

Abstract

This thesis primarily focuses on the construction of a firm-specific index measuring the quality of corporate governance in the most liquid Czech and Croatian companies. The index is made by following OECD recommendations on construction of composite indicators. It allows comparison of best practices implementation on the overall level, and it also provides with a comprehensive analogy in terms of various governance domains performance. These domains are represented by four sub-indices: Board, Conflict of Interest, Shareholders' Rights, and Transparency and Disclosure. Initial assumption, stating that the Czech companies should have higher overall Corporate Governance Index score than the Croatian companies, is approved. Moreover, the Czech companies have stronger performance in three sub-indices: Board, Conflict of Interest, and Transparency and Disclosure, whereas the Croatian companies have negligible advantage solely with regard to the Shareholders' Rights Sub-index.