

LABOUR DEMAND ADJUSTMENT IN HUNGARY

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The paper compare alternatives specifications for dynamic labour demand in Hungary. The main focus is the cost of adjustment. Six alternatives models were estimated. Labour adjustment is found to be asymmetric, and rather fast. Labour adjustment is much faster in transition economies than in mature markets economies. Corporate labour market behaviour proved to be strongly heterogeneous : substantial structural breaks split the sample according to sectors and ownership structure. Foreign-owned firms adjust labour demand significantly faster than domestic ones..

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