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MANAGING CORPORATIONS

Abstract

Corporations as legal entities act over their law regulated bodies. What makes a company of a certain type are bodies within it which make a functionally regulated organization of that company.

Bodies in a company are: Assembly as the highest body, Steering committee which runs affairs and represents the body and the Supervisory committee which supervises business management of the body.

The Steering committee is elected by the Assembly and it is accountable for its work to the Assembly. The Assembly often elects the Supervisory Board as well, which controls the Steering committee and is responsible to the Stockholder Assembly. The Steering committee chooses an executive body – the management, to perform executive functions in the field of representation and business leadership of the body.

The most important difference in managing structure of a Limited Liability Company and a Joint-stock company is that it is possible to revoke the members in the Steering committee or the director in a Limited Liability Company at any time without a reason, while in a Joint-stock company it is not possible considering that every body is sovereign in its domain without the possibility of any other body which is, in terms of status hierarchically “above” that body, to interfere in its the work scope.

Key words: *Managing companies, Joint-stock company Assembly, conference of a Joint-stock company Assembly, members of the Steering committee, Executive board.*

JEL classification: Q13

УПРАВЉАЊЕ ДРУШТВИМА КАПИТАЛА

Апстракт

Друштва капитала, као правна лица, дјелују преко својих органа уређених законом. Да би друштво било одређеног типа у њему морају постојати органи који чине функционално уређену организацију тог друштва.

Органи у друштву су: Скупштина као највиши орган, Управни одбор који води послове и заступа друштво и Надзорни одбор који врши надзор у вођењу послава друштва.

Скупштина бира Управни одбор који њој одговара за свој рад, а често

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истовремено бира и Надзорни одбор, који је стручни орган који контролише Управни одбор, а одговоран је Скупштини акционара. Управни одбор, за обављање извршних функција из области заступања и пословног вођења друштва, бира извршни орган – менаџмент.

Најважнија разлика у структури управљања друштва са ограниченом одговорношћу и акционарског друштва је у томе што је могуће опозвати чланове Управног одбора или директора у друштву са ограниченом одговорношћу у свако доба и без навођења било каквог разлога, док код акционарског друштва то није могуће обзиром да је сваки орган суверен у своје домену без могућности другог органа, који је у статусном смислу хијерархијски „изнад“ тог органа, да се мијеша у дјелокруг рада тог органа.

Кључне речи: *Управљање друштвима капитала, Скупштина АД, не физичка сједница Скупштине АД, Управни одбор, чланови Управног одбора, извршни одбор.*

Introduction

Bodies in a company are: Assembly as the highest body, Steering committee which runs affairs and represents the body and the Supervisory committee which supervises business management of the body.

The Steering committee is elected by the Assembly and is accountable for its work to it. The Assembly often elects the Supervisory Board as well, which controls the Steering committee and is responsible to the Stockholder Assembly. The Steering committee chooses an executive body – the management, to perform executive functions in the field of representation and business leadership of the body. Each of the listed bodies is sovereign in its domain without the possibility of any other body which is, in terms of status hierarchically above the body determined by law or statute, to interfere in its work scope (Vasiljević, 2012a, p. 538). Body being hierarchically above another is exclusively a status matter in electing or dismissal of lower body members.

In a Limited Liability Company which is organized differently from a Joint-stock company and which is regulated more modestly with a possibility of greater autonomy of its members, there is a different hierarchical relationship in position of the Steering committee to the Assembly in relation to the Joint-stock companies.

Duties and responsibilities of management of corporations

In order for a company to be of a certain type there have to be certain bodies which make a functionally established organization of that company.

Bodies of a company are the Assembly as the highest body, Steering committee which leads operations and represents the company and the Supervisory board which supervises operations of the company.

Corporations as legal entities act over their law regulated bodies.

Assembly as a body of the owner of a Joint-stock company or a Limited Liability Company has a hierarchically higher place in the society. The Assembly reserves the most important segments of the ownership-management function and creates the structure of other bodies in a Joint-stock company which will perform management and supervisory functions and it especially creates position holders for managing operations of the company. In partnership and proprietorship companies with limited liability functions of managing it is united in the same body, and often in the same person, while in Joint-stock companies management is separated from ownership over the company.

Management is the executive body of a company, Supervisory board is the body that supervises the operations of the company, and the Assembly is the supreme, fundamental body which makes decisions and creates the will of the company (Raiser, 2015, p. 79).

Limited Liability Company is organized differently from a Joint-stock company and is regulated more modestly, with fewer regulations which at the same time give greater possibilities for internal regulations to be adjusted to the real needs of its members. Limited Liability Company has fewer members and less capital than Joint-stock companies which is why the reasons for more modest law regulations and the possibility of greater autonomy of its members come from the very nature of the company. Stocks in a Limited Liability Company can't be expressed in securities. In a Limited Liability Company the hierarchy for the Steering committee is different in relation to others, the Assembly in relation to Joint-stock companies. The most important difference in the management structure between Limited Liability Companies and Joint-stock companies is that in Limited Liability Companies it is possible to recall the Steering committee or the Director at any time without giving a reason. This is why the Steering committee or the Director in a Limited Liability Company have greater obligations in performing operations and processes in accordance with the Assembly or the owner of the company. Structure of managing bodies of Joint-stock companies in the Republic of Serbia depends on whether the company is of an open or closed type. A closed Joint-stock company has a director or the Steering committee, and an open Joint-stock company has the Steering committee. Closed Joint-stock company doesn't always have the need for the Steering committee which is a collective body, and if it does have the need, the law provides for the company to choose that body.

Yearly Assembly

Yearly Assembly is held at the time specified by the founding act or decision of the Steering committee of the company in accordance with the founding act or statute. According to the Law on commercial companies of the Republic of Serbia, the Stockholder Assembly must be held at the latest 6 months after a business year ends or 3 months after the day the financial report for each financial year is submitted to the Steering committee (Zakon o privrednim društvima, Official Gazzete no. 36/2011, 99/2011). Yearly Assembly is held at the headquarters of the company if the founding act doesn't specify otherwise. Joint-stock company Assemblies which are held between yearly Stockholder Assemblies are called special Assemblies (Zakon o privrednim društvima, Official Gazzete no. 36/2011, 99/2011). Special Assemblies can be convened

by the Steering committee or any other person that is authorized by the founding act, liquidator in case of company liquidation, stockholders who own at least 10% of the company stock with the right to vote on questions proposed on the Special Assembly by minority stockholders. Company Stockholder Assembly is obligatory when it is determined that the company performs with a loss which doesn't exceed 50% of base capital (financial report or other cases).

Majority of national laws do not explicitly lay down regulations which Assemblies are regular and which are special. A difference can be made on the matter which is addressed and on the things which need to be solved in specific deadlines. Theoretically there is a difference between them. The difference is in the decisions which needs to be made in each business year (for example adoption of yearly financial reports, decisions on distribution of profits and cover of losses), and in certain time periods (for example appointment and absolution of members of the Steering committee and Supervisory Board, auditors and the like). Regular Assembly would be the one on which stockholders would discuss about things for which it is required to meet no matter who convened it, the Steering committee or minority stockholders.

All national laws give rights to minority stockholders to demand convening of the Stockholder Assembly if the Assembly isn't summoned by informed bodies or individuals. Minority stockholders also have the right to demand for certain questions to be addressed during the Assembly.

In German law some authors consider as Regular Assemblies the ones that are convened in a way regulated by law or statute or when interests of the company demand it, and Special Assemblies would be the ones that are convened by stockholders which have a total of 20% of base capital, or ones that have a nominal amount of stock values worth 500,000.00 euros. According to those authors Regular Assembly is convened by management and Special Assembly is convened by stockholders with the aforementioned base capital (du Plessis, Luttermann & Sandrock, 2012, pp. 173-175).

Court order Assembly

If the yearly Assembly of a Joint-stock company isn't held in a regulated deadline on demand by any stockholder which has the right to attend and vote on the yearly Assembly or demand by the director or member of Steering committee, court can demand its convening in extra-judicial proceedings, and has the authority to name a temporary representative with the authority to convene and chair the session of Stockholder Assembly and determine the date and place where it will be held, as well as the daily order of the session. If the Special Assembly of a Joint-stock company isn't held at the latest within 30 days of the day of receiving the request or on the day that is determined by the Steering committee it will be held by court order determined in extra-judicial proceedings, on request by any stockholder which signed the request for convening the Assembly.

Court practice of the republic of Serbia took a stand on the possibility for the yearly Assembly to be held on court order in current year for previous year in which the Assembly wasn't convened and the yearly Assembly which was scheduled by the Steering committee within the legal deadline of six months when a business year ends.

According to the Law on trading companies of the Republic of Croatia the statute can define that the initiative for convening the Assembly is initiated by the stockholders which have a minority of stocks in the base capital than the one determined by law (Zakon o trgovačkim društvima Hrvatske, Official Gazette 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15).

In German law the percentage of stock needed for convening the Stockholder Assembly can be reduced to 1/20 with the statute, also the request can be filed by a stockholder or stockholders which participate in base capital of the company with the amount of stocks worth 500,000.00 euros no matter the stocks.

Failure to convene by an authorized convener

Majority of legal systems regulated that, in case of failure to convene by an authorized convener in a regulated deadline, minority stockholders/copartners are given the right to address the court to and demand a court order to convene the Assembly by extra-judicial proceedings and authorize minority stockholders/copartners that have filed the request to convene it.

The right to convene the Assembly in English law can be done by a competent administrative authority on any stockholder's demand, and if it isn't done by the Board of Directors, the right falls to minority stockholders themselves. The court only acts on stockholders' demands, and decides with reasoned verdicts (Hamilton & Freer, 2011, p. 367).

Special assembly of a closed joint-stock company

Special Assembly of a closed Joint-stock company is even held without convening and publishing the agenda if all stockholders with the right to vote are attending and if none of the stockholders are against. This kind of Stockholder Assembly is known as the so-called **Universal Assembly** which gathers all stockholders with the right to vote, recognized in some other laws. This Assembly doesn't have any legal or statute formalities regarding its work and convening. This kind of Assembly is quite suitable for a closed Joint-stock company of family type.

Serbian law allows for the founding act of the company and statute to deviate from the mentioned legal disposition. We consider that deviation isn't recommendable, especially in closed Joint-stock companies, because the regulated formality can be detrimental for stockholders. If all stockholders that have the right to vote or their representatives attend a Special Assembly of a closed Joint-stock company and no one opposes, then there is no reason for the Assembly not be held without compliance with formal regulations anticipated for convening a special Assembly. If all of the stockholders or their representatives are present, they can decide on all questions. In bigger closed Joint-stock companies this is hard to accomplish in practice, but in smaller companies it is possible.

USA law allows unanimous written consent from all stockholders for decision making without convening an Assembly.

English law recognizes the so-called Universal Stockholder Assembly which can make a decision by unanimous acceptance of propositions by the management without convening an Assembly (Pennington, 2001, p. 124).

Special assembly of a joint-stock company in case of doing business with a loss

Law on commercial companies of the Republic of Serbia regulates that it is necessary, without delay to convene a Joint-stock company Assembly if, while making the financial report or in other cases, it is determined that the company is doing business with a loss that doesn't exceed the amount of 50% of base capital. The second EU Directive regulates that in case of serious loss of capital the Assembly needs to be convened in time regulated by the national legal system (Mäntysaari, 2010, p. 138).

In case there is a serious loss, which means loss that doesn't exceed 50% of company's base capital, company Assembly makes the decision on taking certain precautions to protect the interests of the company's creditors, stockholders and the company itself.

Nonphysical session of the stockholder assembly

Law on commercial companies of the Republic of Serbia allows for sessions of the Stockholder Assembly to be held without physical presence of stockholders for Joint-stock companies that have up to 10 stockholders, but instead using conference lines or other audio or visual communication devices (Vasiljević, 1996, p. 341). It is not necessary for stockholders to see each other, but to hear each other and to talk between themselves. Communication among stockholders in such a way is considered participation in the session and that they are present. Sessions of the Stockholder Assembly in which there are less than 10 stockholders can be held in the abovementioned way without physical presence of the stockholders or a representative. Due to technical development which will make communication of stockholders through video possible, it should be expected that “nonphysical” sessions should be possible in Joint-stock companies regardless of the number of stockholders that the company has. This is slowly accepted in French, German, Croatian and Slovenian legal systems (European Bank for Reconstruction & Development, 1999, p. 235).

In Law on trading companies of the Republic of Croatia it is regulated that “Statute or Rules of Procedures of the Main Assembly can define that the work of the Main Assembly can be transferred by sound and image”.

Steering committee

Number of members of the Steering committee in an open Joint-stock company, according to the Law on commercial companies of the Republic of Serbia is determined by the founding act and has at least 3 and at most 15 members.

This type of simplified schematic of authority of Joint-stock company's bodies isn't good. Namely, the executive body performs operations of the company and representing the company and in it is not independent. The supervisory board doesn't only supervise the work of the company in technical and accounting way, but gives reports on its work to the Assembly of a Joint-stock company in which it gives its opinion whether the company is compliant with the Law. The Supervisory board has the right to summon the Assembly of the company and name members of the Steering committee. The Assembly decides on questions determined by the Law (changing the statute, electing the Supervisory board, increase and decrease of base capital etc.). The Assembly can decide on the question of running the business only on demand by the Steering committee while they can't talk on questions of representation.

The exception is the Law on commercial companies of the Republic of Serbia. Even though it basically adopts the bicameral system with certain specificities, it allows for the Assembly to elect the Steering committee.

When we talk about a Joint-stock company bodies we need to take into consideration the willingness and functionality criteria, then their jurisdictions and relations within the company and relations outwards. When we look at what is happening in reality, the influence of the bodies and certain stockholders or members has a great influence on running the business which depends on various circumstances, and the difference is visible in numerous companies. If the Supervisory board is solely limited to work supervision of the Steering committee and it doesn't show initiative or interest for company's operations, then it becomes only the body of honorary members. However if it takes over all of the possibilities that the law and statute of the company give it, then it can become the leading body of the company/ This exclusively depends on the persons that participate in company's founding and later in creating work of the company, and before all of the stockholders themselves and their relation to power.

Law on commercial companies of the Republic of Serbia leaves complete freedom to a Joint-stock company to determine the conditions of choice and structure of the Steering committee (Vasiljević, 2006, p. 420). This means that the members of the Steering committee can be stockholders or people who aren't stockholders, employees of the company or people who aren't employed in the company, domestic or foreigners. Statute of a Joint-stock company determines the conditions of choosing the Steering committee. Members of the Steering committee of a Joint-stock company are chosen by stockholders on every yearly Assembly, and can be chosen on any special Assembly which is convened for that choice. Members of the Steering committee can only be physical entities.

The purpose of existence of the Steering committee as a special body of a Joint-stock company is in that the stockholders hire people which will know how to run operations of the company. This means that these people need to have special knowledge and expertise, which is determined by company statute in conditions when electing Steering committee members, and in bicameral systems the Supervisory board chooses the members of the Steering committee, and exceptionally the company's Assembly. The Steering committee is chosen by criteria determined by company statute. The voting system can be direct or cumulative. When a stockholder has 51% of votes he practically chooses the Steering committee – a direct choice. In cumulative voting even a relatively small percentage of capital can secure the choice of Steering committee member. This is especially important

for minority stockholders. Practically every stockholder with the right to vote multiplies the number of votes at his disposal with the number of members of the Steering committee which are elected and all votes can be given to one candidate is elected for a member of the Steering committee, and he can divide his votes to candidates according to will.

According to Law on commercial companies of the Republic of Serbia members of the Steering committee in an Open Joint-stock company are chosen by cumulative voting if the founding act or statute doesn't specify otherwise. The founding act or statute of a Closed Joint-stock company can decide on cumulative voting for choosing a Steering committee member.

Court practice:

“Members of the Steering committee of a Joint-stock company can be elected by stockholders on any Special Assembly which is convened for that reason, which includes a special Assembly convened by court order in contentious procedure” (from Solution of Higher trade court Pž-1367/05 from 31.03.2015).

In French law it is possible to elect by cumulative voting if for example the majority has 75% of votes, and the minority 25% of votes, the minority can elect a member of the Steering committee who enters the total number of members of this body according to statute (Guyon, 1984, p. 213).

Voting is usually implemented by ballots so that every stockholder can determine his voting strategy. One unwanted aspect of electoral voting is that it can be perplexed. If a stockholder gives his votes in an irrational or inefficient way he can't elect directors which a different voting strategy could guarantee. When voting is summary it is very to make a mistake in dispersing votes.

A graphic illustration of the said case is:

A has 60 stocks, and B has 40 stocks. 5 directors are elected. If A votes directly and B knows that A is doing it in such a way, then B can elect the majority of Committee members. The results will be:

A1 – 60; A2 – 60; A3 – 60; A4 – 60; A5 – 60 B1 – 67; B2 – 66; B3 – 65; B4 – 1; B5 – 1

If A finds out that B will try to elect 3 persons than A can elect 4 directors by summing votes..

A graphical illustration of the said case is as follows:

A1 – 73; A2 – 74; A3 – 75; A4 – 76; A5 – 2 B1 – 67; B2 – 66; B3 – 65; B4 – 1; B5 – 1

It is mathematically proven that cumulative voting allows for protection of rights of minority stockholders because it enables election of „their“ member in the Steering committee in the mentioned way. Next formula is useful in determining the number of stocks necessary to elect the member of the Steering committee.

$$\frac{S}{D+1} + 1$$

S is the total number of stocks used for voting and D is the number of members of the Steering committee elected.

Analogous formula is to elect majority of Steering committee members is

$$\frac{nS}{D+1} + 1 \text{ (Hamilton, 1991, p.179)}$$

A smaller change is sometimes necessary. First part of the formula $\frac{S}{D+1}$ determines the maximal number of stocks that vote for one person which is insufficient to elect that person for a Steering committee member. Any stock that transgresses that number will be sufficient to elect a Steering committee member. If for example, there are 100 voting stocks and 5 members of the Steering committee are being elected, the first part of the formula $\frac{100}{5+1}$ or $\frac{100}{6}$ will not elect a member of the Steering committee because the first formula gives $16\frac{2}{3}$, and the following formula $\frac{100}{5+1} + 1$ mechanically gives $17\frac{2}{3}$.

It is democracy for people with big capital to represent the minority, since they should have a voice in running of the company. The presence of a minority member on the Steering committee can sometimes discourage conflict of interests by the management.

In companies which choose majority of members in the Steering committee cumulative voting simplifies the assignment of institutional investors or “public interest” or other groups whose goal is representation in the Steering committee, and not taking control over the company.

Independent and non-executive members of the steering committee

According to the Law on commercial companies of the Republic of Serbia a non-executive member of the Steering committee is the person who isn't a member of the Executive board. The Executive board of the company is chosen from people who are members of the Steering committee and other people, while members of the Executive board are made of less than half of the members of the Steering committee. Listed Open Joint-stock companies must have the majority of non-executive members on the Steering committee in their structure, which is logical when we have in mind that the Steering committee elects members of the Executive members. The term independent member of the Steering committee is defined by law. Independent member of the Steering committee is a person who isn't a member of the Executive board. The definition of independence needs to be understood as the fact that, that person and his family members weren't connected with company's work, status, property or ownership within framework defined by law two years before his candidacy for electing an independent member of the Steering committee. The term for the director or members of the Steering committee of a Joint-stock company, including members which are elected for vacancies expires on the first yearly Assembly after their appointment.

Law on commercial companies of the Republic of Serbia regulated that the vacant seat on the Steering committee is filled by cooptation on next session of the board, unless the founding act or company statute defines differently. Law on commercial companies

of the Republic of Serbia allows cooptation even when the number of members of the Steering committee falls under half from the number determined by the founding act or company statute. If cooptation isn't performed for any reason, rest of the members of the Steering committee are obliged to convene the session of the Stockholder Assembly for election of missing members.

According to the Law on commercial companies of the Republic of Serbia the president of the Steering committee of a Joint-stock company is elected by the Steering committee amongst its members by majority of the total number of members, unless the founding act or statute of the company defines some other majority. President of the Steering committee is elected in the same way as other members (Vasiljević, 2008, p. 195).

In comparative legal systems the president of the Steering committee is elected directly by the Stockholder Assembly or the Supervisory board or even by the members among themselves.

President of the Steering committee of a Joint-stock company can have the rights and obligations of the president of the company. President of the Steering committee of a Joint-stock company is also the managing director of the company unless the founding act or statute of the company determines otherwise.

Scope and work method

As a managing body the Steering committee manages a Joint-stock company with a specific fiduciary managing duty on company interests. The Steering committee convenes Assembly sessions of a Joint-stock company and determines proposals for the agenda, prepares decisions for the company's Assembly, cares for timely preparation of period reports and yearly financial statements (balance sheet), prepares reports on business, managing business policy, proposes distribution of profit and loss coverage, proposes establishment and approval of business plan of the company, appoints and resolves executive directors of the company, proposes determining the amount of dividend, day of payment and payment method of dividends if the company act gives such authorization, undertakes and makes all decision that do not fall in the jurisdiction of the Assembly in order to promote company management and for the company to be profitable. The Steering committee approves the company's business plan, manages company development, issues stock following Assembly decision, issues replaceable bonds and other securities in accordance with the founding act or company statute and determines stock value and other assets in the company. Members of the Steering committee attend the sessions of a Joint-stock company's Assembly.

Certain legal systems regulate that the Steering committee manages the company, leads business and represents the company.

Law on commercial companies of the Republic of Serbia doesn't recognize the institute, the so called presumptions of the scope of jurisdiction of the Steering committee in the sense that it is authorized to decide on all questions which aren't put in the work scope of other bodies by law, statute or other acts of a Joint-stock company. The stated assumption applies in comparative legal systems for the Steering committee by rule. Everything that isn't under the jurisdiction of the Assembly falls under the

Steering committee considering that the Supervisory board controls legality of work of the Steering committee and the director is the member of the Board of Directors by law i.e. member of the Steering committee.

Law on commercial companies of the Republic of Serbia gave solution, for the Steering committee of a Joint-stock company which has jurisdictions only for questions which are normed leaving out the assumption of authorization in a sense that it is authorized to decide on all questions which aren't put in work scope of other bodies by law, statute and other acts of the company. In conditions which are in Serbia, and specially for enhancing responsibility, lack of tradition and preventing dispersion of responsibility, this is a temporary solution.

Executive board

According to the Law on commercial companies of the Republic of Serbia, in Open Joint-stock companies the Executive board is an obligatory body, while in Closed Joint-stock companies the Executive board is facultative (Vasiljević, 2012b, p. 221). The Steering committee chooses members of the Executive board. Members of the Executive board are executive directors. The Steering committee can resolve a member of the Executive board at any time if it is in the interest of the company. If there is dismissal of a member of the Executive board, his contractual rights can't be violated. Under half of the members of the Steering committee are elected into members of the Executive board and other members are elected from other persons.

As an executive body of the company's Steering committee, the Executive board can't make decisions which fall under the score of the Steering committee or the Joint-stock company's Assembly. Statute of a company determines all important questions on the statute, organization and authorizations of the Executive board. Work scope of the Executive board includes implementation of decisions of a Joint-stock company's Steering committee and all questions that are tied to business management and company's current affairs which are transferred into its jurisdiction.

The managing director of a Joint-stock company which is the president of the Executive board picks the Steering committee. A Joint-stock company is represented by the managing director by law, who enters the company into the register during registration of the company and represents the company without a special warrant in accordance with the founding act, statute and contract of company members or decisions by a competent authority. A Joint-stock company can be represented by members of the Steering committee, i.e. Executive board other than the managing director if it is determined by the founding act of the company. Other representatives are also registered and published. A representative acts in the name and for the account of a company and with that takes over the rights and obligations for the company from concluded legal affairs. The founding act can predict for the representatives to be able to only act together which also must be registered and published for third persons to be familiarized with it.

Members of the executive board are employed in the company, while members of the Steering committee who aren't members of the Executive board regulate their right, obligations and responsibilities to a Joint-stock company by a special work contract.

Non-executive members of the Steering committee can be employed in the company with prior consent of the Stockholder Assembly.

In an open Joint-stock company the law proposes for the financial reports to the yearly Stockholder Assembly to contain the amount of fees that are paid to the members of the Steering committee, as well as the members of the Executive board of a Joint-stock company.

Mutual right and obligations of members of the Steering committee and the company are defined by the contract in accordance with the law and statute. Work contract determines the rights and responsibilities of members of the Steering committee which are employed in the company. A member of the Steering committee (Board of Directors) who was named a member entered a specific status-legal relation with a Joint-stock company and that relation is specified by the contract.

In Anglo-Saxon law if there is a contract on regulating the rights and obligations, which isn't obligatory, it must be available to all of the stockholders.

Conclusion

In order for a company to be of a specific type there have to be bodies within it who form a functionally organized organization of that company. In this paper we defined what makes a company a Joint-stock company or a limited liability company and what are their key features in order to dedicate our attention to Joint-stock companies. It is very important to know what the rights and obligations of their members in order to review key differences with comparative legislations.

Law on commercial companies of the Republic of Serbia norms the work scope of the Steering committee unlike comparative legislations which mostly don't. The French law somewhat norms the work scope of the Steering committee. In comparative legislations functions of the Assembly are limitative with consequent incorporation of the assumption of the work scope of the Steering committee. This practically determines the work scope of the Steering committee in an indirect way i.e. everything that isn't the work scope of the Assembly falls under the work scope of the Steering committee.

Comparative legislations solve the matter of fees (pay, participation in profits, other fess, other payments of insurance premiums, provisions, stimulations and other benefits) differently to members of the Steering committee and even members of the Executive board. The question of participation in profits of the company is particularly differently solved.

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