

Matching Markets under (In)complete Information_

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We introduce incomplete information to centralized many-to-one matching markets such as those of entry-level labor markets or college admissions. This is important because in real life markets (i) any agent is uncertain about the other agents' true preferences and (ii) most entry-level matching is many-to-one (and not one-to-one). We show that for stable (matching) mechanisms there is a strong link between Nash equilibria under complete information and ordinal Bayesian Nash equilibria under incomplete information. That is, given a common prior, a strategy profile is an ordinal Bayesian Nash equilibrium under incomplete information in a stable mechanism if and only if, for any true profile in the support of the common prior, the submitted profile is a Nash equilibrium under complete information at the true profile in the direct preference revelation game induced by the stable mechanism. This result may help to explain the success of stable mechanisms in these markets.

JEL Classification: C78, D81, J44.

Keywords: Many-to-one Matching Market, Stability, Incomplete Information.