

Executive and non-executive board members in the context of czech law and czech corporate governance code

Abstract

This thesis analyses the division of responsibilities in boards of directors, focusing on executive and non-executive directors. The regulation of unitary boards was recently amended in the Czech Republic. The previous regulation was perceived as unclear. This may be one of the reasons why most Czech companies is using a two-tier board structure, which separates the supervisory function and the management function of the board. The question remains: Will the amendment of unitary boards cause more companies to use non-executive directors?

Provisions regarding the participation of non-executive directors on boards are often located in soft law. The Czech Corporate Governance Code contains the provisions in the Czech Republic, which is why the first part of the thesis provides information on corporate governance and corporate governance codes. The second part of the thesis offers a brief review of the historical development of non-executive directors in countries where the unitary board model originated. This part focuses on soft law regulation in the United Kingdom. It subsequently analyses soft law regulations concerning non-executive directors in different countries worldwide and compares them with Czech soft law regulation in the Czech Corporate Governance Code. The next part of the thesis discusses the effect of European regulation and Principles of Corporate Governance on Czech regulation. The fourth part of the thesis analyses Czech regulation concerning the division of the board of directors into executive and non-executive directors. Then, the Czech Corporate Governance Code is evaluated and compared to other foreign codes. The fifth part also contains propositions on amending the Czech code. The aforementioned regulations focus mainly on public joint-stock companies. That is why the sixth and last part of the thesis analyses Czech companies listed on the Prague Stock Exchange and their relationship to the Czech Corporate Governance Code.

Key words: non-executive board member, corporate governance, Czech Corporate Governance Code.