

Employee participation plans

ABSTRACT

The thesis focuses on the analysis of selected forms of employee participation plans that can be implemented within the Czech legal framework to provide employees with the opportunity to share in the company's economic results and future success. These plans, internationally known under the acronym ESOP (Employee Stock/Share Ownership Plans), represent a set of conditions (rules) approved by the company, the fulfillment of which enables employees to acquire an ownership interest in the company.

If set up appropriately, these plans can serve as an effective tool for startup companies to level wage conditions compared to established companies in the same or related sectors. As an outcome, these companies can attract and retain talented employees while increasing employees motivation, ideally resulting in improved performance that contributes to the company's growth.

The thesis begins by discussing the concept and significance of employee participation plans, outlining the main principles that tend to be common to such plans, regardless of their form. The thesis then analyzes the various forms of employee participation plans most commonly used in practice, including employee stock/share option plans, direct share purchase plans, and alternative shadow stock/share plans. The main part of the thesis is devoted to analyzing the legal possibilities offered by the Czech legal system for (not only) startup companies to implement these forms of employee participation plans. This analysis leads to the conclusion that the lack of legal regulation, legal complexity, and administrative burden of implementing such programs may discourage Czech startups from adopting them.

Additionally, the thesis analyses the development of the concept of employee stock ownership in Czech legislation and assesses how to use the possibility of preferential acquisition of stocks by employees in the context of Section 258 of the Business Corporations Act within the creation of employee participation plans.

KEY WORDS:

employee participation plans – employee stock ownership plans – employee share ownership plans – employee shares – ESOP