

The Persistence of Commitment in Dynamic Matching*

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Abstract: We revisit the framework of Sun and Yang (2021) in a dynamic model with new entrants. Under the dynamic framework, agents who dissolve a committed relationship may be better off in the short term, but worse off in the final period. This generates a precautionary incentive that makes commitments harder to dissolve than in a static environment, leading to excessive persistence of committed relationships. To formalize this observation, we study a dynamic senior-level job matching model under commitment and introduce a notion of dynamic stability. We show that a dynamically stable multiperiod matching exists.

Keywords: Dynamic stability; Commitment; Job matching; Persistence; Precautionary incentive;

JEL Classification: C71; C78; D47;

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