

# One-sided learning about one's own type in a two-sided search model

Akiko Maruyama\*

## Abstract

This study analyzes a two-sided search model in which agents are vertically heterogeneous and agents on one side do not know their own type. Agents with imperfect self-knowledge update their beliefs based on the offers or rejections they receive from others. The results presented in this paper are as follows. An agent with imperfect self-knowledge lowers his or her reservation level if the agent receives a rejection that leads him or her to revise belief downward. However, an agent with imperfect self-knowledge does not raise his or her reservation level even if the agent receives an offer that leads to revise his or her belief upward. As a result, an agent with imperfect self-knowledge has the highest reservation level when he or she has just entered the market, and then a series of meetings gradually lowers his or her reservation level through the duration of the search.

JEL Classification Numbers: D82, D83, J12

*Keywords:* Imperfect self-knowledge; learning; two-sided search

---

\*University of Marketing and Distribution Sciences. Faculty of Economics, University of Marketing and Distribution Sciences, 3-1 Gakuen-Nishimachi, Nishi-ku, Kobe, Hyogo 651-2188, Japan; E-mail: akiko\_maruyama@red.umds.ac.jp