# Robust Matching for Teams 

Daniel Owusu Adu



Department of Mathematics \& Statistics
Queen's University

AMI Seminar: University of Alberta
March 04, 2022

## Motivation

## Commodity market

- Price that equate demand to supply
- Choose what you want if you can afford
- E.g. Grocery shopping


## Motivation

Commodity market

- Price that equate demand to supply
- Choose what you want if you can afford
- E.g. Grocery shopping


## Matching market

- Prices do not do all the work
- You have to be chosen
- E.g. College admission, Marriage market, Labor market


## Motivation

## Commodity market

- Price that equate demand to supply
- Choose what you want if you can afford
- E.g. Grocery shopping


## Matching market

- Prices do not do all the work
- You have to be chosen
- E.g. College admission, Marriage market, Labor market


Alvin Roth
David Gale
Lloyd Sharpley

## Outline

(1) Classical matching problem
(2) Hedonic model
(3) Matching for teams problem
(4) Robust matching for teams problem
(5) Concluding remarks

## Basic matching model

- Let $X=\left\{x_{1}, \ldots, x_{k}\right\}$ be the set of types of consumers and $Y=\left\{y_{1}, \ldots, y_{m}\right\}$ be the set of types of producers, where $\left|x_{i}\right|=a_{i}$ and $\left|y_{j}\right|=b_{j}$.


## Basic matching model

- Let $X=\left\{x_{1}, \ldots, x_{k}\right\}$ be the set of types of consumers and $Y=\left\{y_{1}, \ldots, y_{m}\right\}$ be the set of types of producers, where $\left|x_{i}\right|=a_{i}$ and $\left|y_{j}\right|=b_{j}$.

- Assume $\sum_{i=1}^{k} a_{i}=\sum_{j=1}^{m} b_{j}$.


## Basic matching model

- Let $X=\left\{x_{1}, \ldots, x_{k}\right\}$ be the set of types of consumers and $Y=\left\{y_{1}, \ldots, y_{m}\right\}$ be the set of types of producers, where $\left|x_{i}\right|=a_{i}$ and $\left|y_{j}\right|=b_{j}$.

- Assume $\sum_{i=1}^{k} a_{i}=\sum_{j=1}^{m} b_{j}$.
- If consumer of type $x_{i}$ trade with producer of type $y_{j}$, they receive a joint satisfaction $s\left(x_{i}, y_{j}\right)$.


## Basic matching model

- Let $X=\left\{x_{1}, \ldots, x_{k}\right\}$ be the set of types of consumers and $Y=\left\{y_{1}, \ldots, y_{m}\right\}$ be the set of types of producers, where $\left|x_{i}\right|=a_{i}$ and $\left|y_{j}\right|=b_{j}$.
- Assume $\sum_{i=1}^{k} a_{i}=\sum_{j=1}^{m} b_{j}$.
- If consumer of type $x_{i}$ trade with producer of type $y_{j}$, they receive a joint satisfaction $s\left(x_{i}, y_{j}\right)$.
- Portion of the satisfaction to the consumer of type $x_{i}$ will be $\phi\left(x_{i}\right)$.


## Basic matching model

- Let $X=\left\{x_{1}, \ldots, x_{k}\right\}$ be the set of types of consumers and $Y=\left\{y_{1}, \ldots, y_{m}\right\}$ be the set of types of producers, where $\left|x_{i}\right|=a_{i}$ and $\left|y_{j}\right|=b_{j}$.

- Assume $\sum_{i=1}^{k} a_{i}=\sum_{j=1}^{m} b_{j}$.
- If consumer of type $x_{i}$ trade with producer of type $y_{j}$, they receive a joint satisfaction $s\left(x_{i}, y_{j}\right)$.
- Portion of the satisfaction to the consumer of type $x_{i}$ will be $\phi\left(x_{i}\right)$.
- portion of the satisfaction to the producer of type $y_{j}$ will be $\psi\left(y_{j}\right)$.


## More on basic matching model

- $\gamma_{i j}$ number of consumers of type $x_{i}$ that engaged in trade with producers of type $y_{j}$.


## More on basic matching model

- $\gamma_{i j}$ number of consumers of type $x_{i}$ that engaged in trade with producers of type $y_{j}$.

$$
\begin{aligned}
& \sum_{j=1}^{m} \gamma_{i j}=a_{i}, \text { for all } i \in\{1, \ldots, k\} \\
& \sum_{i=1}^{k} \gamma_{i j}=b_{j}, \text { for all } j \in\{1, \ldots, m\}
\end{aligned}
$$

## More on basic matching model

- $\gamma_{i j}$ number of consumers of type $x_{i}$ that engaged in trade with producers of type $y_{j}$.
$\sum_{j=1}^{m} \gamma_{i j}=a_{i}$, for all $i \in\{1, \ldots, k\}$
$\sum_{i=1}^{k} \gamma_{i j}=b_{j}$, for all $j \in\{1, \ldots, m\}$
- $a=\left(a_{1}, \ldots, a_{k}\right) \in \mathbb{R}_{+}^{k}$ and $b=\left(b_{1}, \ldots, b_{m}\right) \in \mathbb{R}_{+}^{m}$, consider the matching set

$$
\Pi(a, b):=\left\{\gamma \in \mathbb{R}_{+}^{k \times m}: \gamma \mathbb{1}_{m}=a \text { and } \gamma^{\mathrm{T}} \mathbb{1}_{k}=b\right\}
$$

## More on basic matching model

- $\gamma_{i j}$ number of consumers of type $x_{i}$ that engaged in trade with producers of type $y_{j}$.

$$
\begin{aligned}
& \sum_{j=1}^{m} \gamma_{i j}=a_{i}, \text { for all } i \in\{1, \ldots, k\} \\
& \sum_{i=1}^{k} \gamma_{i j}=b_{j}, \text { for all } j \in\{1, \ldots, m\}
\end{aligned}
$$

- $a=\left(a_{1}, \ldots, a_{k}\right) \in \mathbb{R}_{+}^{k}$ and $b=\left(b_{1}, \ldots, b_{m}\right) \in \mathbb{R}_{+}^{m}$, consider the matching set

$$
\Pi(a, b):=\left\{\gamma \in \mathbb{R}_{+}^{k \times m}: \gamma \mathbb{1}_{m}=a \text { and } \gamma^{\mathrm{T}} \mathbb{1}_{k}=b\right\} .
$$

## Definition (Stable matching (Discrete case))

A matching $\gamma \in \Pi(a, b)$ is stable if there exist functions $\phi(\cdot)$ and $\psi(\cdot)$ satisfies $\phi\left(x_{i}\right)+\psi\left(y_{j}\right)=s\left(x_{i}, y_{j}\right)$, whenever $\gamma_{i j} \neq 0$. We call $(\phi(\cdot), \psi(\cdot), \gamma)$ matching equilibrium.

## The continuum case

- $X, Y \subset \mathbb{R}^{d}$ be the set of continuum of consumers and producers, respectively, distributed according to the given measures $\mu \in \mathcal{P}(X)$ and $\nu \in \mathcal{P}(Y)$.


## The continuum case

- $X, Y \subset \mathbb{R}^{d}$ be the set of continuum of consumers and producers, respectively, distributed according to the given measures $\mu \in \mathcal{P}(X)$ and $\nu \in \mathcal{P}(Y)$.
- $\Pi(\mu, \nu):=\left\{\gamma \in \mathcal{P}(X \times Y): \gamma \circ \pi_{X}^{-1}=\right.$ $\mu$ and $\left.\gamma \circ \pi_{Y}^{-1}=\nu\right\}$, where $\pi_{X}(x, y)=x$ and $\pi_{Y}(x, y)=y$ for all $(x, y) \in X \times Y$.


## The continuum case

- $X, Y \subset \mathbb{R}^{d}$ be the set of continuum of consumers and producers, respectively, distributed according to the given measures $\mu \in \mathcal{P}(X)$ and $\nu \in \mathcal{P}(Y)$.
- $\Pi(\mu, \nu):=\left\{\gamma \in \mathcal{P}(X \times Y): \gamma \circ \pi_{X}^{-1}=\right.$ $\mu$ and $\left.\gamma \circ \pi_{Y}^{-1}=\nu\right\}$, where $\pi_{X}(x, y)=x$ and $\pi_{Y}(x, y)=y$ for all $(x, y) \in X \times Y$.
- Given $s(\cdot, \cdot)$ and the measures $\mu$ and $\nu$, our aim is to find $(\phi(\cdot), \psi(\cdot), \gamma)$ such that $\gamma \in \Pi(\mu, \nu)$ and

$$
\phi(x)+\psi(y)=s(x, y), \quad \text { for all }(x, y)-\gamma \text { a.e. }
$$

## Optimization problem for stable matching

## Theorem (N. E. Gertsky, J. M. Ostroy, W. R. Zame 1992)

The problem of finding a stable matching can be recasted in linear programming (LP) terms:

- Find $\gamma \in \Pi(\mu, \nu):=\left\{\gamma \in \mathcal{P}(X \times Y): \gamma \circ \pi_{X}^{-1}=\mu\right.$ and $\left.\gamma \circ \pi_{Y}^{-1}=\nu\right\}$ so as to achieve

$$
P_{s}(\mu, \nu):=\sup _{\gamma \in \Pi(\mu, \nu)} \int_{X \times Y} s(x, y) d \gamma
$$

## Optimization problem for stable matching

## Theorem (N. E. Gertsky, J. M. Ostroy, W. R. Zame 1992)

The problem of finding a stable matching can be recasted in linear programming (LP) terms:

- Find $\gamma \in \Pi(\mu, \nu):=\left\{\gamma \in \mathcal{P}(X \times Y): \gamma \circ \pi_{X}^{-1}=\mu\right.$ and $\left.\gamma \circ \pi_{Y}^{-1}=\nu\right\}$ so as to achieve

$$
P_{s}(\mu, \nu):=\sup _{\gamma \in \Pi(\mu, \nu)} \int_{X \times Y} s(x, y) d \gamma
$$

This maximization problem is known in the literature as Kantorovich optimal transport problem and it admits a corresponding dual problem

$$
D_{s}(\mu, \nu):=\inf _{(\phi, \psi) \in \Phi_{s}} \int_{X} \phi(x) d \mu+\int_{Y} \psi(y) d \nu
$$

where $\Phi_{s}:=\{(\phi, \psi): \phi(x)+\psi(y) \geq s(x, y)$ for all $(x, y) \in X \times Y\}$.

## Optimization problem for stable matching

## Theorem (N. E. Gertsky, J. M. Ostroy, W. R. Zame 1992)

The problem of finding a stable matching can be recasted in linear programming (LP) terms:

- Find $\gamma \in \Pi(\mu, \nu):=\left\{\gamma \in \mathcal{P}(X \times Y): \gamma \circ \pi_{X}^{-1}=\mu\right.$ and $\left.\gamma \circ \pi_{Y}^{-1}=\nu\right\}$ so as to achieve

$$
P_{s}(\mu, \nu):=\sup _{\gamma \in \Pi(\mu, \nu)} \int_{X \times Y} s(x, y) d \gamma .
$$

This maximization problem is known in the literature as Kantorovich optimal transport problem and it admits a corresponding dual problem

$$
D_{s}(\mu, \nu):=\inf _{(\phi, \psi) \in \Phi_{s}} \int_{X} \phi(x) d \mu+\int_{Y} \psi(y) d \nu
$$

where $\Phi_{s}:=\{(\phi, \psi): \phi(x)+\psi(y) \geq s(x, y)$ for all $(x, y) \in X \times Y\}$.

## Theorem (Fundamental theorem of optimal transport 1)

If $s(\cdot, \cdot)$ is $L S C$, then $P_{s}(\mu, \nu)=D_{s}(\mu, \nu)$ and $P_{s}(\mu, \nu)$ admits a maximizer.

## More on optimization problem

## Theorem (Fundamental theorem of optimal transport 2)

- If $s(\cdot, \cdot)$ is continuous, then existence of minimizers for $D_{s}(\mu, \nu)$ holds;

$$
\max _{\gamma \in \Pi(\mu, \nu)} \int_{X \times Y} s(x, y) d \gamma=\min _{\phi \in s-\operatorname{conc}(X ; \mathbb{R})} \int_{X} \phi(x) d \mu+\int_{Y} \phi^{c}(y) d \nu
$$

where $\phi^{s}(y):=\max _{x \in X} s(x, y)-\phi(x)$, and $y \in Y$,
$s-\operatorname{conc}(X ; \mathbb{R}):=\left\{\phi: X \rightarrow \mathbb{R}: \exists v: Y \rightarrow \mathbb{R}\right.$ such that $\left.v^{s}=\phi\right\}$.

- The optimal matching $\gamma$ satisfies

$$
s(x, y)=\phi(x)+\phi^{s}(y) \quad \text { for all }(x, y)-\gamma \text { a.e. }
$$

- The discrete case corresponds to the discrete versions of the LP problem (Shapley and Shibik (1971)).


## More on optimal transport theory

- $\gamma$ can be deterministic (or pure)


Matching concentrated on a graph of $\mathbf{T}$

## More on optimal transport theory

- $\gamma$ can be deterministic (or pure)


Matching concentrated on a graph of $T$

## Theorem

- $\mu \in \mathcal{P}(X)$ is absolutely continuous with respect to Lebesgue.
- $c(\cdot, y)$ is differentiable on $\operatorname{int}(X)$, for all $y \in Y$ and satisfies if $\left(x, y_{1}, y_{2}\right) \in X \times Y^{2}$ and

$$
\nabla_{x} c\left(x, y_{1}\right)=\nabla_{x} c\left(x, y_{2}\right) \text { then } y_{1}=y_{2} \text {. }
$$

Then the optimal matching of the form

$$
\gamma=(\operatorname{Id} \times T)_{\#} \mu
$$

## Outline

(1) Classical matching problem
(2) Hedonic model
(3) Matching for teams problem
(4) Robust matching for teams problem
(5) Concluding remarks

## A type of matching model: Hedonic model



Price on $Z$


Matching $X$ to $Y$ through $Z$

## Structure:

- $X, Y$ and $Z$ model continuum of consumers, producers and goods, where the consumers and the producers are distributed according to $\mu$ and $\nu$, respectively.
Behavior: Given $p(\cdot)$,


## A type of matching model: Hedonic model

## Structure:

- $X, Y$ and $Z$ model continuum of consumers, producers and goods, where the consumers and the producers are distributed according to $\mu$ and $\nu$, respectively.
Behavior: Given $p(\cdot)$,
- consumer of type $x \in X$ solves

$$
U(x)=\max _{z \in Z}(u(x, z)-p(z))
$$

where $u(\cdot, \cdot)$ is her direct utility function.

- producer of type $y \in Y$ solves

$$
C(y)=\max _{z \in Z}(p(z)-c(y, z))
$$

where $c(\cdot, \cdot)$ is his cost.

## More on hedonic model

- Given $u(\cdot, \cdot)$ and $c(\cdot, \cdot)$ and $\mu \in \mathcal{P}(X)$ and $\nu \in \mathcal{P}(Y)$, we want to find a pair $(p(\cdot), \alpha)$, where $\alpha \in \mathcal{P}(X \times Y \times Z)$ such that

$$
\alpha \circ \pi_{X}^{-1}=\mu \quad \text { and } \quad \alpha \circ \pi_{Y}^{-1}=\nu
$$

and $p(\cdot)$ is the price function such that

$$
U(x)=u(x, z)-p(z) \quad \text { and } \quad C(y)=p(z)-c(y, z)
$$

for all $(x, y, z)-\alpha$ a.e in $X \times Y \times Z$.

## More on hedonic model

- Given $u(\cdot, \cdot)$ and $c(\cdot, \cdot)$ and $\mu \in \mathcal{P}(X)$ and $\nu \in \mathcal{P}(Y)$, we want to find a pair $(p(\cdot), \alpha)$, where $\alpha \in \mathcal{P}(X \times Y \times Z)$ such that

$$
\alpha \circ \pi_{X}^{-1}=\mu \quad \text { and } \quad \alpha \circ \pi_{Y}^{-1}=\nu
$$

and $p(\cdot)$ is the price function such that

$$
U(x)=u(x, z)-p(z) \quad \text { and } \quad C(y)=p(z)-c(y, z)
$$

for all $(x, y, z)-\alpha$ a.e in $X \times Y \times Z$.

- $p(\cdot)$ matches a consumer of type $x$ to a producer of type $y$ through their most preferred good $z \in Z$.


## More on hedonic model

- Given $u(\cdot, \cdot)$ and $c(\cdot, \cdot)$ and $\mu \in \mathcal{P}(X)$ and $\nu \in \mathcal{P}(Y)$, we want to find a pair $(p(\cdot), \alpha)$, where $\alpha \in \mathcal{P}(X \times Y \times Z)$ such that

$$
\alpha \circ \pi_{X}^{-1}=\mu \quad \text { and } \quad \alpha \circ \pi_{Y}^{-1}=\nu
$$

and $p(\cdot)$ is the price function such that

$$
U(x)=u(x, z)-p(z) \quad \text { and } \quad C(y)=p(z)-c(y, z)
$$

for all $(x, y, z)-\alpha$ a.e in $X \times Y \times Z$.

- $p(\cdot)$ matches a consumer of type $x$ to a producer of type $y$ through their most preferred good $z \in Z$.
- The pair $(p(\cdot), \alpha)$ is called hedonic equilibrium.


## Correspondence between hedonic and matching model

P.-A, Chiappori, R. J. McCann, and L.P. Nesheim (2010): There is a correspondence between the hedonic model and the matching model.

## Correspondence between hedonic and matching model

P.-A, Chiappori, R. J. McCann, and L.P. Nesheim (2010): There is a correspondence between the hedonic model and the matching model.

- Given $\mu \in \mathcal{P}(X)$, and $\nu \in \mathcal{P}(Y)$, if $u(\cdot, \cdot)$, and $c(\cdot, \cdot)$ are continuous, then solve

$$
\sup _{\gamma \in \Pi(\mu, \nu)} \int_{X \times Y} s(x, y) d \gamma
$$

where $s(x, y)=\max _{z \in Z} u(x, z)-c(y, z)$ to obtain the payoff functions $(\phi, \psi)$.

## Correspondence between hedonic and matching model

P.-A, Chiappori, R. J. McCann, and L.P. Nesheim (2010): There is a correspondence between the hedonic model and the matching model.

- Given $\mu \in \mathcal{P}(X)$, and $\nu \in \mathcal{P}(Y)$, if $u(\cdot, \cdot)$, and $c(\cdot, \cdot)$ are continuous, then solve

$$
\sup _{\gamma \in \Pi(\mu, \nu)} \int_{X \times Y} s(x, y) d \gamma
$$

where $s(x, y)=\max _{z \in Z} u(x, z)-c(y, z)$ to obtain the payoff functions $(\phi, \psi)$.

- There exists a price $p(\cdot)$ satisfying

$$
\min _{y \in Y} c(x, z)-\psi(y) \geq p(z) \geq \max _{x \in X} u(x, z)-\phi(x) .
$$

- $(p(\cdot), \alpha)$, where $\alpha:=\left(\operatorname{Id}_{X} \times \operatorname{Id}_{Y} \times z\right)_{\# \gamma}$, is a hedonic equilibrium pair.


## More on correspondence

- $(p(\cdot), \alpha)$ is a hedonic equilibrium pair.


## More on correspondence

- $(p(\cdot), \alpha)$ is a hedonic equilibrium pair.
- $\gamma:=\left(\pi_{X} \times \pi_{Y}\right)_{\#} \alpha$ solves

$$
\sup _{\gamma \in \Pi(\mu, \nu)} \int_{X \times Y} s(x, y) d \gamma
$$

where $s(x, y)=\max _{z \in Z} u(x, z)-c(y, z)$

- $(U(\cdot), C(\cdot))$ solves

$$
\inf _{(\phi, \psi) \in \Phi_{s}} \int_{X} \phi(x) d \mu+\int_{Y} \psi(y) d \nu
$$

## More on correspondence

- $(p(\cdot), \alpha)$ is a hedonic equilibrium pair.
- $\gamma:=\left(\pi_{X} \times \pi_{Y}\right)_{\#} \alpha$ solves

$$
\sup _{\gamma \in \Pi(\mu, \nu)} \int_{X \times Y} s(x, y) d \gamma
$$

where $s(x, y)=\max _{z \in Z} u(x, z)-c(y, z)$

- $(U(\cdot), C(\cdot))$ solves

$$
\inf _{(\phi, \psi) \in \Phi_{s}} \int_{X} \phi(x) d \mu+\int_{Y} \psi(y) d \nu
$$

## Matching and hedonic equilibriums are optimizers for optimal transport problems

## Outline

(1) Classical matching problem
(2) Hedonic model
(3) Matching for teams problem
(4) Robust matching for teams problem
(5) Concluding remarks

- $\left(X_{0}, \mu_{0}\right)$ parametrize the continuum of consumers.
- $\left(X_{i}, \mu_{i}\right)$ parametrize the continuum of producers, where $i \in\{1, \ldots, N\}$.
- $Z$ the set of all different types of a good in the market.
- $\left(X_{0}, \mu_{0}\right)$ parametrize the continuum of consumers.
- $\left(X_{i}, \mu_{i}\right)$ parametrize the continuum of producers, where $i \in\{1, \ldots, N\}$.
- $Z$ the set of all different types of a good in the market.


## Behavior of producers:

- Given wages $\psi_{i}(\cdot)$ producer of type $x_{i} \in X_{i}$ solves

$$
\min _{z \in Z} c_{i}\left(x_{i}, z\right)-\psi_{i}(z)
$$

where $c_{i}(\cdot, \cdot)$ is cost for producer in category $i \in\{1, \ldots, N\}$.

- Assume $p(z)=\sum_{i=1}^{N} \psi_{i}(z)$.


## Matching for teams problem

Given $c_{i}(\cdot, \cdot)$ and $\mu_{i} \in \mathcal{P}\left(X_{i}\right)$, our aim is to find a family of functions $\psi_{i} \in C(Z ; \mathbb{R})$, probability measures $\gamma_{i} \in \mathcal{P}\left(X_{i} \times Z\right)$, and $\nu \in \mathcal{P}(Z)$ such that

$$
\sum_{i=0}^{N} \psi_{i}(z)=0, \text { for any } z \in Z
$$

- $\gamma_{i} \in \Pi\left(\mu_{i}, \nu\right)$ such that

$$
c_{i}\left(x_{i}, z\right)=\psi_{i}(z)+\psi_{i}^{c_{i}}\left(x_{i}\right), \quad \text { for all }\left(x_{i}, z\right)-\gamma_{i} \text { a.e. },
$$

where $\psi_{i}^{c_{i}}\left(x_{i}\right):=\inf _{z \in Z} c_{i}\left(x_{i}, z\right)-\psi_{i}(z)$, for all $x_{i} \in X_{i}$.

## Matching for teams problem

Given $c_{i}(\cdot, \cdot)$ and $\mu_{i} \in \mathcal{P}\left(X_{i}\right)$, our aim is to find a family of functions $\psi_{i} \in C(Z ; \mathbb{R})$, probability measures $\gamma_{i} \in \mathcal{P}\left(X_{i} \times Z\right)$, and $\nu \in \mathcal{P}(Z)$ such that

$$
\sum_{i=0}^{N} \psi_{i}(z)=0, \text { for any } z \in Z
$$

- $\gamma_{i} \in \Pi\left(\mu_{i}, \nu\right)$ such that

$$
c_{i}\left(x_{i}, z\right)=\psi_{i}(z)+\psi_{i}^{c_{i}}\left(x_{i}\right), \quad \text { for all }\left(x_{i}, z\right)-\gamma_{i} \text { a.e., }
$$

where $\psi_{i}^{c_{i}}\left(x_{i}\right):=\inf _{z \in Z} c_{i}\left(x_{i}, z\right)-\psi_{i}(z)$, for all $x_{i} \in X_{i}$.

- $\left(\psi_{i}(\cdot), \nu, \gamma_{i}\right)$, where $i \in\{0, \ldots, N\}$, is called matching equilibrium.


## Matching for teams problem

Given $c_{i}(\cdot, \cdot)$ and $\mu_{i} \in \mathcal{P}\left(X_{i}\right)$, our aim is to find a family of functions $\psi_{i} \in C(Z ; \mathbb{R})$, probability measures $\gamma_{i} \in \mathcal{P}\left(X_{i} \times Z\right)$, and $\nu \in \mathcal{P}(Z)$ such that

$$
\sum_{i=0}^{N} \psi_{i}(z)=0, \text { for any } z \in Z
$$

- $\gamma_{i} \in \Pi\left(\mu_{i}, \nu\right)$ such that

$$
c_{i}\left(x_{i}, z\right)=\psi_{i}(z)+\psi_{i}^{c_{i}}\left(x_{i}\right), \quad \text { for all }\left(x_{i}, z\right)-\gamma_{i} \text { a.e. }
$$

where $\psi_{i}^{c_{i}}\left(x_{i}\right):=\inf _{z \in Z} c_{i}\left(x_{i}, z\right)-\psi_{i}(z)$, for all $x_{i} \in X_{i}$.

- $\left(\psi_{i}(\cdot), \nu, \gamma_{i}\right)$, where $i \in\{0, \ldots, N\}$, is called matching equilibrium.
- Matching equilibrium is deterministic if $\gamma_{i}=\left(\operatorname{Id} \times T_{i}\right)_{\#} \mu_{i}$, where $T_{i}: X_{i} \rightarrow Z$ is a measurable map.


## Optimization problem for matching for teams

## Theorem (G. Carlier and I. Ekeland, 2010)

The problem of finding a matching equilibrium can be formulated as

- find $\nu \in \mathcal{P}(Z)$ that solves the primal problem

$$
\mathrm{P}:=\inf _{\nu \in \mathcal{P}(Z)} \sum_{i=0}^{N} W_{c_{i}}\left(\mu_{i}, \nu\right)
$$

where $\gamma_{i}$ solves $W_{c_{i}}\left(\mu_{i}, \nu\right):=\inf _{\gamma_{i} \in \Pi\left(\mu_{i}, \nu\right)} \int_{X_{i} \times Z} c_{i}\left(x_{i}, z\right) d \gamma_{i}$.

## Optimization problem for matching for teams

## Theorem (G. Carlier and I. Ekeland, 2010)

The problem of finding a matching equilibrium can be formulated as

- find $\nu \in \mathcal{P}(Z)$ that solves the primal problem

$$
\mathrm{P}:=\inf _{\nu \in \mathcal{P}(Z)} \sum_{i=0}^{N} W_{c_{i}}\left(\mu_{i}, \nu\right)
$$

where $\gamma_{i}$ solves $W_{c_{i}}\left(\mu_{i}, \nu\right):=\inf _{\gamma_{i} \in \Pi\left(\mu_{i}, \nu\right)} \int_{X_{i} \times Z} c_{i}\left(x_{i}, z\right) d \gamma_{i}$.

- $\psi_{i}$ 's solves the dual problem

$$
\mathrm{P}^{*}:=\sup \left\{\sum_{i=0}^{N} \int_{X_{i}} \psi_{i}^{c_{i}}\left(x_{i}\right) d \mu_{i}: \sum_{i=0}^{N} \psi_{i}(z)=0, \quad \text { for all } z \in Z\right\}
$$

where $\psi_{i}^{c_{i}}\left(x_{i}\right):=\inf _{z \in Z} c_{i}\left(x_{i}, z\right)-\psi_{i}(z)$, for all $x_{i} \in X_{i}$.

## Matching for team: main result

## Theorem (G. Carlier and I. Ekeland, 2010)

If $c_{i}(\cdot, \cdot)$ is $L S C$, then $\mathrm{P}=\mathrm{P}^{*}$ and minimizers for P exists.

## Matching for team: main result

## Theorem (G. Carlier and I. Ekeland, 2010)

If $c_{i}(\cdot, \cdot)$ is $L S C$, then $\mathrm{P}=\mathrm{P}^{*}$ and minimizers for P exists.

## Theorem (G. Carlier and I. Ekeland, 2010)

- If $c_{i}(\cdot, \cdot) \in C\left(X_{i} \times Z\right)$, then there exist at least one matching equilibrium.


## Matching for team: main result

## Theorem (G. Carlier and I. Ekeland, 2010)

If $c_{i}(\cdot, \cdot)$ is $L S C$, then $\mathrm{P}=\mathrm{P}^{*}$ and minimizers for P exists.

## Theorem (G. Carlier and I. Ekeland, 2010)

- If $c_{i}(\cdot, \cdot) \in C\left(X_{i} \times Z\right)$, then there exist at least one matching equilibrium.
- If $\mu_{i} \in \mathcal{P}\left(X_{i}\right)$ is absolutely continuous with respect to Lebesgue and $c_{i}(\cdot, z)$ is differentiable on $\operatorname{int}\left(X_{i}\right)$, for all $z \in Z$ and satisfies if $\left(x_{i}, z_{1}, z_{2}\right) \in X \times Z^{2}$ and

$$
\nabla_{x_{i}} c_{i}\left(x_{i}, z_{1}\right)=\nabla_{x_{i}} c_{i}\left(x_{i}, z_{2}\right) \text { then } z_{1}=z_{2}
$$

## Matching for team: main result

## Theorem (G. Carlier and I. Ekeland, 2010)

If $c_{i}(\cdot, \cdot)$ is $L S C$, then $\mathrm{P}=\mathrm{P}^{*}$ and minimizers for P exists.

## Theorem (G. Carlier and I. Ekeland, 2010)

- If $c_{i}(\cdot, \cdot) \in C\left(X_{i} \times Z\right)$, then there exist at least one matching equilibrium.
- If $\mu_{i} \in \mathcal{P}\left(X_{i}\right)$ is absolutely continuous with respect to Lebesgue and $c_{i}(\cdot, z)$ is differentiable on $\operatorname{int}\left(X_{i}\right)$, for all $z \in Z$ and satisfies if $\left(x_{i}, z_{1}, z_{2}\right) \in X \times Z^{2}$ and

$$
\nabla_{x_{i}} c_{i}\left(x_{i}, z_{1}\right)=\nabla_{x_{i}} c_{i}\left(x_{i}, z_{2}\right) \text { then } z_{1}=z_{2}
$$

then, matching equilibrium is uniquely deterministic.

## Outline

(1) Classical matching problem
(2) Hedonic model
(3) Matching for teams problem
(4) Robust matching for teams problem
(5) Concluding remarks

## Literature review

Matching for teams, without uncertainty, has been investigated extensively. We only provide a few related references here

- G. Carlier and I. Ekeland, 2010, Matching for teams, J. Economic Theory.
- I. Ekeland, 2005, An optimal matching problem, J. ESAIM: Control, Optimisation and Calculus of Variations.
- P. A. Chiappori, 2017, Matching with transfers, J. Princeton University Press.
- B . Pass, 2012, Multi-marginal optimal transport and multi-agent matching problems: uniqueness and structure of solutions, arXiv.
- P. A, Chiappori, R. J. McCann, and B . Pass, 2016, Multidimensional matching, arXiv.


## Formulation of robust matching for teams problem

For the producer part:

- Uncertainty in cost of production


Distinct producers

## Formulation of robust matching for teams problem

For the producer part:

- Uncertainty in cost of production
- cost of production $\bar{c}_{i}(\cdot, \cdot)$ is of the form
$-\quad$ fixed cost
$\bar{c}_{i}(\cdot, \cdot)=c_{i}(\cdot, \cdot)+\omega_{i}(\cdot, \cdot)$



## Formulation of robust matching for teams problem

For the producer part:

- Uncertainty in cost of production
- cost of production $\bar{c}_{i}(\cdot, \cdot)$ is of the form
- fixed cost


Distinct producers

## Formulation of robust matching for teams problem

For the producer part:

- Uncertainty in cost of production
- cost of production $\bar{c}_{i}(\cdot, \cdot)$ is of the form
- fixed cost

$$
\bar{c}_{i}(\cdot, \cdot)=c_{i}(\cdot, \cdot)+\omega_{i}(\cdot, \cdot)
$$

- uncertain variable cost in $\mathcal{W}_{i}$


## Formulation of robust matching for teams problem

For the producer part:

- Uncertainty in cost of production
- cost of production $\bar{c}_{i}(\cdot, \cdot)$ is of the form
- fixed cost

$$
\bar{c}_{i}(\cdot, \cdot)=c_{i}(\cdot, \cdot)+\omega_{i}(\cdot, \cdot)
$$

- uncertain variable cost in $\mathcal{W}_{i}$

Given $\psi_{i}(\cdot)$,

$$
\inf _{z \in Z} \sup _{\omega_{i} \in \mathcal{W}_{i}} c_{i}\left(x_{i}, z\right)+\omega_{i}\left(x_{i}, z\right)-\psi_{i}(z)
$$

## Formulation of robust matching for teams problem

For the producer part:

- Uncertainty in cost of production
- cost of production $\bar{c}_{i}(\cdot, \cdot)$ is of the form
- fixed cost

$$
\begin{gathered}
\bar{c}_{i}(\cdot, \cdot)=c_{i}(\cdot, \cdot)+\omega_{i}(\cdot, \cdot) \\
\cdot \text { uncertain variable cost in } \mathcal{W}_{i}
\end{gathered}
$$

Given $\psi_{i}(\cdot)$,

$$
\inf _{z \in Z} \sup _{\omega_{i} \in \mathcal{W}_{i}} c_{i}\left(x_{i}, z\right)+\omega_{i}\left(x_{i}, z\right)-\psi_{i}(z)
$$

- we require

$$
\sum_{i=0}^{N} \psi_{i}(z)=0
$$

## Robust matching

## Proposition (D. O. Adu and B. Gharesifard (2022))

- If $\gamma_{i} \in \Pi\left(\mu_{i}, \nu\right)$ in spite of the uncertainty in variable cost, then $\gamma_{i} \mid \mathcal{W}_{i}=0$, that is for all $\omega_{i} \in \mathcal{W}_{i}$ we have that $\int_{X_{i} \times Z} \omega_{i}\left(x_{i}, z\right) d \gamma_{i}=0$.


## Robust matching

## Proposition (D. O. Adu and B. Gharesifard (2022))

- If $\gamma_{i} \in \Pi\left(\mu_{i}, \nu\right)$ in spite of the uncertainty in variable cost, then $\gamma_{i} \mid \mathcal{W}_{i}=0$, that is for all $\omega_{i} \in \mathcal{W}_{i}$ we have that $\int_{X_{i} \times Z} \omega_{i}\left(x_{i}, z\right) d \gamma_{i}=0$.
- $\Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \nu\right):=\left\{\gamma_{i} \in \Pi\left(\mu_{i}, \nu\right): \gamma_{i} \mid \mathcal{W}_{i}=0\right\}$.


## Robust matching

## Proposition (D. O. Adu and B. Gharesifard (2022))

- If $\gamma_{i} \in \Pi\left(\mu_{i}, \nu\right)$ in spite of the uncertainty in variable cost, then $\gamma_{i} \mid \mathcal{W}_{i}=0$, that is for all $\omega_{i} \in \mathcal{W}_{i}$ we have that $\int_{X_{i} \times Z} \omega_{i}\left(x_{i}, z\right) d \gamma_{i}=0$.
- $\Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \nu\right):=\left\{\gamma_{i} \in \Pi\left(\mu_{i}, \nu\right): \gamma_{i} \mid \mathcal{W}_{i}=0\right\}$.
- Existence of robust matching $\Rightarrow \nu \in \mathcal{P}(Z)$ and $\gamma_{i} \in \Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \nu\right)$, for all $i \in\{0, \ldots, N\}$.


## Robust matching equilibrium

Given $c_{i}(\cdot, \cdot), \mathcal{W}_{i}$ and $\mu_{i} \in \mathcal{P}\left(X_{i}\right)$, our aim is to find a family of functions $\psi_{i} \in C(Z ; \mathbb{R})$, probability measures $\gamma_{i} \in \mathcal{P}\left(X_{i} \times Z\right)$ and $\nu \in \mathcal{P}(Z)$ such that

$$
\sum_{i=0}^{N} \psi_{i}(z)=0, \text { for any } z \in Z
$$

and $\gamma_{i} \in \Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \nu\right)$ such that

$$
c_{i}\left(x_{i}, z\right)=\psi_{i}(z)+\psi^{c_{i}+\omega_{i}}\left(x_{i}\right)-\omega_{i}\left(x_{i}, z\right), \quad \text { for }\left(x_{i}, z\right)-\gamma_{i} \text { a.e }
$$

where $\psi_{i}^{\left(c_{i}+\omega_{i}\right)}\left(x_{i}\right):=\min _{z \in Z}\left(c_{i}\left(x_{i}, z\right)+\omega_{i}\left(x_{i}, z\right)-\psi_{i}(z)\right)$, for some $\omega_{i} \in \mathcal{W}_{i}$.

## Robust matching equilibrium

Given $c_{i}(\cdot, \cdot), \mathcal{W}_{i}$ and $\mu_{i} \in \mathcal{P}\left(X_{i}\right)$, our aim is to find a family of functions $\psi_{i} \in C(Z ; \mathbb{R})$, probability measures $\gamma_{i} \in \mathcal{P}\left(X_{i} \times Z\right)$ and $\nu \in \mathcal{P}(Z)$ such that

$$
\sum_{i=0}^{N} \psi_{i}(z)=0, \text { for any } z \in Z
$$

and $\gamma_{i} \in \Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \nu\right)$ such that

$$
c_{i}\left(x_{i}, z\right)=\psi_{i}(z)+\psi^{c_{i}+\omega_{i}}\left(x_{i}\right)-\omega_{i}\left(x_{i}, z\right), \quad \text { for }\left(x_{i}, z\right)-\gamma_{i} \text { a.e }
$$

where $\psi_{i}^{\left(c_{i}+\omega_{i}\right)}\left(x_{i}\right):=\min _{z \in Z}\left(c_{i}\left(x_{i}, z\right)+\omega_{i}\left(x_{i}, z\right)-\psi_{i}(z)\right)$, for some $\omega_{i} \in \mathcal{W}_{i}$.

- We call $\left(\psi_{i}(\cdot), \gamma_{i}, \nu\right)$, where $i \in\{0, \ldots, N\}$, a Robust matching equilibrium (RME).


## Beyond classical matching and hedonic model

- D. A. Zaev (2015): Studied Kantorovich problem with additional linear constraint.


## Beyond classical matching and hedonic model

- D. A. Zaev (2015): Studied Kantorovich problem with additional linear constraint.


## Problem statement:

- Given $c(\cdot, \cdot) \in C(X \times Z ; \mathbb{R}), \mu \in \mathcal{P}(X)$ and $\nu \in \mathcal{P}(Z)$ and a subspace $\mathcal{W} \subset C(X \times Z ; \mathbb{R})$

$$
\mathrm{K}_{c, \mathcal{W}}(\mu, \nu):=\inf _{\gamma \in \Pi_{\mathcal{W}}(\mu, \nu)} \int_{X \times Z} c(x, z) d \gamma .
$$

- The dual problem is

$$
D_{c, \mathcal{W}}(\mu, \nu):=\sup _{\phi+\psi+\omega \leq c} \int_{X} \phi(x) d \mu+\int_{Z} \psi(z) d \nu
$$

## Beyond classical matching and hedonic model

- D. A. Zaev (2015): Studied Kantorovich problem with additional linear constraint.


## Problem statement:

- Given $c(\cdot, \cdot) \in C(X \times Z ; \mathbb{R}), \mu \in \mathcal{P}(X)$ and $\nu \in \mathcal{P}(Z)$ and a subspace $\mathcal{W} \subset C(X \times Z ; \mathbb{R})$

$$
\mathrm{K}_{c, \mathcal{W}}(\mu, \nu):=\inf _{\gamma \in \Pi_{\mathcal{W}}(\mu, \nu)} \int_{X \times Z} c(x, z) d \gamma
$$

- The dual problem is

$$
D_{c, \mathcal{W}}(\mu, \nu):=\sup _{\phi+\psi+\omega \leq c} \int_{X} \phi(x) d \mu+\int_{Z} \psi(z) d \nu
$$

## Theorem (D. A. Zaev (2015))

- We have that $\mathrm{K}_{c, \mathcal{W}}(\mu, \nu)=D_{c, \mathcal{W}}(\mu, \nu)$ and existence of $\mathrm{K}_{c, \mathcal{W}}(\mu, \nu)$ holds if and only if $\Pi_{\mathcal{W}}(\mu, \nu) \neq \emptyset$. In general existence of solution for $D_{c, \mathcal{W}}(\mu, \nu)$ may fail.


## Martingale optimal transport on a line

Martingale matchings: $\mu \in \mathcal{P}(X)$ and $\nu \in \mathcal{P}(Z)$

$$
\mathcal{M}(\mu, \nu):=\left\{\gamma \in \Pi(\mu, \nu): \mathbb{E}_{\gamma}\left[\pi_{Z} \mid \pi_{X}\right]=\pi_{X}\right\}
$$

where $\pi_{X}(x, z)=x$ and $\pi_{Z}(x, z)=z$, for all $(x, z) \in X \times Z$.

## Martingale optimal transport on a line

Martingale matchings: $\mu \in \mathcal{P}(X)$ and $\nu \in \mathcal{P}(Z)$

$$
\mathcal{M}(\mu, \nu):=\left\{\gamma \in \Pi(\mu, \nu): \mathbb{E}_{\gamma}\left[\pi_{Z} \mid \pi_{X}\right]=\pi_{X}\right\}
$$

where $\pi_{X}(x, z)=x$ and $\pi_{Z}(x, z)=z$, for all $(x, z) \in X \times Z$.
i.e. $\mathbb{E}_{\gamma}\left[\pi_{Z} \mid \pi_{X}\right]=\pi_{X} \Longleftrightarrow \int_{X \times Z} h(x)(z-x) d \gamma=0$, for all $h \in C(X ; \mathbb{R})$.

## Martingale optimal transport on a line

Martingale matchings: $\mu \in \mathcal{P}(X)$ and $\nu \in \mathcal{P}(Z)$

$$
\mathcal{M}(\mu, \nu):=\left\{\gamma \in \Pi(\mu, \nu): \mathbb{E}_{\gamma}\left[\pi_{Z} \mid \pi_{X}\right]=\pi_{X}\right\}
$$

where $\pi_{X}(x, z)=x$ and $\pi_{Z}(x, z)=z$, for all $(x, z) \in X \times Z$.
i.e. $\mathbb{E}_{\gamma}\left[\pi_{Z} \mid \pi_{X}\right]=\pi_{X} \Longleftrightarrow \int_{X \times Z} h(x)(z-x) d \gamma=0$, for all $h \in C(X ; \mathbb{R})$.

- V. Strassen (1965) : $\mathcal{M}(\mu, \nu) \neq \emptyset \Longleftrightarrow \mu \preceq_{c} \nu$ :

$$
\int_{X} f(x) d \mu \leq \int_{Z} f(z) d \nu, \quad \text { for all convex functions } f(\cdot) \text { over } \mathbb{R} \text {. }
$$

## More on martingale optimal transport

Problem statement: $\mathrm{P}_{c}(\mu, \nu):=\inf _{\gamma \in \mathcal{M}(\mu, \nu)} \int_{X \times Z} c(x, z) d \gamma$.

## More on martingale optimal transport

Problem statement: $\mathrm{P}_{c}(\mu, \nu):=\inf _{\gamma \in \mathcal{M}(\mu, \nu)} \int_{X \times Z} c(x, z) d \gamma$.
Dual problem: $\mathrm{D}_{c}(\mu, \nu):=\sup _{(\phi, \psi, h) \in \mathcal{D}_{c}} \int_{X} \phi(x) d \mu+\int_{Z} \psi(z) d \nu$, where
$\mathcal{D}_{c}:=\{(\phi, \psi, h): \phi(x)+\psi(z)+h(x)(z-x) \leq c(x, z)$, for all $(x, z) \in X \times Z\}$.

## More on martingale optimal transport

Problem statement: $\mathrm{P}_{c}(\mu, \nu):=\inf _{\gamma \in \mathcal{M}(\mu, \nu)} \int_{X \times Z} c(x, z) d \gamma$.
Dual problem: $\mathrm{D}_{c}(\mu, \nu):=\sup _{(\phi, \psi, h) \in \mathcal{D}_{c}} \int_{X} \phi(x) d \mu+\int_{Z} \psi(z) d \nu$, where

$$
\mathcal{D}_{c}:=\{(\phi, \psi, h): \phi(x)+\psi(z)+h(x)(z-x) \leq c(x, z), \text { for all }(x, z) \in X \times Z\}
$$

## Theorem (M. Beiglböck and P. Henry-Labordere and F. Penkner (2013))

If $c(\cdot, \cdot)$ LSC and bounded below and $\mu \preceq_{c} \nu$, then $\mathrm{P}_{c}(\mu, \nu)$ admits a minimizer and $\mathrm{P}_{c}(\mu, \nu)=\mathrm{D}_{c}(\mu, \nu)$.

- There exist examples where maximizer for $\mathrm{D}_{c}(\mu, \nu)$ may fail.


## More on martingale optimal transport

## Theorem (M. Beiglböck, T. Lim and J. Obloj (2019))

If $\mu \preceq_{c} \nu$, then existence for $\mathrm{D}_{c}(\mu, \nu)$ holds when $c(\cdot, \cdot)$ is Lipschitz and there exists $u(\cdot)$ Lipschitz function over $Z$ such that $c(x, \cdot)-u(\cdot)$ is convex over $Z$.

## More on martingale optimal transport

## Theorem (M. Beiglböck, T. Lim and J. Obloj (2019))

If $\mu \preceq_{c} \nu$, then existence for $\mathrm{D}_{c}(\mu, \nu)$ holds when $c(\cdot, \cdot)$ is Lipschitz and there exists $u(\cdot)$ Lipschitz function over $Z$ such that $c(x, \cdot)-u(\cdot)$ is convex over $Z$.

Martingale transport plans are not deterministic in general. Special case: $\mu=\nu \Rightarrow \gamma=(\operatorname{Id} \times T)_{\#} \mu$, where $T(x)=x$.

## More on martingale optimal transport

## Theorem (M. Beiglböck, T. Lim and J. Obloj (2019))

If $\mu \preceq_{c} \nu$, then existence for $\mathrm{D}_{c}(\mu, \nu)$ holds when $c(\cdot, \cdot)$ is Lipschitz and there exists $u(\cdot)$ Lipschitz function over $Z$ such that $c(x, \cdot)-u(\cdot)$ is convex over $Z$.

Martingale transport plans are not deterministic in general.
Special case: $\mu=\nu \Rightarrow \gamma=(\operatorname{Id} \times T)_{\#} \mu$, where $T(x)=x$.

## Theorem (M. Beiglböck and N. Juillet (2016))

- $\mu \in \mathcal{P}(X)$ is absolutely continuous with respect to Lebesgue measure
- $c(x, z)=q(x-z)$, where $q(\cdot)$ is differentiable whose derivative is strictly convex. There exists $S \subset X$ such that $\gamma\left(\operatorname{Graph}\left(T_{1}\right) \cup \operatorname{Graph}\left(T_{2}\right)\right)=1$ on $S$.


## Robust matching for team: Main result

## Theorem (D. O. Adu and B. Gharesifard (2022))

- Let $\mu_{i} \in \mathcal{P}\left(X_{i}\right)$, and $c_{i}(\cdot, \cdot) \in C\left(X_{i} \times Z ; \mathbb{R}\right)$, and $\mathcal{W}_{i}$ be such that

$$
\mathcal{M}_{\mathcal{W}}(\mu):=\left\{\nu \in \mathcal{P}(Z): \Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \nu\right) \neq \emptyset, \quad \text { for all } i \in\{0, \ldots, N\}\right\},
$$

where $\mu:=\left(\mu_{0}, \ldots, \mu_{N}\right) \in \mathcal{P}\left(X_{0}\right) \times \cdots \times \mathcal{P}\left(X_{N}\right)$ and
$\mathcal{W}:=\mathcal{W}_{0} \times \cdots \times \mathcal{W}_{N}$, is non-empty.

## Robust matching for team: Main result

## Theorem (D. O. Adu and B. Gharesifard (2022))

- Let $\mu_{i} \in \mathcal{P}\left(X_{i}\right)$, and $c_{i}(\cdot, \cdot) \in C\left(X_{i} \times Z ; \mathbb{R}\right)$, and $\mathcal{W}_{i}$ be such that

$$
\mathcal{M}_{\mathcal{W}}(\mu):=\left\{\nu \in \mathcal{P}(Z): \Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \nu\right) \neq \emptyset, \quad \text { for all } i \in\{0, \ldots, N\}\right\},
$$

where $\mu:=\left(\mu_{0}, \ldots, \mu_{N}\right) \in \mathcal{P}\left(X_{0}\right) \times \cdots \times \mathcal{P}\left(X_{N}\right)$ and
$\mathcal{W}:=\mathcal{W}_{0} \times \cdots \times \mathcal{W}_{N}$, is non-empty.

- Given $\psi_{i}(\cdot) \in C(Z ; \mathbb{R})$ the problem

$$
\sup _{\omega_{i} \in \mathcal{W}_{i}} \int_{X_{i}} \psi_{i}^{\left(c_{i}+\omega_{i}\right)}\left(x_{i}\right) d \mu_{i}
$$

admits a maximizer for $i \in\{0, \ldots, N\}$.

## Robust matching for team: Main result

## Theorem (D. O. Adu and B. Gharesifard (2022))

- Let $\mu_{i} \in \mathcal{P}\left(X_{i}\right)$, and $c_{i}(\cdot, \cdot) \in C\left(X_{i} \times Z ; \mathbb{R}\right)$, and $\mathcal{W}_{i}$ be such that

$$
\mathcal{M}_{\mathcal{W}}(\mu):=\left\{\nu \in \mathcal{P}(Z): \Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \nu\right) \neq \emptyset, \quad \text { for all } i \in\{0, \ldots, N\}\right\},
$$

where $\mu:=\left(\mu_{0}, \ldots, \mu_{N}\right) \in \mathcal{P}\left(X_{0}\right) \times \cdots \times \mathcal{P}\left(X_{N}\right)$ and
$\mathcal{W}:=\mathcal{W}_{0} \times \cdots \times \mathcal{W}_{N}$, is non-empty.

- Given $\psi_{i}(\cdot) \in C(Z ; \mathbb{R})$ the problem

$$
\sup _{\omega_{i} \in \mathcal{W}_{i}} \int_{X_{i}} \psi_{i}^{\left(c_{i}+\omega_{i}\right)}\left(x_{i}\right) d \mu_{i}
$$

admits a maximizer for $i \in\{0, \ldots, N\}$. Then there exists an $R M E$.

## Special case for our main result

- Consider the set

$$
\mathcal{W}_{i}:=\left\{\omega_{i} \in \mathcal{F}\left(X_{i} \times Z ; \mathbb{R}\right): \omega_{i}\left(x_{i}, z\right):=h_{i}\left(x_{i}\right)\left(z-x_{i}\right), \text { where } h_{i} \in C\left(X_{i} ; \mathbb{R}\right)\right\}
$$

- Then

$$
\mathcal{M}_{\mathcal{W}}(\mu):=\left\{\nu \in \mathcal{P}(Z): \mu_{i} \preceq_{c} \nu, \quad \text { for all } i \in\{0, \ldots, N\}\right\} .
$$

## Special case for our main result

- Consider the set

$$
\mathcal{W}_{i}:=\left\{\omega_{i} \in \mathcal{F}\left(X_{i} \times Z ; \mathbb{R}\right): \omega_{i}\left(x_{i}, z\right):=h_{i}\left(x_{i}\right)\left(z-x_{i}\right), \text { where } h_{i} \in C\left(X_{i} ; \mathbb{R}\right)\right\} .
$$

- Then

$$
\mathcal{M}_{\mathcal{W}}(\mu):=\left\{\nu \in \mathcal{P}(Z): \mu_{i} \preceq_{c} \nu, \quad \text { for all } i \in\{0, \ldots, N\}\right\} .
$$

- $\mu_{i} \preceq_{c} \nu \Rightarrow \int_{X_{i}} x_{i} d \mu_{i}=\int_{Z} z d \nu$, for all $i \in\{0, \ldots, N\}$.


## Special case for our main result

- Consider the set

$$
\mathcal{W}_{i}:=\left\{\omega_{i} \in \mathcal{F}\left(X_{i} \times Z ; \mathbb{R}\right): \omega_{i}\left(x_{i}, z\right):=h_{i}\left(x_{i}\right)\left(z-x_{i}\right), \text { where } h_{i} \in C\left(X_{i} ; \mathbb{R}\right)\right\}
$$

- Then

$$
\mathcal{M}_{\mathcal{W}}(\mu):=\left\{\nu \in \mathcal{P}(Z): \mu_{i} \preceq_{c} \nu, \quad \text { for all } i \in\{0, \ldots, N\}\right\} .
$$

- $\mu_{i} \preceq_{c} \nu \Rightarrow \int_{X_{i}} x_{i} d \mu_{i}=\int_{Z} z d \nu$, for all $i \in\{0, \ldots, N\}$.

The uncertainty in $\omega_{i}(\cdot, \cdot)$ is only in the term $h_{i}(\cdot)$.

- Uncertainty in $\omega_{i}(\cdot, \cdot)$ caused by exogenous factors (prices of fuel, oil, natural gas, hydro etc.) independent of $z \in Z$.


## Special case for our main result

- Consider the set

$$
\mathcal{W}_{i}:=\left\{\omega_{i} \in \mathcal{F}\left(X_{i} \times Z ; \mathbb{R}\right): \omega_{i}\left(x_{i}, z\right):=h_{i}\left(x_{i}\right)\left(z-x_{i}\right), \text { where } h_{i} \in C\left(X_{i} ; \mathbb{R}\right)\right\}
$$

- Then

$$
\mathcal{M}_{\mathcal{W}}(\mu):=\left\{\nu \in \mathcal{P}(Z): \mu_{i} \preceq_{c} \nu, \quad \text { for all } i \in\{0, \ldots, N\}\right\} .
$$

- $\mu_{i} \preceq_{c} \nu \Rightarrow \int_{X_{i}} x_{i} d \mu_{i}=\int_{Z} z d \nu$, for all $i \in\{0, \ldots, N\}$.

The uncertainty in $\omega_{i}(\cdot, \cdot)$ is only in the term $h_{i}(\cdot)$.

- Uncertainty in $\omega_{i}(\cdot, \cdot)$ caused by exogenous factors (prices of fuel, oil, natural gas, hydro etc.) independent of $z \in Z$.
- Given $\nu \in \mathcal{P}(Z)$, the robust matching $\gamma_{i} \in \Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \nu\right)$ is a martingale.


## Optimization Problems for RME

## Theorem (D. O. Adu and B. Gharesifard (2022))

The problem of finding an RME can be recasted as

- finding

$$
\nu \in \mathcal{M}_{\mathcal{W}}(\mu):=\left\{\nu \in \mathcal{P}(Z): \Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \nu\right) \neq \emptyset, \quad \text { for all } i \in\{0, \ldots, N\}\right\} \text { that }
$$

$$
\mathrm{P}_{\mathcal{W}}(\mu):=\inf _{\rho \in \mathcal{M} \mathcal{W}(\mu)} \sum_{i=0}^{N} \mathrm{~K}_{c_{i}, \mathcal{W}_{i}}\left(\mu_{i}, \rho\right),
$$

where $\mathrm{K}_{c_{i}, \mathcal{W}_{i}}\left(\mu_{i}, \rho\right):=\inf _{\gamma_{i} \in \Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \rho\right)} \int_{X_{i} \times Z} c_{i}\left(x_{i}, z\right) d \gamma_{i}$,

## Optimization Problems for RME

## Theorem (D. O. Adu and B. Gharesifard (2022))

The problem of finding an RME can be recasted as

- finding

$$
\nu \in \mathcal{M}_{\mathcal{W}}(\mu):=\left\{\nu \in \mathcal{P}(Z): \Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \nu\right) \neq \emptyset, \quad \text { for all } i \in\{0, \ldots, N\}\right\} \text { that }
$$

$$
\mathrm{P}_{\mathcal{W}}(\mu):=\inf _{\rho \in \mathcal{M} \mathcal{W}(\mu)} \sum_{i=0}^{N} \mathrm{~K}_{c_{i}, \mathcal{W}_{i}}\left(\mu_{i}, \rho\right),
$$

where $\mathrm{K}_{c_{i}, \mathcal{W}_{i}}\left(\mu_{i}, \rho\right):=\inf _{\gamma_{i} \in \Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \rho\right)} \int_{X_{i} \times Z} c_{i}\left(x_{i}, z\right) d \gamma_{i}$,

- and finding $\psi_{i}(\cdot)$ and $\omega_{i}(\cdot, \cdot)$, where $i \in\{0, \ldots, N\}$ that solves

$$
\mathrm{P}_{\mathcal{W}}^{*} \mathcal{H}(\mu):=\sup _{\left(\omega_{0}, \ldots, \omega_{N}\right) \in \mathcal{W}} \sup _{\left(\varphi_{0}, \ldots, \varphi_{N}\right) \in \mathcal{T}} \sum_{i=0}^{N} \int_{X_{i}} \varphi_{i}^{\left(c_{i}+\omega_{i}\right)}\left(x_{i}\right) d \mu_{i},
$$

where $\mathcal{T}=\left\{\left(\varphi_{0}(\cdot), \ldots, \varphi_{N}(\cdot)\right) \subset C(Z ; \mathbb{R}) \mid \sum^{N} \varphi_{i}(z)=0\right.$, for all $\left.z \in Z\right\}$.

## RME are optimizers

## Theorem (D. O. Adu and B. Gharesifard (2022))

- If $c_{i}(\cdot, \cdot)$ is $L S C$ and $\mathcal{W}$ is such that $\mathcal{M}_{\mathcal{W}}(\mu) \neq \emptyset$, then $\mathrm{P}_{\mathcal{W}}(\mu)=\mathrm{P}_{\mathcal{W}}^{*}(\mu)$ and the minimizer for $\mathrm{P}_{\mathcal{W}}(\mu)$ exists.


## RME are optimizers

## Theorem (D. O. Adu and B. Gharesifard (2022))

- If $c_{i}(\cdot, \cdot)$ is LSC and $\mathcal{W}$ is such that $\mathcal{M}_{\mathcal{W}}(\mu) \neq \emptyset$, then $\mathrm{P}_{\mathcal{W}}(\mu)=\mathrm{P}_{\mathcal{W}}^{*}(\mu)$ and the minimizer for $\mathrm{P}_{\mathcal{W}}(\mu)$ exists.
- Existence for $\mathrm{P}_{\mathcal{W}}^{*}(\mu)$ may fail.


## RME are optimizers

## Theorem (D. O. Adu and B. Gharesifard (2022))

- If $c_{i}(\cdot, \cdot)$ is LSC and $\mathcal{W}$ is such that $\mathcal{M}_{\mathcal{W}}(\mu) \neq \emptyset$, then $\mathrm{P}_{\mathcal{W}}(\mu)=\mathrm{P}_{\mathcal{W}}^{*}(\mu)$ and the minimizer for $\mathrm{P}_{\mathcal{W}}(\mu)$ exists.
- Existence for $\mathrm{P}_{\mathcal{W}}^{*}(\mu)$ may fail.


## Proposition (D. O. Adu and B. Gharesifard (2022))

We have that $\left(\psi_{i}(\cdot), \gamma_{i}, \nu\right)$ is an RME for $i \in\{0, \ldots, N\}$, if and only if $\nu$ solves $\mathrm{P}_{\mathcal{W}}(\mu)$ and $\left(\psi_{0}(\cdot), \ldots, \psi_{N}(\cdot)\right)$ and $\left(\omega_{0}^{*}(\cdot), \ldots, \omega_{N}^{*}(\cdot)\right)$, with $\omega_{i}^{*} \in \mathcal{W}_{i}$, solves $\mathrm{P}_{\mathcal{W}}^{*}(\mu)$.

## Special case: Martingale matching for teams

## Theorem (D. O. Adu and B. Gharesifard (2022))

Assume $c_{i}(\cdot, \cdot)$ is Lipschitz on $X_{i} \times Z$ and there exists a Lipschitz function $u_{i}(\cdot)$ over $Z$ such that $c_{i}\left(x_{i}, \cdot\right)-u_{i}(\cdot)$ is convex over $Z$. Then there exists an RME $\left(\psi_{i}(\cdot), \gamma_{i}, \nu\right)$, for all $i \in\{0, \ldots, N\}$.

## Idea:

- Solve $\mathrm{P}_{\mathcal{W}}(\mu)$ to obtain $\nu \in \mathcal{M}_{\mathcal{W}}(\mu)$ such that $\gamma_{i} \in \Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \nu\right)$


## Special case: Martingale matching for teams

## Theorem (D. O. Adu and B. Gharesifard (2022))

Assume $c_{i}(\cdot, \cdot)$ is Lipschitz on $X_{i} \times Z$ and there exists a Lipschitz function $u_{i}(\cdot)$ over $Z$ such that $c_{i}\left(x_{i}, \cdot\right)-u_{i}(\cdot)$ is convex over $Z$. Then there exists an $\operatorname{RME}\left(\psi_{i}(\cdot), \gamma_{i}, \nu\right)$, for all $i \in\{0, \ldots, N\}$.

## Idea:

- Solve $\mathrm{P}_{\mathcal{W}}(\mu)$ to obtain $\nu \in \mathcal{M}_{\mathcal{W}}(\mu)$ such that $\gamma_{i} \in \Pi_{\mathcal{W}_{i}}\left(\mu_{i}, \nu\right)$
- For $\mathrm{P}_{\mathcal{W}}^{*}(\mu)$, solve

$$
\sup _{\left(\omega_{1}, \ldots, \omega_{N}\right) \in \mathcal{W}} \sup _{\left(\varphi_{1}, \ldots, \varphi_{N}\right) \in \mathcal{T}} \sum_{i=1}^{N} \int_{X_{i}} \varphi_{i}^{\left(c_{i}+\omega_{i}\right)}\left(x_{i}\right) d \mu_{i}+\int_{Z} \varphi_{i}(z) d \nu
$$

to obtain $\left(\psi_{1}, \ldots, \psi_{N}\right)$ and then set

- $\psi_{0}(z)=-\sum_{i=1}^{N} \psi_{i}(z)$, for all $z \in Z$.


## Some comments on purity

- We do not expect the martingale matching to be pure.


## Some comments on purity

- We do not expect the martingale matching to be pure.


## Theorem (D. O. Adu and B. Gharesifard (2022))

- $\left(\psi_{i}(\cdot), \gamma_{i}, \nu\right)$, for $i \in\{0, \ldots, N\}$ be an RME.
- $\mu_{i} \in \mathcal{P}\left(X_{i}\right)$ is absolutely continuous with respect to Lebesgue measure
- $c_{i}\left(x_{i}, z\right)=q_{i}\left(x_{i}-z\right)$, where $q_{i}(\cdot)$ is a differentiable whose derivative is strictly convex.
- There exists $S_{i} \subset X_{i}$ such that $\gamma_{i}\left(\operatorname{Graph}\left(T_{i 1}\right) \cup \operatorname{Graph}\left(T_{i 2}\right)\right)=1$ on $S_{i}$.


## Outline

(1) Classical matching problem
(2) Hedonic model
(3) Matching for teams problem
(4) Robust matching for teams problem
(5) Concluding remarks

## Concluding Remarks

## Summary:

- Studied robust matching for teams.


## Concluding Remarks

## Summary:

- Studied robust matching for teams.
- Uncertainty in variable cost translate to optimal transport with additional constraint. Typical case was martingale matching.


## Concluding Remarks

## Summary:

- Studied robust matching for teams.
- Uncertainty in variable cost translate to optimal transport with additional constraint. Typical case was martingale matching.


## Future work:

- Matching problems with capacity constraints.


## Concluding Remarks

## Summary:

- Studied robust matching for teams.
- Uncertainty in variable cost translate to optimal transport with additional constraint. Typical case was martingale matching.


## Future work:

- Matching problems with capacity constraints.
- Matching problems with coordination among individuals.

