

## **Abstract**

### **The Corporate Governance in Companies with Ownership Interest of Local Governments**

The thesis deals with corporate governance in companies where local governments, i.e., municipalities and regional governments, have a predominant ownership interest, and specifically focuses on the issue of corporate governance in joint-stock companies. The central question the thesis asks is: What systemic changes—from the point of view of future law as well as implementation of soft law—can contribute to making local governments active, informed, and responsible owners?

The thesis relies on a descriptive and analytical approach but employs also basic methods of interpretation, particularly the teleological method, that is, examining the hard and soft law of a selected group of joint-stock companies with respect to the purpose and intent of the legislation.

The thesis draws particularly on scientific literature that relates to the Czech legal environment. However, the analysis of documents from the Organization for Economic Co-operation and Development constitutes an important exception in this respect. The principles, starting points, and conclusions described in scientific literature are compared with practical experience of the author and emphasis is placed on answering the question to what extent the legislation fulfils the purpose for which it was enacted.

The first question the thesis asks is: Why is it even necessary to found joint-stock companies with respect to public interest? The second chapter of the thesis focuses particularly on the specific characteristics of the decision-taking of a sole shareholder and its bodies (the municipal council and the board), on duties to inform and communication between the elected bodies and the shareholder including the particulars of concern organisation and limits of strategic management when it comes to business management. The third chapter deals with further public law aspects of joint-stock companies where local governments have a predominant interest. The fourth chapter provides a detailed analysis of the applicability and implementation of recommendations from the OECD codes and the Czech Corporate Governance Code of 2018 in the articles of association and principles for boards of directors and supervisory boards and in other internal regulations, as well as the possible use of the legislation for companies listed on the stock exchange. Questions concerning principles of the elected bodies, remuneration, as well as conflict of interest are also addressed.

The fifth chapter describes the possibilities of further legislative regulation: Does it make sense to consider companies with a predominant state interest—including local governments—as a separate category?

The conclusion returns to the central question of the thesis, that is, to the possible systemic changes which would have an impact on joint-stock companies where local governments have a predominant ownership interest.

**Keywords:** Corporate governance, local governments, right to information, remuneration of elected bodies, right to explanation, supervisory board, board of directors, confidentiality, companies listed on the stock exchange, Czech Corporate Governance Code 2018, OECD, contract of service.