Abstract

Employee stock option plans (ESOPs) represent a key instrument for attracting, motivating, and retaining highly qualified talent, particularly within innovation-driven startups as they do not dispose with sufficient proceeds to compete with established corporations in the realm of traditional cash-based remuneration. Globally, jurisdictions such as the United States, the United Kingdom, and Estonia have introduced comprehensive legal frameworks that facilitate the efficient implementation of ESOPs and actively promote their use as a driver of economic growth and technological innovation. By contrast, the Czech Republic continues to face significant legislative, administrative, and tax-related challenges that have hindered the development of a competitive employee equity environment.

This thesis provides an in-depth analysis of ESOPs from legal, corporate governance, and tax perspectives, combining doctrinal research with a comparative study of foreign frameworks. It examines the structural mechanics of ESOPs, evaluates their impact on company performance, employee retention, and investor incentives, and identifies regulatory barriers within the Czech context that limit broader adoption. Particular attention is given to the interplay between labour law, corporate law, and taxation, the administrative complexity of issuing and managing employee equity, and the practical challenges faced by startups seeking to align with global best practices.

The findings highlight the urgent need for targeted reforms to strengthen the Czech Republic's competitiveness in the global startup ecosystem. The thesis proposes adopting the "no tax before cash" principle, simplifying share issuance procedures, broadening access to preferential tax regimes, and reducing bureaucratic burdens. Implementing these measures would enhance the Czech innovation landscape, improve talent acquisition, attract investment, and support sustainable economic growth through the creation of a more ESOP-friendly regulatory environment.

Keywords: ESOP, Employee equity, Startups