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CRITICAL ANALYSIS OF MANAGERIAL RIGHTS AND RESPONSIBILITIES IN LIMITED LIABILITY COMPANY: LEGAL FRAMEWORK EVALUATION

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ABSTRACT

The roles and responsibilities of managers in limited liability companies, though seemingly well-established, remain a complex and evolving area of legal and managerial study. This research delves into the legal rights and duties of managers, who serve as the statutory representatives of the most prevalent type of business entity in many jurisdictions, specifically focusing on limited liability companies. A critical aspect of this study is the exploration of the legal relationship between the manager and the company, which is primarily contractual and commercial in nature. Unlike traditional employment relationships, the protections afforded to managers stem solely from their agreement with the company, highlighting the unique nature of this business-law dynamic (*Commercial Code*, *§133–136*). This contractual basis underscores the need for clear legal provisions to ensure fairness and accountability in managerial roles.

The study critically examines the legal definitions of managers' rights and obligations, as well as their accountability to the company, drawing on an extensive analysis of relevant judicial precedents. Beyond assessing managerial competencies, the research evaluates the adequacy of the existing legal framework in governing these responsibilities, identifying potential gaps that could undermine effective management or corporate governance (*Săraru, 2023*). The methodologies employed include legal analysis, synthesis, comparison, deduction, and descriptive techniques, which facilitate a comprehensive investigation of the legal principles shaping managerial functions. By comparing Slovak and Czech case law, the study traces the evolution of judicial interpretations and their impact on defining managerial roles,

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offering a cross-jurisdictional perspective on legislative effectiveness (*Supreme Court of the Czech Republic, 1999, 2010*).
A central research question is whether the current legislative framework sufficiently regulates managers' rights and duties or if legislative reforms are needed to enhance clarity and enforcement. The findings reveal that managers wield significant decision-making authority, including rights to compensation, profit distribution, and limited liability protections, which empower them to steer the company strategically (*Jankelova et al., 2021*). However, these rights are counterbalanced by stringent obligations, such as fiduciary duties, legal compliance, diligent record-keeping, and exercising professional care, which ensure accountability to the company and its stakeholders (*Commercial Code, §135a*). The study emphasizes the importance of managerial autonomy, which allows managers to make independent decisions, but stresses that this autonomy must be exercised responsibly to align with the company's interests and avoid conflicts of interest (*Patakyova & Gramblickova, 2020*).
The analysis also highlights the need to balance managerial powers with the interests of other stakeholders, particularly shareholders, to maintain equitable corporate governance. The implications of this research are significant for both managers and companies, as it clarifies the scope of managerial authority, underscores the importance of accountability, and advocates for a balanced distribution of power within the company structure (*Horvat et al., 2017*). By adhering to their defined rights and obligations, managers can effectively fulfill their roles, contributing to the company's long-term success and sustainability. Ultimately, this study concludes that while the legislative framework provides a robust foundation for governing managerial roles, ongoing evaluation is necessary to address emerging challenges and ensure that managers can navigate their responsibilities effectively in a dynamic business environment.

Keywords: *commercial code; manager; limited liability company; rights and obligations*

1. INTRODUCTION

The legal framework governing the rights and responsibilities of managers in limited liability companies is a critical area of study, raising questions about its adequacy and effectiveness in addressing the complexities of modern business environments. This research seeks to critically evaluate whether the existing legislative provisions sufficiently regulate the roles of managers, identifying strengths, weaknesses, and potential gaps that could impact corporate governance and operational success. Limited liability companies, as the predominant form of business organization in many jurisdictions, including Slovakia, owe their popularity to their flexible structure and ability to shield entrepreneurs from excessive financial risk. According to Horvat et al. (2017), this business model aligns closely with the dynamic demands of a market economy, offering a streamlined organizational framework while limiting entrepreneurs' liability to the amount of their unpaid capital contributions recorded in the commercial register. This characteristic makes limited liability companies an attractive option for businesses seeking to balance risk and operational efficiency.

Given their status as legal entities, limited liability companies cannot act independently but rely on designated individuals to represent and manage their affairs. Mitterpachova et al. (2019) emphasize that legal systems must strike a delicate balance: enabling companies to engage in legal and commercial transactions while safeguarding them against the personal interests of those acting on their behalf. The solution lies in the establishment of a statutory body, typically a manager or executive, whose actions are legally regarded as those of the company itself. This manager, as an obligatory organ without which the company cannot function, is vested with significant authority but is also subject to strict legal constraints to prevent abuse of power. These constraints are designed to ensure that managerial actions align with the company's objectives and protect its stakeholders from potential misconduct.

Săraru (2023) highlights that the primary responsibilities of managers include representing the company externally in legal and commercial matters and overseeing its internal operations. These duties, however, represent only a fraction of the broader obligations imposed on managers, which are complemented by a corresponding set of rights. Legal theory posits that every obligation is paired with a right, granting managers a range of privileges to facilitate their roles, such as decision-making authority and entitlement to compensation. Despite the importance of these rights and obligations, legal scholarship has devoted relatively limited attention to the topic, particularly in the context of limited liability companies. This study aims to address this gap by providing a comprehensive analysis of the managerial role, examining the legal foundations of their rights and duties, and assessing the managerial competencies required for effective performance.

The primary objective of this research is to conduct a critical analysis of the rights and duties of managers in limited liability companies, grounded in the managerial legislative framework. This involves a detailed examination of the relevant statutes, including the Slovak Commercial Code and Civil Code, as well as judicial precedents that shape the interpretation and application of these laws. By analyzing case law from both Slovak and Czech jurisdictions, the study seeks to understand how judicial decisions influence the definition and enforcement of managerial responsibilities, offering insights into the practical implications of the legislative framework (Supreme Court of the Czech Republic, 1999, 2010). The research also evaluates whether the current legal provisions adequately address the complexities of managerial roles or if legislative reforms are necessary to enhance clarity, accountability, and effectiveness.

The research problem centers on critically assessing the rights and obligations of managers within the legislative framework of limited liability companies. This involves exploring whether the legal system provides sufficient guidance and protections for managers while ensuring they fulfill their responsibilities to the company and its stakeholders. The research objective is to evaluate the strengths and weaknesses of the existing regulations, identify potential gaps, and propose recommendations for improvement where necessary. The guiding research question is: Are the rights and obligations of managers in limited liability companies adequately addressed and regulated by the current legislative framework?

To achieve these objectives, the study employs a multidisciplinary approach, combining legal analysis with insights from managerial theory. Sub-goals include analyzing the managerial knowledge and skills essential for effective performance, as outlined by scholars such as Jankelova et al. (2021), and examining specific provisions of the Commercial Code, Civil Code, and Trade Act that govern managerial roles. The analysis of managerial competencies focuses on skills such as planning, organizing, leading, and controlling, which are critical for strategic decision-making and operational success (Chochia & Kerikmae, 2018). By integrating these perspectives, the study provides a holistic understanding of the managerial role, bridging the gap between legal obligations and practical responsibilities.

The research also compares the development of Slovak and Czech jurisprudence to assess its impact on the regulation of managerial roles. This comparative approach highlights similarities and differences in judicial interpretations, offering valuable insights into the evolution of legal standards and their implications for corporate governance. For instance, decisions by the Supreme Court of the Czech Republic (2004) have clarified concepts such as business management, shaping the scope of managerial authority in both jurisdictions. By critically evaluating these findings, the study aims to determine whether the current legislative framework is robust enough to support effective managerial performance or if significant legislative intervention is required to address emerging challenges.

The significance of this research lies in its potential to inform policymakers, corporate leaders, and legal practitioners about the adequacy of the legal framework governing limited liability companies. By identifying areas for improvement, such as clearer guidelines on managerial qualifications or enhanced oversight mechanisms, the study contributes to the ongoing discourse on corporate governance and managerial accountability. Ultimately, this analysis seeks to ensure that managers can effectively navigate their roles, balancing autonomy with responsibility, while promoting the long-term success and sustainability of limited liability companies in a competitive business landscape.

2. PARAPHRASED LITERATURE REVIEW

The role of managers in limited liability companies is a cornerstone of corporate governance, as they serve as the legal embodiment of the company's actions and decisions. According to Bondareva and Zatrochova (2014), the actions of managers are legally considered a direct manifestation of the company's will, underscoring their pivotal role in representing the organization in both internal and external affairs. This legal equivalence places significant responsibility on managers to act in the company's best interests while navigating complex commercial and legal landscapes. The number of managers within a limited liability company is determined by the company's founders, who have the discretion to appoint one or multiple executives based on the organization's needs and structure (Kuciuk, 2021; Gazacu, 2023). This flexibility allows companies to tailor their governance framework to their operational scale and strategic objectives.

The Slovak Commercial Code provides a foundational framework for managerial authority, stipulating that when multiple managers are appointed, each is entitled to act independently on behalf of the company unless the articles of association specify otherwise (Cajka & Abrham, 2019). This provision is critical, as the articles of association can modify the scope and manner of managerial actions, enabling customized governance arrangements. For instance, the articles may require joint action by all managers for certain decisions, enhancing oversight but potentially reducing operational efficiency. This flexibility in defining managerial roles highlights the importance of carefully drafting the articles of association to balance autonomy with accountability, ensuring that managerial actions align with the company's objectives while mitigating risks of mismanagement.

Funta (2023) argues that the number of managers is often influenced by the size of the company, with larger organizations typically appointing multiple executives to ensure operational flexibility and effective decision-making. A greater number of managers can facilitate the distribution of responsibilities, allowing the company to respond swiftly to market demands. However, this approach also introduces risks, as a larger managerial team may increase the likelihood of entering into contracts that are disadvantageous to the company due to differing priorities or lack of coordination. Gregusova et al. (2016) offer a nuanced perspective, suggesting that while a single manager may pose similar risks, a smaller managerial team is generally easier for shareholders to monitor and control. This debate underscores the need for a governance structure that optimizes managerial efficiency while maintaining robust oversight mechanisms to protect the company's interests.

The Commercial Code, specifically §133(2), mandates that only natural persons can serve as managers, distinguishing this role from shareholders, who may be either natural or legal entities (Dušek, 2018). This requirement reflects the legislature's intent to ensure that managers possess the personal accountability and decision-making capacity necessary for their roles. Importantly, the law does not restrict managerial appointments to shareholders, allowing companies to select executives from outside the ownership structure. Kubickova et al. (2022) advocate for appointing managers who are also shareholders, arguing that such individuals often exhibit a stronger psychological commitment to the company's success due to their vested interest. This alignment of interests can foster greater dedication and loyalty, as shareholder-managers are more likely to prioritize long-term profitability over short-term gains. However, Čajkova et al. (2023) caution that shareholder-managers may lack the requisite managerial skills, in which case appointing an external professional with proven expertise may be more beneficial. This tension between commitment and competence highlights a critical challenge in managerial selection: balancing emotional investment with technical proficiency to ensure effective leadership.

The literature also emphasizes the importance of distinguishing between limiting managerial authority and defining the manner of their actions. Limiting authority involves restricting the scope of legal acts a manager can perform, such as requiring approval for high-value transactions, while the manner of action pertains to how managers exercise their authority, such as acting independently or jointly (Cajka & Abrham, 2019). These distinctions are crucial for maintaining legal clarity and protecting the company from unauthorized or imprudent decisions. The Commercial Code's flexibility in allowing modifications through the articles of association provides companies with the tools to tailor managerial roles to their specific needs, but it also requires careful drafting to avoid ambiguity or conflicts (Funta, 2023).

Scholarly discussions further highlight gaps in the literature, particularly regarding best practices for managerial selection and the balance of rights and obligations. While the Commercial Code provides a robust framework for defining managerial roles, it lacks detailed guidelines on assessing managerial qualifications or ensuring consistent oversight (Gregusova et al., 2016). This absence can lead to variability in managerial performance, potentially undermining corporate governance. Additionally, the literature suggests that the psychological commitment of shareholder-managers, while valuable, must be weighed against the need for professional expertise, especially in complex or rapidly evolving industries (Kubickova et al., 2022). These gaps underscore the need for further research to develop comprehensive frameworks for managerial selection and accountability.

In summary, the literature provides a multifaceted understanding of the managerial role in limited liability companies, emphasizing the legal, operational, and psychological dimensions of their responsibilities. Managers act as the company's legal representatives, with their actions reflecting the organization's will, as outlined by

Bondareva and Zatrochova (2014). The Commercial Code's provisions, particularly §133, offer a flexible yet structured approach to defining managerial authority, allowing customization through the articles of association (Cajka & Abrham, 2019). The number of managers, influenced by company size, impacts operational flexibility and risk exposure, with scholars debating the merits of single versus multiple executives (Funta, 2023; Gregusova et al., 2016). The requirement for managers to be natural persons ensures personal accountability, but the choice between shareholder and external managers involves trade-offs between commitment and competence (Dušek, 2018; Kubickova et al., 2022; Čajkova et al., 2023). Despite these insights, gaps remain in addressing managerial qualifications and oversight mechanisms, warranting further investigation to enhance the effectiveness of corporate governance in limited liability companies.

3. PARAPHRASED MATERIALS AND METHODS

This study employs a robust methodological framework to examine the rights and obligations of managers in limited liability companies, integrating legal analysis with a comparative evaluation of the Slovak and Czech legal systems. The primary aim is to critically assess the legislative framework governing managerial roles, identifying its strengths, weaknesses, and potential shortcomings. To achieve this, the research utilizes a comprehensive array of primary and secondary sources, including key legislative texts, scholarly literature, and judicial precedents. The methodology is structured to provide a thorough understanding of the legal principles that define managerial responsibilities, establishing a solid foundation for evaluating their effectiveness and proposing potential enhancements to the regulatory framework.

The primary sources of this study are the legislative texts that form the backbone of commercial and civil law in Slovakia. These include the Civil Code (Act No. 40/1964 Coll., as amended), which outlines fundamental principles of legal capacity and contractual relationships (National Assembly of the Czechoslovak Socialist Republic, 1964); the Trade Act (Act No. 455/1991 Coll., as amended), which sets out the general conditions for business activities (Federal Assembly of the Czech and Slovak Federative Republic, 1991a); and the Commercial Code (Act No. 513/1991 Coll., as amended), which provides detailed regulations on the structure, rights, and duties of managers in limited liability companies (Federal Assembly of the Czech and Slovak Federative Republic, 1991b). These statutes were selected for their direct relevance to the research topic, as they collectively shape the legal environment in which managers operate. By analyzing these laws, the study seeks to elucidate the scope of managerial authority and the mechanisms designed to ensure accountability within corporate governance structures, offering authoritative guidance on the statutory obligations and privileges of managers.

In addition to primary legal sources, the research incorporates secondary sources, including professional and scientific literature sourced from reputable databases such as Web of Science and Scopus. These sources provide theoretical insights and empirical data on managerial roles, corporate governance, and legal interpretations, enriching the analysis with diverse perspectives. The selection of literature was guided by its alignment with the study's objectives, focusing on works that explore the intersection of law and management in limited liability companies (e.g., Horvat et al., 2017; Jankelová et al., 2021). This multidisciplinary approach ensures that the research is grounded in both legal doctrine and managerial theory, fostering a comprehensive understanding of the complexities surrounding managerial roles. By integrating these perspectives, the study bridges the gap between theoretical legal principles and practical managerial responsibilities, enhancing the depth of the analysis.

The research employs a combination of logical and scientific methods to systematically analyze the legal framework and its practical application. Logical methods, which are universally applicable across disciplines, form the foundation of the research by ensuring the accuracy and coherence of the analytical process. These methods guide the formulation of conclusions based on established legal principles, drawing on extensive expertise to maintain the integrity and clarity of the findings. A key logical method utilized is abstraction, which involves synthesizing related legal provisions into a unified framework and extracting the most critical elements for analysis. For instance, provisions from the Commercial Code and Civil Code were combined to create a cohesive perspective on managerial duties, with the most significant aspects highlighted to underscore their practical implications (Patakyová & Grambličková, 2020).

Scientific methods are integral to the research, with the analytical method playing a central role in dissecting the current legal status of managerial roles. This method involves collecting and evaluating multiple interpretations of legislative provisions and judicial decisions to construct a comprehensive understanding of the topic (Mamojka & Ivan, 2016). The synthesis method complements this approach by breaking down the research into smaller components such as specific rights and obligations analyzing each in detail, and then integrating them into a coherent whole. This process enables a nuanced examination of how legal provisions interact and influence managerial behavior, leading to well-supported conclusions that address the research objectives (Funta & Ondria, 2021).

The comparison method is employed to identify similarities and differences across legal branches and jurisdictions, with a particular focus on the Slovak and Czech legal systems. By comparing provisions in the Commercial Code with those in the Civil Code and Trade Act, the study reveals variations in regulatory approaches and their implications for managerial roles. This comparative analysis extends to jurisprudence, examining Slovak and Czech court decisions that interpret key provisions. Judgments were selected based on their relevance and authority, prioritizing those that remain valid and carry significant interpretive weight. For example, rulings addressing ambiguous provisions in the Commercial Code were chosen to highlight practical challenges in their application, as these often reflect areas requiring further scrutiny (Supreme Court of the Czech Republic, 1999, 2010a, 2010b).

The selection of legal provisions and judicial decisions was guided by a critical evaluation of their practical significance. Provisions were chosen based on their direct relevance to managerial rights and obligations, with a focus on those frequently cited in judicial decisions, indicating their contentious or ambiguous nature (Supreme Court of the Slovak Republic, 2000). This criterion ensured that the analysis addressed real-world issues faced by managers and companies, enhancing its practical relevance. Similarly, only the most authoritative and recent judgments were included to provide a reliable basis for understanding the current legal landscape. Doctrinal interpretations were also incorporated to contextualize judicial decisions, offering deeper insights into how legal theory informs practice (Mamojka et al., 2016).

The research also leverages descriptive techniques to provide a detailed account of the legislative framework and its application, ensuring that the findings are accessible and relevant to both legal and managerial audiences. By combining these methods—abstraction, analysis, synthesis, comparison, and description—the study achieves a systematic and rigorous examination of the legislative framework governing managerial roles. This approach enables the research to meet its objectives, critically evaluate the adequacy of existing regulations, and propose informed recommendations for improving corporate governance and managerial accountability (Števček & Ivančo, 2021).

The comparative analysis of Slovak and Czech legal systems is particularly valuable, as it highlights the evolution of judicial interpretations and their impact on managerial roles. For instance, decisions by the Supreme Court of the Czech Republic (2004) have clarified concepts such as business management, shaping the scope of managerial authority in both jurisdictions. By examining these precedents, the study identifies best practices and potential areas for harmonization, contributing to a broader understanding of corporate governance in Central Europe (Srebalová & Vojtěch, 2021). The focus on authoritative judgments ensures that the analysis is grounded in the most reliable and current interpretations of the law, enhancing its credibility and applicability.

In summary, the methodological framework of this study integrates primary legal sources, secondary literature, and judicial precedents to provide a comprehensive analysis of managerial roles in limited liability companies. By employing logical and scientific methods, including abstraction, analysis, synthesis, comparison, and description, the research ensures a thorough and systematic examination of the legislative framework. This approach allows the study to address its research objectives, evaluate the strengths and weaknesses of existing regulations, and propose recommendations for enhancing managerial accountability and corporate governance. The comparative perspective, supported by authoritative sources, underscores the study's contribution to the ongoing discourse on effective management within limited liability companies (Nováčková et al., 2023).

4. FINDINGS AND ANALYSIS

The exploration of the role of executives in limited liability companies reveals a multifaceted framework governing their responsibilities, competencies, and legal obligations. This section presents the outcomes of a comprehensive analysis, delving into the managerial capabilities required of executives, the statutory prerequisites for their appointment, the constraints on their authority, the scope of their powers, and the catalog of rights and duties as defined by Slovak legislation and judicial interpretations. Additionally, it examines specific obligations such as adherence to non-competition rules, proper maintenance of records, and the exercise of professional care through the lens of Slovak and Czech jurisprudence. The findings underscore the balance between managerial autonomy and accountability, highlighting the legal mechanisms that ensure executives act in the best interests of the company while navigating complex commercial environments.

4.1. Essential Managerial Competencies for Executives

Executives in limited liability companies occupy a pivotal role, serving as top-tier managers responsible for steering the organization toward success. Their position demands a robust set of managerial skills to navigate strategic decision-making, oversee operations, and ensure the company's competitiveness in a dynamic market. According to management theorists, effective executives must master four core functions: planning, organizing, leading, and controlling (Chochia & Kerikmäe, 2018). These functions form the backbone of managerial efficacy, enabling executives to align the company's objectives with its operational realities.

Planning is the cornerstone of managerial responsibility, requiring executives to chart the course of the company's activities. This involves identifying priorities, setting timelines, and allocating resources to achieve strategic goals. For instance, executives must determine which tasks require immediate attention and which can be deferred, ensuring that critical deadlines—such as filing tax returns—are met to avoid penalties (Jankelová et al., 2021). Poor planning, such as neglecting to schedule tax-related activities, can expose the company to sanctions from state authorities, undermining its financial stability. Effective planning thus demands foresight, prioritization, and an understanding of the company's legal and operational obligations.

Organizing entails creating a structured framework of relationships among employees to facilitate the execution of planned objectives. This involves designing an organizational hierarchy, assigning roles, and coordinating activities to ensure seamless operations (Majerčáková & Mittelman, 2016). In practice, executives must establish clear lines of communication and authority, enabling employees to work collaboratively toward common goals. For example, in a manufacturing firm, the executive might organize production teams to optimize workflow, ensuring that each department contributes to the company's output efficiently. This skill is particularly crucial in larger companies, where complex operations require meticulous coordination.

Leading involves directing and motivating employees to achieve the company's objectives. Executives must inspire their teams, fostering a culture of commitment and productivity. This requires emotional intelligence, effective communication, and the ability to align individual aspirations with organizational goals. For instance, an executive might implement incentive programs to boost employee morale or conduct regular performance reviews to provide constructive feedback. Leadership is not merely about issuing directives but about cultivating a shared vision that drives the company forward (Jankelová et al., 2021).

Controlling is the process of monitoring activities to ensure they align with the company's goals. Executives must assess performance metrics, compare outcomes against targets, and intervene when discrepancies arise. In a retail company, for example, an executive might track sales data to evaluate the effectiveness of a marketing campaign, adjusting strategies if results fall short. In smaller firms, executives can oversee operations directly, but in larger organizations, detailed control becomes impractical, necessitating the delegation of responsibilities to line managers (Horváthová & Čajková, 2019). This delegation, however, does not absolve executives of ultimate accountability, as they remain responsible for the company's overall performance.

These four functions are not exhaustive but represent the foundational competencies expected of executives. Additional skills, such as strategic thinking, financial acumen, and adaptability, further enhance their effectiveness. The high remuneration associated with the executive role ranging from €2,200 to €11,700 monthly in Slovakia, compared to the national average of €1,113 in Q3 2020 reflects the significant responsibilities and expectations placed on these individuals (Statistical Office of the Slovak Republic, as cited in the original document). The financial rewards underscore the need for executives to possess not only technical expertise but also the ability to navigate complex interpersonal and strategic challenges.

The importance of these skills is amplified by the executive's role as the legal representative of the company. Their decisions, whether approving subordinate actions or entering into contracts, are considered the company's own, binding it legally and financially (Bondareva & Zatrochová, 2014). This legal attribution heightens the stakes of managerial competence, as errors in planning or leadership can have far-reaching consequences, from financial losses to reputational damage. For example, an executive who fails to organize resources effectively might delay a critical project, resulting in missed market opportunities or contractual penalties.

Moreover, the dynamic nature of the market economy demands that executives remain agile, adapting to technological advancements, regulatory changes, and competitive pressures. In Slovakia, where limited liability companies are the predominant business form due to their flexibility and limited liability protection

(Horvat et al., 2017), executives must balance innovation with risk management. This requires a deep understanding of the company’s operational environment and the ability to anticipate challenges, such as supply chain disruptions or shifts in consumer demand.

The absence of mandatory qualification requirements in Slovak legislation for executives highlights the reliance on these managerial skills. While the law does not prescribe specific educational or professional credentials, the expectation is that executives possess the expertise necessary to fulfill their roles effectively. This legislative gap places the onus on company founders to select competent individuals, often favoring partners who have a vested interest in the company’s success (Kubíčková et al., 2022). However, as Čajková et al. (2023) note, partners may lack the requisite skills, necessitating the appointment of external professionals who bring specialized knowledge but may lack the same emotional commitment to the company.

In conclusion, the managerial skills of executives are critical to the success of limited liability companies. Planning, organizing, leading, and controlling form the core of their responsibilities, supplemented by strategic and interpersonal competencies. The high stakes of their role, coupled with the absence of formal qualification requirements, underscore the need for rigorous selection processes to ensure executives are equipped to navigate the complexities of corporate governance and market dynamics.

4.2. Statutory Prerequisites for Executive Appointment

The appointment of an executive in a limited liability company is governed by strict legal conditions outlined in Slovak legislation, ensuring that only qualified individuals assume this critical role. These prerequisites, primarily found in the Commercial Code and the Trade Act, establish a baseline of eligibility to safeguard the company’s interests and maintain a stable business environment. Unlike managerial skills, which are desirable but not legally mandated, these conditions are non-negotiable, reflecting the legislature’s intent to protect companies from unqualified or compromised leadership.

The **first condition** is the attainment of at least 18 years of age, an absolute requirement that cannot be waived under any circumstances. This threshold is distinct from the concept of legal majority, which, under §8 of the Civil Code, can be achieved earlier through marriage (National Assembly of the Czechoslovak Socialist Republic, 1964). By setting a fixed age requirement, the legislature aims to ensure a minimum level of maturity and life experience, recognizing the significant responsibilities executives bear. For example, a 17-year-old who has attained majority through marriage is still ineligible to serve as an executive, reflecting the legislature’s prioritization of age over legal status.

The **second condition** is full capacity for legal acts, meaning the executive must not be subject to any limitations on their ability to enter into legal agreements. While complete deprivation of legal capacity is no longer permissible under Slovak law, partial restrictions can be imposed (e.g., due to mental health issues or guardianship arrangements). An individual with limited capacity is barred from serving as an executive, as their ability to make binding decisions on behalf of the company could be compromised (National Assembly of the Czechoslovak Socialist Republic, 1964). This requirement ensures that executives can fully exercise their authority without external constraints, protecting the company from potential legal challenges to their actions.

The **third condition**, integrity, is a relative criterion that excludes individuals with certain criminal convictions. According to §6(2) of the Trade Act, a person is deemed to lack integrity if they have been convicted of economic crimes, property crimes, or other intentional offenses related to the company's business activities (Federal Assembly of the Czech and Slovak Federative Republic, 1991a). However, if the conviction is expunged or treated as if it never occurred, the individual is considered blameless. This condition aims to prevent individuals with a history of financial or ethical misconduct from holding positions of trust, thereby safeguarding the company and its stakeholders. For instance, an executive convicted of fraud would be disqualified, but someone with a minor, unrelated offense might still be eligible.

The **fourth condition** prohibits individuals listed in the disqualification register from serving as executives. Established under §13a of the Commercial Code, this register identifies individuals who have failed to fulfill their obligations, causing harm to companies or third parties (Federal Assembly of the Czech and Slovak Federative Republic, 1991b). Inclusion in the register, which is publicly accessible on the Slovak Ministry of Justice's website, results from a court or administrative decision and typically lasts for three years or as specified. As of the study's context, 326 individuals were listed, reflecting the register's role in maintaining a trustworthy business environment. The registry court verifies compliance with this condition during company registration, ensuring that disqualified individuals are excluded from executive roles (Funta & Ondria, 2021).

These conditions collectively ensure that executives are mature, legally capable, ethically sound, and free from disqualifying misconduct. The appointment process occurs in two scenarios: initial registration, where partners designate executives in the partnership agreement, or during operations, where the general meeting appoints or replaces executives under §125(1)(f) of the Commercial Code (Patakyová & Gramblíčková, 2020). The Trade Act's applicability to executives, despite their non-tradesman status, underscores the legislature's intent to impose uniform standards on statutory bodies of legal entities, ensuring consistency across corporate governance frameworks.

The absence of educational or professional qualifications in these prerequisites is notable. While desirable, such qualifications are left to the discretion of company founders, who may prioritize loyalty or familiarity over expertise. This flexibility allows companies to tailor executive selection to their needs but risks appointing individuals ill-equipped for the role. For example, a partner appointed as an executive due to their ownership stake may lack the strategic vision required to manage a growing firm, potentially necessitating external hires (Čajková et al., 2023).

In practice, these conditions balance the need for competent leadership with the protection of the company's interests. By requiring natural persons rather than legal entities to serve as executives, the law ensures personal accountability, as individuals can be held liable for their actions (Dušek, 2018). The psychological commitment of partner-executives, as highlighted by Kubíčková et al. (2022), further aligns their interests with the company's, though external executives may bring objectivity and specialized expertise. The legislative framework thus provides a robust foundation for executive appointment, with jurisprudence filling gaps in interpretation and application.

4.3. Constraints on Executive Authority and Modes of Action

The authority of executives in limited liability companies is both expansive and subject to specific constraints, reflecting the need to balance autonomy with accountability. Slovak legislation distinguishes between limitations on executive authority and the manner of action, two concepts that govern how executives exercise their powers and interact with third parties. Understanding these distinctions is critical to ensuring legal certainty and protecting the company from unauthorized actions.

Limitation of executive authority refers to restrictions on the scope of legal acts an executive can perform. By default, executives have broad authority to undertake all legal acts on behalf of the company, such as signing contracts or representing the firm in court. However, this authority can be narrowed through provisions in the articles of association or decisions of the general meeting. For example, a company might stipulate that executives require approval for transactions exceeding €30,000, limiting their ability to act unilaterally in high-value deals (Matejková & Pavelek, 2020). These restrictions are internal, meaning they bind the executive within the company but have no legal effect on third parties, as per §133(3) and §13(4) of the Commercial Code (Federal Assembly of the Czech and Slovak Federative Republic, 1991b). This principle protects third parties who are unaware of internal limitations, ensuring that contracts signed by executives, even in violation of restrictions, remain binding on the company.

The ineffectiveness of internal limitations against third parties poses challenges for companies. If an executive exceeds their authority, the company is obligated to honor the transaction, leaving it to seek compensation from the executive for any resulting damage (Peráček, 2022). This dynamic underscores the importance of clear internal agreements, such as contractual penalties, to deter unauthorized actions. For instance, a company might include a clause in the executive's contract imposing fines for breaching authority limits, providing a financial incentive for compliance.

In contrast, the manner of action defines how executives exercise their authority, particularly in companies with multiple executives. The articles of association specify whether executives act independently or jointly, and these details are publicly disclosed in the Commercial Register, making them binding on third parties (Supreme Court of the Czech Republic, 2001, 2002). For example, if the articles require two executives to act together for transactions above a certain threshold, a contract signed by only one executive is invalid, as it violates the registered manner of action. The Supreme Court of the Czech Republic’s ruling in No. 29 Cdo 301/2010 clarified that such stipulations constitute a manner of action under §133(1), not a limitation of authority under §133(3), ensuring legal clarity (Supreme Court of the Czech Republic, 2010).

The distinction between these concepts has practical implications. By registering the manner of action, companies can mitigate risks associated with unauthorized transactions, as third parties can verify these details in the Commercial Register. However, prior to the 2020 amendment to the Commercial Code, some companies attempted to register authority limitations as manners of action, blurring the line between the two. The amendment, effective October 1, 2020, clarified that limitations cannot be registered, requiring companies to update their entries by September 30, 2021 (Federal Assembly of the Czech and Slovak Federative Republic, 1991). This reform addressed inconsistencies in registry court practices and overturned Czech jurisprudence that had permitted such registrations, enhancing legal certainty.

In practice, companies must carefully draft their articles of association to balance flexibility and control. For instance, a small firm might allow executives to act independently for operational efficiency, while a larger company might require joint action for major decisions to ensure oversight. The public nature of the manner of action protects third parties, who can rely on the Commercial Register, but places the burden on companies to enforce internal limitations through contractual or governance mechanisms.

The interplay between these concepts highlights the legislature’s effort to protect both the company and external stakeholders. By limiting the external enforceability of authority restrictions, the law prioritizes transactional certainty, while the public disclosure of action manners ensures transparency. Executives must navigate these constraints with diligence, as violations can lead to personal liability or invalid transactions, impacting the company’s operations and reputation.

4.4. Scope of Executive Powers

Executives in limited liability companies wield two primary types of powers: statutory body competence and business management competence. These powers define their ability to act externally on behalf of the company and manage its internal affairs, respectively, forming the foundation of their role as corporate representatives.

Statutory body competence encompasses the executive’s authority to represent the company in all external matters, such as negotiating contracts, appearing before courts, or interacting with regulatory authorities. This competence is inherently broad and cannot be limited with effects against third parties, ensuring that the company can engage seamlessly in legal and commercial relationships (Mamojka & Ivan, 2016). For example, an executive signing a supply agreement binds the company, regardless of internal restrictions, as third parties are not obligated to verify such limitations. This principle, rooted in §133(3) of the Commercial Code, protects the reliability of commercial transactions but requires companies to enforce internal controls to prevent abuse.

Business management competence pertains to internal decision-making, including organizational, technical, and strategic matters. Executives have general authority to make decisions about the company's operations, such as approving business plans, setting policies, or restructuring departments (Patakyová & Grambličková, 2020). However, this authority can be curtailed by the articles of association, the law, or general meeting resolutions, which may reserve certain decisions for other bodies, such as approving major investments. Unlike statutory body competence, business management decisions are collective in companies with multiple executives, requiring majority approval unless the articles specify a higher threshold (§134, Commercial Code).

The collective nature of business management decisions ensures checks and balances, particularly in larger firms. For instance, a decision to expand into a new market would require consensus among executives, preventing unilateral actions that could jeopardize the company's stability. In single-executive companies, this requirement is moot, as the executive acts alone (Jankelová et al., 2018). The flexibility to adjust voting thresholds in the articles of association allows companies to tailor governance structures to their needs, though reductions below a majority are invalid, reflecting the dispositive principle's limits.

The concept of business management is not explicitly defined in Slovak legislation, relying on legal doctrine and jurisprudence for clarity. The Supreme Court of the Czech Republic's 2004 ruling (No. 29 Cdo 479/2003) defines it as the organization and management of business activities, including strategic planning and operational oversight (Supreme Court of the Czech Republic, 2004). This broad interpretation encompasses decisions on resource allocation, market positioning, and internal policies, which may culminate in legal acts like contracts. For example, a business management decision to avoid partnerships with a specific supplier could lead to a directive prohibiting such contracts, with violations triggering liability for the offending executive.

The dual nature of executive powers reflects the tension between external representation and internal governance. Statutory body competence ensures the company's ability to operate in the marketplace, while business management competence empowers executives to shape its strategic direction. The interplay between these powers requires executives to act with precision, aligning internal decisions with external obligations to avoid conflicts or legal repercussions.

4.5. Catalog of Executive Rights and Obligations

The rights and obligations of executives in limited liability companies are dispersed across the Commercial Code, reflecting the principle of dispositive autonomy in commercial law. While obligations are extensively regulated to ensure legal certainty, rights are less explicitly defined, leaving their scope to contractual agreements between the executive and the company. This section outlines the key rights and obligations, emphasizing their role in shaping executive accountability and corporate governance.

Obligations are numerous and detailed, reflecting the executive's pivotal role in safeguarding the company's interests. Key duties include:

1. **Record-keeping and accounting** (§135(1)): Executives must ensure accurate maintenance of financial and operational records, a critical obligation to comply with tax and regulatory requirements.
2. **Financial reporting** (§135(2)): Submitting financial statements and profit distribution proposals to the general meeting for approval ensures transparency and stakeholder oversight.
3. **Annual reporting** (§135(2)): Where required, executives prepare annual reports to comply with accounting laws (§19, §20, Accounting Act).
4. **Partner management** (§135(1)): Maintaining an updated list of partners and informing them about company affairs fosters trust and compliance.
5. **Property acquisition oversight** (§59a): Ensuring legal compliance when the company acquires assets from founders or partners prevents conflicts of interest.
6. **Damage prevention** (§66(2)): Notifying the company of measures to avert imminent harm, particularly during executive transitions, protects its stability.
7. **Commercial register compliance** (§112, §113): Filing registration proposals and reporting deposit repayments ensure legal formalities are met.
8. **Financial oversight** (§113(2), §123, §124(2)): Pursuing late payments, supervising profit distribution, and managing the reserve fund maintain fiscal health.
9. **General meeting duties** (§128, §129, §130): Convening meetings, announcing agendas, and reporting voting results uphold governance standards.
10. **Professional care and compliance** (§135a, §136): Acting with diligence, adhering to competition restrictions, and prioritizing company interests are foundational duties.
11. **Governance support** (§140, §141): Facilitating supervisory board participation and updating partnership agreements ensure robust oversight.
12. **Liability for damages** (§135a(2), (5)): Compensating the company for breaches and satisfying creditor claims in insolvency scenarios underscore personal accountability.
13. **Capital and restructuring duties** (§147, §69b): Publishing capital reductions and justifying mergers or legal form changes protect stakeholders.

These obligations, while rooted in the Commercial Code, are supplemented by related laws, such as the Bankruptcy and Restructuring Act and GDPR, highlighting the executive's broad compliance responsibilities (Janáková & Zatrochová, 2019). The extensive list ensures that executives act as stewards of the company, prioritizing its long-term viability over personal or short-term gains.

Rights, in contrast, are less comprehensively codified, reflecting the dispositive nature of commercial law. The Commercial Code outlines general rights, with specifics determined by contracts, often modeled on mandate agreements (§566–§576). Key rights include:

1. **Remuneration** (§125(1)(f)): Executives are entitled to compensation, determined by the general meeting or, if unspecified, based on customary rates for similar roles (§571(1)). The amount varies depending on the scope of authority, with limited powers warranting lower pay (Supreme Court of the Slovak Republic, 2000).
2. **Severance pay**: Unlike labor law, severance is not mandated but can be contractually agreed upon, providing flexibility but no default entitlement (National Council of the Slovak Republic, 2001).
3. **Information access** (§135a(1)): Executives have the right to obtain information from corporate bodies, such as general meeting resolutions, essential for informed decision-making.
4. **Legal recourse** (§131): Executives can challenge invalid general meeting resolutions in court, protecting their interests and ensuring legal compliance.
5. **Reserve fund management** (§124(1)): Deciding on the use of the reserve fund to cover losses empowers executives to address financial crises.

The asymmetry between rights and obligations reflects the legislature's focus on protecting the company and its stakeholders. Executives' rights are largely contractual, allowing companies to tailor incentives to their needs, while obligations are statutorily imposed to ensure accountability. This balance encourages executives to act diligently, knowing that their authority is tempered by significant responsibilities.

4.6. Key Duties in Jurisprudential Context

Certain executive duties—non-competition, record-keeping, and professional care—are particularly shaped by Slovak and Czech jurisprudence, which clarifies ambiguities in statutory provisions and establishes practical standards. These duties are critical to maintaining the company's integrity and protecting it from internal and external risks.

4.6.1. Non-Competition Obligations

The prohibition of competition, codified in §136 of the Commercial Code, restricts executives from engaging in activities that could undermine the company's interests. This duty is essential given the sensitive information executives access, such as trade secrets, client lists, and market strategies (Šidák et al., 2023). The prohibition targets two main activities:

1. **Self-interested transactions**: Executives cannot conclude deals in their own name related to the company's business. For example, an executive selling products similar to the company's offerings under their own brand violates this rule.

2. **Third-party transactions on own account**: Executives cannot facilitate deals through intermediaries for personal gain, such as commissioning a third party to secure a contract on their behalf (Skóra et al., 2022).

Additionally, executives are barred from mediating company business for others, participating as unlimited liability partners in competing firms, or serving in similar roles in entities with overlapping business objectives, except in parent-subsidiary relationships (Mamojka & Ivan, 2016). The Supreme Court of the Czech Republic (2010, No. 29 Cdo 20149/2009) clarified that this prohibition applies only during the executive's tenure unless extended contractually, providing flexibility for post-tenure arrangements (Supreme Court of the Czech Republic, 2010).

Violations trigger remedies under §65, allowing the company to claim property benefits (e.g., profits from competing transactions) or transfer of rights within three months of discovery or one year of occurrence. Beyond these periods, the company can seek damages within a four-year limitation period, covering actual losses and lost profits (Srebalová & Vojtěch, 2021). The Supreme Court of the Slovak Republic (1999, No. Obo 101/99) further clarified that partners obtaining trade licenses for similar activities do not violate the prohibition unless they actively engage in those activities, emphasizing actual competition over potential (Supreme Court of the Slovak Republic, 2000).

The non-competition duty protects the company from conflicts of interest, ensuring executives prioritize its success. Companies can extend these restrictions to partners via the articles of association, tailoring the scope to their needs (Matúšová & Nováček, 2022). This flexibility, combined with judicial clarity, strengthens the legal framework governing executive conduct.

4.6.2. Proper Maintenance of Records and Accounting

The obligation to ensure proper record-keeping and accounting (§135(1)) is a cornerstone of executive responsibility, ensuring compliance with financial and regulatory standards. The Commercial Code does not define "proper maintenance," leaving interpretation to jurisprudence. The Supreme Court of the Czech Republic (1999, No. 29 Cdo 1162/99) established that executives are exempt from liability if they engage a qualified person to manage records and provide necessary support, such as access to documents (Supreme Court of the Czech Republic, 1999).

Qualification requires objective credentials, such as relevant education, experience, or professional certifications, verified by membership in a professional body (Regional Court in Hradec Králové, 2003). Failure to meet these standards—e.g., hiring an unqualified accountant or neglecting to provide resources—triggers liability. The Regional Court in Hradec Králové (2001, No. 20 Co 271/2001) outlined three scenarios for breach: failing to ensure accounting, using an unqualified person, or not providing adequate conditions (Regional Court in Hradec Králové, 2001).

Liability relationships include the company's accountability to authorities (e.g., tax offices), the executive's liability to the company, and the accountant's liability to their professional body. This multi-layered framework ensures robust oversight, protecting the company from financial mismanagement and regulatory penalties.

4.6.3. Duty of Professional Care

The duty to perform with professional care (§135a) is a fundamental obligation, requiring executives to act with diligence, prioritize company interests, and consider partner interests. The Supreme Court of the Czech Republic (2010, No. 39 Cdo 3376/2009) defines professional care as the objective level of expertise expected of an executive, independent of their subjective abilities (Supreme Court of the Czech Republic, 2010b). This standard demands that executives acquire and apply relevant information, maintain confidentiality, and avoid prioritizing personal or select partner interests.

Specific obligations include obtaining all available information before decisions, safeguarding confidential data, and aligning actions with the company's interests. For example, an executive deciding on a merger must review financial reports and market analyses to ensure informed judgment. Confidentiality extends to trade secrets and information whose disclosure could harm the company, as defined in §271 of the Commercial Code (Mamojka & Ivan, 2016).

The prioritization of company interests over those of partners can create tension, particularly in profit distribution decisions. Legal doctrine emphasizes that company interests take precedence, as reinvesting profits may benefit long-term growth over immediate shareholder payouts (Patakyová & Grambličková, 2020). Executives must navigate these conflicts with care, ensuring decisions withstand scrutiny from both legal and ethical

5. DISCUSSION AND CONCLUSIONS

The role of executives in limited liability companies in Slovakia is both dynamic and complex, requiring a synthesis of legal obligations, managerial expertise, and strategic foresight to ensure organizational success. This study has explored the multifaceted responsibilities of executives, examining the managerial skills essential for their role, the legal prerequisites for their appointment, the constraints on their authority, the scope of their powers, and the specific duties shaped by Slovak and Czech jurisprudence. The findings highlight the delicate balance between autonomy and accountability, underscoring the legal and practical mechanisms that govern executive conduct. This section discusses the implications of these findings, offering insights into the challenges and opportunities of executive governance, and concludes with reflections on the broader significance of these insights for corporate management in Slovakia.

5.1. Discussion

The analysis reveals that executives in limited liability companies are pivotal to organizational performance, serving as both strategic leaders and legal representatives. Their role demands a robust set of managerial competencies, including planning, organizing, leading, and controlling, which are critical for navigating the complexities of a competitive market environment. These skills enable executives to align corporate objectives with operational realities, ensuring that the company remains agile and responsive to external pressures. For instance, effective planning allows executives to prioritize tasks such as tax filings, avoiding penalties that could destabilize the company's finances. Similarly, strong leadership fosters employee engagement, driving productivity and innovation. The absence of mandatory qualification requirements in Slovak legislation places significant responsibility on company founders to select individuals with these competencies, often leading to a preference for partners with a vested interest in the company's success. However, this flexibility can result in the appointment of executives who lack the necessary expertise, highlighting the need for rigorous selection processes to ensure managerial efficacy.

The statutory prerequisites for executive appointment, outlined in the Commercial Code and Trade Act, establish a baseline of eligibility to protect companies from unqualified leadership. The requirements of being at least 18 years old, possessing full legal capacity, maintaining integrity, and not being listed in the disqualification register are non-negotiable, ensuring that executives are mature, legally capable, and ethically sound. These conditions, while straightforward, are critical for maintaining trust in corporate governance. For example, the integrity criterion prevents individuals with convictions for economic crimes from assuming leadership roles, safeguarding the company from potential misconduct. The disqualification register, with 326 listed individuals as of the study's context, further reinforces accountability by excluding those who have previously harmed companies or creditors. The reliance on natural persons rather than legal entities for executive roles ensures personal accountability, as individuals can be held liable for their actions, aligning their interests with the company's long-term viability.

The constraints on executive authority and the manner of action provide a framework for balancing autonomy with oversight. The distinction between internal limitations, which restrict the scope of executive actions within the company, and the public manner of action, which governs how executives act externally, is crucial for legal certainty. Internal limitations, such as requiring approval for high-value transactions, protect the company from reckless decisions but are ineffective against third parties, ensuring transactional reliability. In contrast, the manner of action, registered in the Commercial Register, binds third parties, invalidating transactions that violate its terms. The 2020 amendment to the Commercial Code clarified this distinction, prohibiting the registration of authority limitations and resolving prior inconsistencies in registry practices. This reform enhances transparency, allowing companies to mitigate risks by clearly defining how executives act, particularly in multi-executive firms where joint action may be required for significant decisions.

The scope of executive powers, divided into statutory body competence and business management competence, reflects the dual nature of their role. Statutory body competence enables executives to represent the company externally, ensuring seamless engagement in legal and commercial relationships. Business management competence empowers them to make internal decisions, from organizational restructuring to strategic planning, subject to limitations imposed by the articles of association or general meeting resolutions. The collective decision-making requirement in multi-executive companies, as per §134 of the Commercial Code, ensures checks and balances, preventing unilateral actions that could jeopardize the company's stability. The Supreme Court of the Czech Republic's definition of business management as the organization and management of business activities provides clarity, emphasizing the executive's role in shaping the company's strategic direction.

The catalog of executive rights and obligations underscores the asymmetry between their responsibilities and privileges. Obligations, such as record-keeping, financial reporting, and professional care, are extensively regulated to ensure compliance and accountability (§135–§136, Commercial Code). These duties protect the company from mismanagement and regulatory penalties, requiring executives to act with diligence and prioritize corporate interests. In contrast, rights, such as remuneration and access to information, are less explicitly defined, relying on contractual agreements modeled on mandate contracts (§566–§576). This dispositive approach allows companies to tailor incentives, but the lack of statutory protections, such as mandatory severance, highlights the commercial nature of the executive role. The balance between obligations and rights encourages executives to perform diligently, knowing that their authority is tempered by significant responsibilities.

Specific duties, including non-competition, record-keeping, and professional care, are shaped by Slovak and Czech jurisprudence, which clarifies statutory ambiguities. The non-competition prohibition (§136) prevents executives from engaging in activities that could harm the company, such as competing transactions, with remedies like profit forfeiture ensuring accountability. The duty to maintain proper records and accounting, exempts executives from liability if they engage qualified professionals, provided they supply necessary resources. Professional care, defined as an objective standard of expertise, requires executives to act with diligence and prioritize company interests, navigating tensions between shareholder expectations and long-term growth. These jurisprudential insights enhance the legal framework, providing executives with practical guidance and reinforcing corporate governance standards.

The findings have practical implications for corporate management in Slovakia. The absence of qualification requirements necessitates robust selection criteria to ensure executives possess the necessary skills, particularly in small and medium-sized enterprises where resources for training may be limited. The legal framework's emphasis on accountability, through mechanisms like the disqualification register and liability for damages, protects companies but requires executives to exercise caution in their decisions. The 2020 amendment strengthens governance by clarifying authority constraints, but companies must proactively update their articles of association to align with these changes. The reliance on jurisprudence to interpret duties highlights the dynamic nature of the legal environment, requiring executives to stay informed of judicial developments to ensure compliance.

Comparative insights from the Czech Republic, where similar legal frameworks apply, suggest that Slovakia's approach is consistent with regional standards but could benefit from further harmonization. For instance, the Czech Republic's more developed case law on business management provides a model for clarifying ambiguous provisions in Slovak law. Additionally, the high remuneration of executives in Slovakia, compared to the national average reflects the significant expectations placed on them, justifying the need for stringent governance mechanisms to align their interests with the company's success.

5.2. Conclusions

The role of executives in limited liability companies in Slovakia is defined by a comprehensive legal framework that balances autonomy with accountability. Their managerial competencies, including planning, organizing, leading, and controlling, are essential for driving organizational success, yet the absence of mandatory qualifications underscores the importance of careful selection. Statutory prerequisites ensure that executives are mature, legally capable, and ethically sound, protecting companies from unqualified leadership. Constraints on authority and the manner of action provide mechanisms to control executive actions, with the 2020 Commercial Code amendment enhancing legal certainty. The dual powers of statutory body and business management competence enable executives to represent the company externally and manage it internally, subject to collective decision-making in multi-executive firms. The extensive obligations, contrasted with limited statutory rights, emphasize accountability, while jurisprudential interpretations of non-competition, record-keeping, and professional care provide practical guidance.

These findings highlight the critical role of executives in navigating the complexities of corporate governance. The legal framework, supported by Slovak and Czech jurisprudence, ensures that executives act in the company's best interests, but the reliance on contractual rights and judicial interpretations introduces flexibility and complexity. Companies must adopt robust governance practices, such as clear articles of association and professional development programs, to support effective executive performance. Future research could explore the impact of these governance mechanisms on company performance or compare Slovakia's framework with other European jurisdictions to identify best practices. Ultimately, the success of limited liability companies in Slovakia depends on executives who combine managerial expertise with legal diligence, ensuring sustainable growth in a dynamic market environment.

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Conceptualization, M.K. and T.P.; methodology, M.K.; software, T.P.; validation, M.K. and T.P.; formal analysis, M.K. and T.P.; investigation, M.K.; resources, T.P.; data curation, M.K.; writing—original draft preparation, M.K. and T.P.; writing—review and editing, T.P.; visualization, T.P.; supervision, T.P.; project administration, T.P.; funding acquisition, T.P. All authors have read and agreed to the published version of the manuscript.

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The authors declare no conflict of interest.

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