing effort incentives.
 - The optimal design depends on how effort impact the team.
 - We interpreted our design problem as one of “designing corporate culture” and connected our results to existing business practices.

CONCLUSION

We studied a model of **group communication** and discussed novel implications it has for the provision of **incentives in teams**.

Future steps that I am interested in this agenda:

- The design of a “voice rights” in a group.
- Establishing the relationship between the perception power and the interpretation of communication empirically.
- A model with a mis-perceived power structure.
- Communication and the formation of groups.

Thank You!

INDIVIDUAL RATIONALITY MAPPING

For each group member i , consider the set of threshold disclosure recommendation strategies, each indexed by $t_i \in \Omega_i$:

- i recommends disclosure if their own outcome value is strictly larger than t_i ,
- i recommends no disclosure otherwise.

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For each vector of threshold strategies t_{-i} for i 's fellow group members, define the following individual rationality mapping for group member i :

$$\Psi_i(t_{-i}) = \left\{ t_i \in \Omega_i : t_i \text{ is individually rational for group member } i \right. \\ \left. \text{if } \omega_i^{ND} = \mathbb{E}[\omega_i \mid \text{no disclosure}, (t_i, t_{-i})] \right\}$$

INDIVIDUAL RATIONALITY MAPPING

Definition. We say the group disclosure game has strategic complementarities if $\Psi_i(t_{-i})$ is weakly increasing in t_{-i} for each i .

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Mechanism behind Strategic Complementarity

- With $n = 2$, if i 's partner recommend “no disclosure” more often, the observer sees i as less to blame for a “no disclosure” decision.
- Reduction in blame increases perception of i 's value of no disclosure, ω_i^{ND} .
- In turn, i wants to conceal more outcome realizations.

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This simple intuition does not account for the fact that group members' values may be correlated, and that the group may comprise more than two individuals.

I -CONSENSUS PROCEDURES

Definition. For each set $I \subseteq N$, the I -consensus procedure — denoted D^I — is the deliberation procedure such that for each $J \subseteq N$,

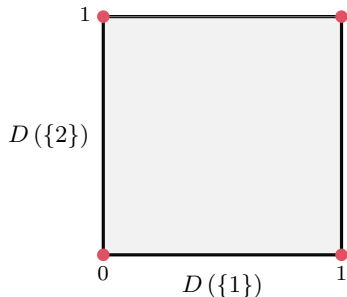
$$D^I(J) = \begin{cases} 1, & \text{if } I \subseteq J \text{ or } J \setminus I \neq \emptyset \\ 0, & \text{otherwise.} \end{cases}$$

The group discloses if:

- Every individual in I recommends it.
- Someone not in I recommends it.

Unilateral procedure = D^\emptyset

Consensus procedure = D^N



STRATEGIC COMPLEMENTARITY IN DISCLOSURE

Theorem 2. There exists a set of deliberation procedures \mathbb{D} , with $D^I \in \mathbb{D}$ for every $I \subseteq N$, such that, if the group's disclosure procedure is $D \in \mathbb{D}$, then the group disclosure game has strategic complementarities.

In that case, there exists an equilibrium with **most disclosure**, the full disclosure equilibrium, and an equilibrium with **least disclosure**. If $\bar{\omega}^{ND}$ is the vector of beliefs of no disclosure in the equilibrium with least disclosure, then

$$\omega^{ND} \leq \bar{\omega}^{ND},$$

where ω^{ND} is the vector of beliefs in some equilibrium without full disclosure.

STRATEGIC COMPLEMENTARITY IN DISCLOSURE

Proposition 1. Suppose μ is such that outcome values are independent across group members. Then

- (i) If $n = 2$, \mathbb{D} includes all deliberation procedures.
- (ii) If $n \geq 2$, \mathbb{D} includes every deliberation that is I -supermodular for some $I \subseteq N$.

Moreover, the set \mathbb{D} increases as outcome values become “more correlated.”

THE AMOUNT OF DISCLOSURE

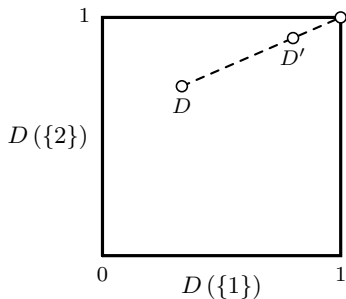
We say that deliberation procedure D' is closer to the unilateral procedure than D if D' is a convex combination of D and the unilateral procedure.

Proposition 2. Let $D, D' \in \mathbb{D}$. If D' is closer to the unilateral procedure than D , the equilibrium with least disclosure under D' has more disclosure than the equilibrium with least disclosure under D .

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- Disclosure is “easier” under D' than under D .
- The relative disclosure power between group members is unchanged between D and D' .