

# Matching Function and Matching Market

Pascal Michailat  
[www.pascalmichailat.org](http://www.pascalmichailat.org)



Matching function . . . Aggregate function (or production function)

- Simple, well behaved, depends on a few aggregate variables

- Summarize a complex trade process that occurs on most markets

- Complementing of trade requires sellers/buyers to exert effort to trade.

- firms spend time/money on recruiting

- workers spend time/effort searching for job (LinkedIn)

- consumers do market research (Yelp, Google, WineCutter, TripAdvisor)

- firms spend money on marketing, advertising

- With matching function: bilateral monopoly

- can assume a price norm

- can be much more realistic