

Information control in reputational cheap talk

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Abstract

An evaluator estimates the innate talent of a career- oriented expert by observing the expert's performance in a prediction task, and may interfere with the expert's private signal by reducing or enhancing its precision. The expert on the other hand observes this interference and can misrepresent private beliefs through strategic predictions to enhance her reputation. We show that when priors are significantly uninformative so that the task is a priori hard, the evaluator reduces the precision of the expert's signal, while when priors are significantly informative, he enhances it. We also find that the evaluator's objectives of maximising information about talent and maximising the probability of 'truthful expert advice' are aligned in and only in a priori hard tasks.

Speaker Profile

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