

# Report on Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

<b>Student:</b>	<b>Ada Šabić</b>
<b>Advisor:</b>	<b>PhDr. Wadim Strielkowski, Ph.D.</b>
<b>Title of the thesis:</b>	<b>Estimating the Elasticities of Labour Supply for SMEs in Bosnia and Herzegovina</b>

## **OVERALL ASSESSMENT** (provided in English, Czech, or Slovak):

Ada Šabić's Master Thesis deals with an interesting aspect of the economics of small and medium enterprises, namely the intertemporal substitution hypothesis (ISH) that predicts a positive relationship between hours worked and transitory changes in wages for small entrepreneurs capable of choosing the amount of working hours. The concept has its roots in the psychological and experimental economics and was coined and developed by such scientists, as Daniel Kahneman, Amos Tversky, or Vernon Smith. Kahneman and Smith received their Nobel Prize for integrating psychological research, human judgement, decision-making under uncertainty, and laboratory experiments into economic science.

Starting from the paper of Colin Camerer, Linda Babcock, George Loewenstein and Richard Thaler published in *The Quarterly Journal of Economics* in 1997 which presented the test of the intertemporal substitution hypothesis using a large sample of New York City cab drivers, the topic gained attention and was approached by several researchers in their respective works. However, due to the unavailability and the high costs of necessary data, it still remains quite complicated to put together an elaborate research that involves testing the ISH. Very few papers attempted to do so using the sample of SMEs and their owners.

Thence, Ada's Master thesis sets up a very ambitious goal of testing the intertemporal substitution hypothesis using own data collected in the field. In addition, she chose Bosnia and Herzegovina as her case study which makes the results especially interesting.

Overall, I have to say that I was satisfied with Ada's work. She managed to get a sufficient sample of SMEs, collect her own data, run a comprehensive econometric analysis and interpret the results in a well-stated manner. Her results are in accord with few similar studies on the topic (e.g. Oettinger, 1997, Chow 2000, or most recently Strielkowski and Wasilewski, 2011).

The Master thesis is well-structured into 6 chapters, has 69 pages contains 20 tables and 15 figures, plus 2 appendices where the actual survey questionnaire is presented.

I think that Ada's thesis deserves an "A" and I am determined to continue working with her on this topic and putting together a research paper on ISH and Bosnian SMEs that might be submitted to a good peer-reviewed journal indexed in Scopus or WoS.

In the case of successful defense, I recommend the student to be given "**výborně**" (**excellent, 1**).

## **SUMMARY OF POINTS AWARDED** (for details, see below):

<b>CATEGORY</b>	<b>POINTS</b>
<i>Literature</i> (max. 20 points)	19
<i>Methods</i> (max. 30 points)	28
<i>Contribution</i> (max. 30 points)	30
<i>Manuscript Form</i> (max. 20 points)	17
<b>TOTAL POINTS</b> (max. 100 points)	<b>94</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** PhDr. Wadim Strielkowski, Ph.D.

**DATE OF EVALUATION:** 15.09.2014

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*Referee's signature*