

Managing Information Production in Teams

Abstract

A principal has a stream of related decisions to make under imperfect information. He employs a finite group of agents to acquire information at a cost. The principal designs task allocation and payment schemes to robustly implement all agents engaging in information acquisition and truthful reporting. We characterize the optimal joint design of task allocation and payment scheme, which highlights a trade-off between task assignment diversification and peer monitoring efficiency. The optimal deterministic design features a chain structure of peer monitoring. Stochastic task allocation and payment scheme ease the tension between diversification and monitoring efficiency.