

An experimental study on two-sided matching under endogenous preference formation*

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Abstract

We study an experiment of the students-proposing deferred acceptance mechanism (DA) in matching markets where firms are matched with students. We investigated the three different situations: (i) Students do not know firms' preferences and firms submit their true preferences, (ii) Students know firms' preferences and firms submit their true preference, (iii) Students know firms' preferences and firms submit a higher ranking to students who give them higher ranking. This experiment confirms that the matching results under DA influence students' preference formation, which decreases the degree of stability. If firms do not submit their true preferences, students also do not submit their true preferences. As a result, the situation induces instability.

JEL Classification: C91, C92, C78.

Keywords: Two-sided matching, Deferred acceptance mechanism, Experiment.

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