

Abstract

This bachelor thesis explores labour supply on the example of small and medium enterprises in the Czech Republic. It contrasts two basic hypotheses - the hypothesis of daily targeting and the intertemporal substitution hypothesis. The hypothesis of daily targeting is based on determination of income which workers try to achieve. On the other hand, the intertemporal substitution hypothesis assumes that hours worked depend on wage rate. I have used the survey to obtain monthly data of work hours and earned wage by Czech entrepreneurs. Based on the obtained data I have tested two hypotheses. Wage elasticities have positive values which lead to rejection the hypothesis of daily targeting. I have offered several possible explanations of obtained conclusions. One of them is the focus of entrepreneurs on accumulation of capital and wealth as the main motivation for business. This is related to recent economic transition in the Czech Republic.