

# Bias Composition and Information Transmission in Organizations \*

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## Abstract

We study information transmission within organizations, focusing on how biased Subordinates should be combined to elicit truthful information. We assume that the directions of the Subordinates' biases are common knowledge, whereas their magnitudes are privately known to each Subordinate. We show that a homogeneous composition of Subordinates is preferable to a heterogeneous one. The intuition is that, under a homogeneous composition, the effect of an individual false report is amplified by false reports from other Subordinates. Anticipating this amplification effect reduces each Subordinate's incentive to misreport and thereby promotes truthful information transmission.

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