

## **Abstract**

The Czech regulatory framework for supervisory boards of large joint stock companies leaves significant space to configure company-specific setups in hands of shareholders. As a result, the design, composition and competences of a supervisory board in the Czech Republic can to a large extent vary from company to company. In addition to that, the regulatory framework has been subject to potentially impactful changes over the last decade, such as relaxation and following re-introduction of mandatory representation of employees in the supervisory boards for all large joint stock companies. This thesis explores a unique dataset with information on all, more than 250, Czech joint stock companies with over 500 employees that were subject to the re-introduced requirement on employee participation. The aim of this thesis is to shed light on supervisory board practices in the Czech republic between 2009-2020. Special attention is paid to the question how these practices changed in light of changing legal requirements regarding the mandatory employee participation. First, a series of observations that draws from the examined dataset was provided on the topic, uncovering, e.g., that two-tier corporate governance structure remained dominant in the Czech environment; that education and gender of supervisory board members was vastly industry-specific; or that parity co-determination (well-known from the German environment) practically did not exist in the Czech environment. Then, using random effects probit model for dynamic panel data, it was shown that mandatory employee participation negatively impacts supervisory boards' powers to elect and recall executives. This result was interpreted as shareholders' attempt to protect their interests by delegating this competence to a body of corporate governance that was fully in their control. Similar empirical tools were used to assess what impacts mandatory employee participation had on gender composition of supervisory boards with mixed results.

### **JEL Classification**

JEL G34, JEL G38

### **Keywords**

Employee co-determination, Supervisory Boards, Corporate Governance, Two-tier corporate governance, Czech joint stock companies, Dynamic panel data