

Abstract

The purpose of this thesis is to analyze what may be represented by interest of the business corporation and describe mechanisms of its protection.

This thesis consists of four chapters. The first chapter deals with the term interest of the business corporation and puts in contrast the two prevailing approaches to this issue. Under the shareholder value concept, the corporation should be managed exclusively in the interest of its shareholders, i.e. to maximize the value of their share in the corporation. The stakeholder value concept presents a different approach. It argues that shareholders are only one group among many others and it is thus important, when managing a corporation, to take into account interests of other groups of persons, especially creditors, employees, customers and in the wider sense the society as a whole. Besides these two main theories, other and to some extent alternative approaches are mentioned in the first chapter.

The second chapter analyzes market mechanisms of protection of the interest of corporations. It is argued that product, capital and labor markets, within which the corporation operates, essentially influence its management. As a result, the interest of the corporation is protected both ex ante and ex post. However, these market mechanisms have their limits and may not be effective under all circumstances.

The third chapter describes the regulatory mechanisms of protection of the interest of corporations under Czech law. It includes allocation of voting rights, transparency obligations and rules for conduct of management of the corporation.

The fourth chapter focuses on a situation when a corporation is not independent and other persons directly or indirectly influence its operation. Especially in these cases of group of companies, there is a high risk that the management will not act in the interest of the corporation, but in the interest of other persons.

Despite the fact that at first sight there is a huge conflict between the shareholder and stakeholder value concepts, the conclusion of the thesis argues that such conflict may not be insurmountable. The shareholder value approach is criticized largely due to capital market failures, which focus too much on short-term results and undervalue long-term

visions of corporations. And vice-versa, if the corporation operates in the interest of other stakeholders, it is usually beneficial for the shareholders themselves.