

THE EFFECTIVENESS OF UGANDA'S COMPANY LAW IN PROTECTING THE RIGHTS OF MINORITY SHAREHOLDERS

SARAH ASIIMA

AS20B11/028

A DISSERTATION SUBMITTED TO THE SCHOOL OF LAW IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF BACHELOR OF LAWS OF UGANDA CHRISTIAN UNIVERSITY

May, 2025



**UGANDA CHRISTIAN
UNIVERSITY**

A Centre of Excellence in the Heart of Africa

DECLARATION

I, ASIIMA SARAH, declare that this dissertation is my original work and that it is indicated where other works have been quoted. This work has never been submitted to any university for the award of a Bachelor's Degree in Law.

Sign..........

Date.....23rd May 2025.....

ASIIMA SARAH

APPROVAL

This is to certify that this research paper titled "THE EFFICIENCY OF UGANDA'S COMPANY LAW IN PROTECTING THE RIGHTS OF MINORITY SHAREHOLDERS" has been written under my supervision on behalf of the School of Law of Uganda Christian University.

Signature.....

Date.....*23rd May 2025*

MS. KENKWANZI RITA

Research Supervisor

DEDICATION

I dedicate this work to all my loved ones, especially my lovely parents, **Mr. WILKINS KYAWE** and **Mrs. MONICA KANSIIME**, not forgetting my amazing siblings **WILKINS WOODROW**, **ASIIMIRE ROSEN**, and **NINSHABA WILBROD**, for always supporting, encouraging, praying, and for the overwhelming love.

ACKNOWLEDGEMENT

Firstly, I would love to thank the Almighty God for the greatest gift of life. He has imparted the wisdom, courage, and knowledge to help me navigate four hectic years of Law School.

I am greatly indebted to my Supervisor, **Ms. KENKWANZI RITA**, for the helpful advice, guidance, time, audience, and platform during the completion of this assignment. Thank you so much.

I wish to sincerely thank and acknowledge my parents, siblings, for the love, encouragement, and sustenance they have given me throughout this period.

Additionally, the discussion groups I had, **TEAM MATERIAL** and **THE BENCH** that have shaped me, increased my confidence, became my family, offering tireless effort, support, and encouragement throughout law school.

I also wish to thank the entire **SCHOOL OF LAW** and **UGANDA CHRISTIAN UNIVERSITY** for helping me attain my goals.

LISTS OF ACRONYMS

AGM	Annual General Meeting
CA	Companies Act
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility

TABLE OF CONTENTS

DECLARATION.....	ii
APPROVAL.....	iii
DEDICATION.....	iv
ACKNOWLEDGEMENT	v
LISTS OF ACRONYMS	vi
ABSTRACT	ix
CHAPTER ONE	
GENERAL INTRODUCTION	1
1.1 Introduction.....	1
1.2 Background.....	2
1.3 Statement of the problem	6
1.4 General objective	6
1.5 Specific objectives	6
1.6 Research questions.....	7
1.7 Significance of the case study.....	7
1.8 Justification of the study	7
1.9 Scope of the study	7
1.9.1Thematic scope	7
1.9.3 Time scope.....	7
1.10 Conceptual framework.....	8
1.11 Literature review	8
1.12 Methodology	11
1.12.1 Introduction	11
1.12.2 Research design	11
1.12.3 Data sources	11
1.12.4 Anticipated limitations	11
Time factor	12

1.13 Synopsis	12
CHAPTER TWO	
NON-LEGAL ASPECTS ON THE PROTECTION OF MINORITY SHAREHOLDERS	13
2.1 Introduction.....	13
2.2 How political aspects contribute to the violation of the minority shareholders' rights	13
2.3 How economic aspects contribute to the violation of the minority shareholders' rights	18
2.4 How social aspects contribute to the violation of the minority shareholders' rights	27
2.5 How social aspects contribute to the violation of the minority shareholders' rights	33
CHAPTER THREE	
LEGAL FRAMEWORK ON THE PROTECTION OF MINORITY SHAREHOLDERS	36
3.1 Introduction.....	36
3.2 Minority shareholders' protection under the Companies Act Cap 106	37
3.3 Importance of minority shareholder protection	40
3.4 General provision for the management and Administration of the companies.	42
3. 5 Enforcement of minority shareholders' rights	43
3.6 Protection mechanism under common law	48
3.7 Conclusion.....	57
CHAPTER FOUR	
CONCLUSION AND RECOMMENDATIONS	58
4.1 Introduction.....	58
4.2 Synopsis.....	58
4.3 Recommendations.....	59
4.4 Conclusion.....	66

ABSTRACT

The study examined the extent to which minority shareholders are protected by the Companies Act. The objectives of the study were: to ascertain the rights enjoyed by minority shareholders, to find out how Uganda's Company laws limit the rights of minority shareholders, and to propose measures to enhance the protection of the rights of minority shareholders. The researcher used qualitative research that involved a desktop review of primary and secondary data on the legal frameworks for minority shareholder protection. Primary sources will include the Constitution, legislation, and decided cases relevant to the study. Secondary sources of information used include textbooks, relevant newspaper articles, Journal Articles, and online sources. The legislators who enacted the Companies Act Cap 106, which establishes the division of the shares among the shareholders in the company, had in mind that shareholders would be unfairly treated in regard to their shares. Minority shareholders, who may be the majority of company members, can be the victims in companies. Therefore, it is incumbent upon the directors and the majority shareholders to abide by the Articles of Association and the Memorandum of Association, which govern the company. This and more are discussed in depth.

CHAPTER ONE

GENERAL INTRODUCTION

1.1 Introduction

This research analyses the efficiency of Uganda's Company Law in protecting the rights and interests of minority shareholders in companies. This chapter includes the background of the study, statement of the problem, general objectives, specific objectives, research questions, significance of the study, justification of the study, and the scope of the study.

A company, as an artificial person, acts through two bodies, that is to say, its shareholders and its board of directors. A shareholder, also known as a stockholder, is any individual, company, or institution that owns at least one share of a company's stock. This shareholder can be a person, company, or organisation that holds stock(s) in a given company. A shareholder must own a minimum of one share in a company's stock or mutual fund to make them a partial owner.¹ Since shareholders are (in effect) the company's owners, they receive the rewards of the company's successes in the form of increased stock valuation.² This framed the researcher's point of emphasis by looking at how some of these shareholders are left out.

¹ Collective Investment Fund, 'Shareholder- Definition, roles and Types of shareholders' (2025) <<https://corporatefinanceinstitute.com/resource/equities/shareholder>> accessed 12 February 2025

² Over privileged Of Shareholders and Appoint Officers, 'Powers and Duties of Shareholders under Companies Act <<https://ug.cmadvocates.com/protection-of-Shareholders-Under-Ugandas-companies-act-Of-2012/>> accessed on 12 February 2025

A shareholder is defined as a member of the company.³ A member in a company is a subscriber to the memorandum of a company and shall be taken to have agreed to become a member of the company as defined under **section 45 of the Companies Act**.⁴ It is important to note that by law, a person is not a shareholder in a company until their name and other details are entered in the company's register of shareholders or members. This simply means a person is not legally considered to be a company shareholder until their name is entered into the register of members. One should be able to understand that although a share certificate is an important document to record share ownership, it is the register of members that serves as evidence of a member's shareholdings.⁵

1.2 Background

Shareholders influence a company based on their ownership percentages, with distinctions between majority and minority shareholders. Minority shareholders may face oppression when their rights are overlooked or when majority shareholders act against their interests. This situation frequently occurs in smaller companies, where minority shareholders struggle to sell their shares profitably. Majority shareholders often make decisions without considering minority perspectives, which can lead to choices that favor them while disadvantaging the minority shareholders.

³ 'INCAFEX Limited v Rukikaire (Civil Appeal Number 67 of 2010) 2014 UGCA 77 (22 December 2014).

⁴ Companies Act cap 106, s. 45.

⁵ 'Register of Members Explained _ Quality Company Formations'.
<<https://www.qualitycompanyformations.co.uk/blog/register-of-members/#:~:text=As%20per%20section%20113%20of%20the%20Companies%20Act,company%20registers%20which%20all%20need%20to%20be%20maintained> . > accessed on 12 February 2025

Black's Law Dictionary defines a minority shareholder as a person who owns less than half the total shares outstanding and thus cannot control the corporation's management or single-handedly elect directors.⁶ Minority shareholders, more so, find themselves unfairly excluded from accessing corporate records and documents, which leaves these parties in the dark about the company's finances and inner workings. It has also been discovered that minority shareholders may even be locked out of corporate premises in a bid to exclude their input.⁷ This makes them feel like outsiders as opposed to the true meaning and definition of shareholder as an owner of the company.

A majority shareholder is defined as an individual who possesses over half of a corporation's stock, granting them substantial influence over the company's decisions. This influence can arise either from holding most outstanding shares or a smaller percentage paired with substantial stakes in widely held shares, thereby ensuring their control of the corporation. The majority principle, highlighted in *Foss v Harbottle*, is often perceived as rigid and detrimental to minority shareholders. Although minority shareholders retain specific rights, they frequently find themselves without justice under this framework, having to accept the majority's decisions. As a result, the majority shareholders exercise considerable power over the company, leaving minority shareholders with limited sway in its operations. Considering this disparity, several exceptions to the overarching principle have emerged. These exceptions encompass: actions that are ultra vires or unlawful;

⁶ Bryan A Garner (ed.), *Black's Law Dictionary* 9th ed. (West Publishing Company: San Diego, 2009) at 1500.

<https://books.google.co.uk/books/about/Black_s_Law_Dictionary.html?id=weU2AQAIAAJ&redir_esc=y> accessed 12 February 2025

⁷ *ibid.*

matters requiring a special majority for validation that breach articles of association; actions violating individual shareholder rights; and cases of ‘fraud on the minority’ perpetrated by controlling majority shareholders.

Minority shareholders frequently experience significant oppression. For these actions to be deemed oppressive and actionable, the majority must engage in inherently unfair and detrimental behavior toward the interests of minority shareholders. Examples of minority shareholder oppression include denying access; majority stakeholders may restrict or completely deny minority shareholders access to company books and records, prevent them from attending meetings, or keep them from entering company property, as mentioned earlier.⁸

Oppression can also be through dividend discrimination, when the majority shareholders receive preferential treatment for dividend payouts and minority shareholders receive lower or no dividends. Share dilution occurs when a company issues more shares, which can decrease the value of existing shares and reduce the percentage of the company that minority shareholders own, as well as reduce their voting power.⁹

One can also look at minority shareholders paying excessive salaries to majority shareholders, majority shareholders paying themselves high salaries, or transferring company income to themselves can oppress the minority shareholders.¹⁰

⁸ Attorney Aaron Hall, ‘Majority Shareholder Oppression of Minority Owners’ <<https://aaronhall.com/majority-shareholder-oppression-of-minority-owners/>> accessed 18 February 2025

⁹ *ibid.*

¹⁰ Attorney Kevin O` Flaherty, ‘What Is Oppression of Minority Shareholders? | Minority Shareholder Protections’ <<https://www.oflaherty-law.com/learn-about-law/what-is-oppression-of-minority-shareholders-minority-shareholder-protections>> accessed 18 February 2025

In forced stock sales, the majority shareholders can pressure minority shareholders into selling their shares at inequitable prices. Moreover, corporate funds may be misused for the personal expenses of the majority shareholders. Minority shareholders may be compelled to give up their shares through buyouts stipulated in various agreements, such as buy-sell agreements, cross-option agreements, or share buybacks.

These agreements typically activate under certain conditions, such as a shareholder's death, bankruptcy, or divorce. Mergers and acquisitions can also trigger these clauses. This raises a critical question: What happens to employees who are minority shareholders when their company gets acquired? Shareholder-employees might struggle to benefit from the new company, as they may be forced to sell their shares due to buyout clauses if their employment is terminated.¹¹

Against this backdrop, this study aims to examine how effectively Uganda's Company Law safeguards minority shareholders' rights. Specifically, it will investigate how well the current legal framework promotes fair treatment, protects minority interests, and fosters a balanced power dynamic within companies. This assessment will reference various case studies, legal precedents, and stakeholder experiences to provide a thorough evaluation of the strengths and weaknesses of existing regulations, along with recommendations for improving the protection of minority shareholders.

¹¹Albert J Caroll, Partner and Bryan Townsend, Counsel Morris James LLP, 'Can a Shareholder Be Forced To Sell Shares_ [Discover Rights]' <<https://mnacommunity.com/insights/can-a-shareholder-be-forced-to-sell-shares/#:~:text=This%20article%20explores%20your%20key%20shareholder%20rights%2C%20examines,compel%20another%20party%20to%20dispose%20of%20their%20shares.>> accessed 18 February 2025

1.3 Statement of the problem

In a world where people advocate for equality, the disparity in authority and power often skews the balance. This imbalance is particularly evident within companies and other corporate structures, where the voices and opinions of majority shareholders often dominate, leaving minority shareholders with limited influence. Despite the intent of the Companies Act to provide a framework for fair corporate governance, there are notable gaps in the protection afforded to minority shareholders. For instance, **Section 144 of the Companies Act** underscores that special resolutions are primarily driven by majority shareholders¹², implicitly sidelining the interests of the minority. This study aims to investigate the efficiency of Uganda's Company Law in protecting the rights of minority shareholders and ensuring fair representation.

1.4 General objective

To investigate the efficiency of Uganda's Company Law in protecting the rights of minority shareholders.

1.5 Specific objectives

1. To ascertain the rights enjoyed by minority shareholders
2. To find out how Uganda's Company laws limit the rights of minority shareholders.
3. To propose measures to enhance the protection of the rights of the minority shareholders.

¹² Companies Act Cap 106, s.44.

1.6 Research questions

1. What are the rights of the minority shareholders?
2. How do Uganda's company laws limit the rights of the minority shareholders?
3. What measures can be undertaken to enhance the protection of the minority shareholders?

1.7 Significance of the case study

The research study enables researchers, academia, regulators, private individuals, and policymakers to understand how minority shareholders are oppressed.

1.8 Justification of the study

The researcher realized the need to conduct the research because a lot of oppression is faced by the minority shareholders, thus the need to come up with solutions to such challenges.

1.9 Scope of the study

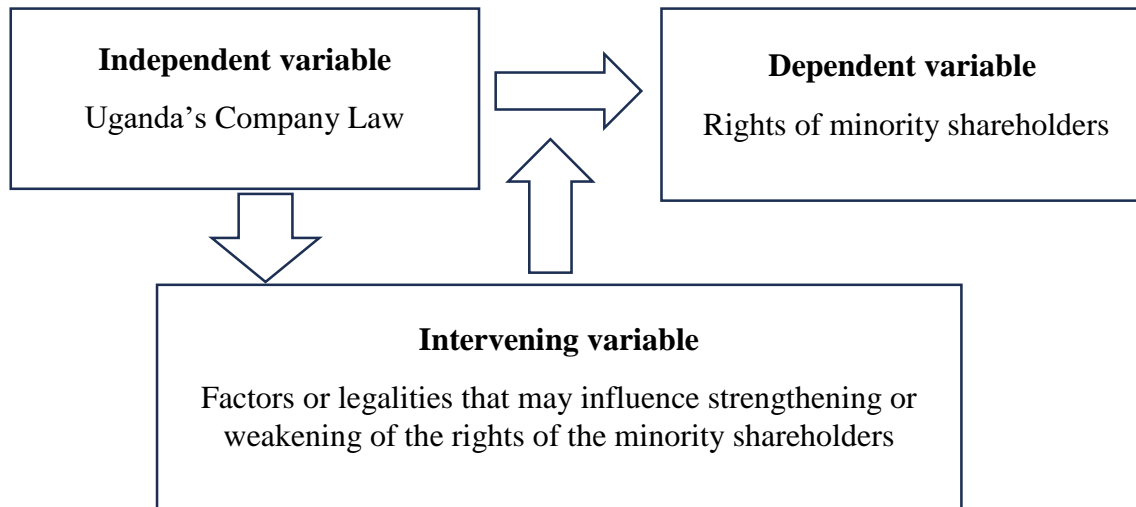
1.9.1 Thematic scope

The research focused on the topic of the efficiency of Uganda's Company law in protecting the rights of minority shareholders.

1.9.3 Time scope

This study focused on the period between 1st January 2025 and 15th May 2025.

1.10 Conceptual framework



1.11 Literature review

The protection of minority shareholders within the context of corporate governance and company law is an essential element of ensuring that there is fairness, equity, and transparency in the corporate world. In any company, there exists a diverse spectrum of shareholders, each with varying degrees of ownership and influence.¹³.

Minority shareholders who happen to hold smaller portions of a company's shares it is obvious to find themselves in vulnerable positions when it comes to decision-making, accountability, and safeguarding their investments thus a call for mechanisms, regulations, and practices to be established to ensure that minority shareholders are not only granted equal rights but also empowered to participate actively in the governance of the companies in which they invest which the author did not address on how it can be achieved. The researcher therefore addressed these and more ways to ensure that the rights of the minority shareholders are protected.

¹³Corina Burunciuc and Halit Gonenc, 'Reforms Protecting Minority Shareholders and Firm Performance: International Evidence' (Dec 24, 2020) <<https://www.mdpi.com/1911-8074/14/1/5>> accessed 20 February 2025

Shareholder agreements are important instruments in the realm of corporate governance, playing a significant role in safeguarding the rights and interests of minority shareholders. These legally binding contracts ensure that there is a comprehensive framework for minority shareholders to define, secure, and protect their rights within a company. The significance of such agreements lies in their ability to empower minority shareholders and ensure their equitable treatment. Therefore, through shareholder agreements, minority shareholders can proactively lay out the terms and conditions of their engagement, including their voting rights, the appointment of directors, and veto powers in significant corporate decisions¹⁴. One should note there is a gap which the researcher addressed by looking at other means of how the rights of the minority shareholders are protected as the making of this shareholders' agreement is never a solution to the problems that the minority shareholders face as the majority are actually people in charge of this agreement thus a criticism on how achievable it is to the minority shareholders thus should not be looked at as a vital instrument as the author stated.

The Act has codified several common law principles. These include the lifting of the corporate veil in the event of fraud by the directors where they are held personally liable, and their duties to include the duty to treat all shareholders equally and to ensure compliance with the Act and any law applicable to the company.¹⁵ The Companies Act doesn't provide for the equality of the shareholders thus it is evident

¹⁴ MP Arunothaya Arasi - and K Apparn -, 'Protection of the Minority Shareholders in Company Law Regime' (2023) 5 International Journal for Multidisciplinary Research 1. <<https://www.ijfmr.com/papers/2023/6/9497.pdf>> accessed 20 February 2025

¹⁵ Certified Public Accountant Uganda, 'Information Paper on the Companies Act 2012' <<https://www.icpau.co.ug/sites/default/files/Resources/Information%20Paper%20on%20the%20Companies%20Act%202012.pdf>> accessed 20 February 2025

that one can clearly tell from the sections that stipulate the rights of some shareholders at the expense of the others that is to say there is not equality at all as seen from the voting rights a case in point **Section 144 of the Companies Act** underscores that special resolutions are primarily driven by majority shareholders.¹⁶, which is clearly a neglect of the interests of the minority.

A company is well explained as a collective organisation, and like any collective organisation, it makes decisions through its members; however, it relies on majority rule. Any decision that the majority shareholders make will be seen as a representation of the will of the company and binding on the minority. This is very clear that such a tendency will give rise to the temptation of abuse by the majority. This may be unfair to the minority members, as the majority shareholder can abuse their powers to the disadvantage of the minority members. A case in point, the majority shareholders may elect majority directors to direct the company to enter into business deals that will benefit the majority shareholder but not the company or even the minority shareholder eventually this will cause minority members to suffer losses as they are unable to stop the deal from going forward with their limited voting rights and control over the company. Therefore, it is important to ensure that minority shareholders of the company have safeguards to protect their rights¹⁷. The researcher thus addressed this and further more of the like challenges faced by the minority shareholders as the topic looked at how the minority shareholders are oppressed and how to remedy the same.

¹⁶ *ibid.*

¹⁷ Certified Public Accountant Uganda, 'Information Paper on the Companies Act 2012' <<https://www.icpau.co.ug/>> accessed 20 February 2025

1.12 Methodology

1.12.1 Introduction

This chapter presents the research methodology of this study, including the research design, model specifications, and data sources.

1.12.2 Research design

This is qualitative research that where the researcher used desktop review of primary and secondary data on the legal frameworks for minority shareholder protection.

The researcher adequately used the Uganda Christian University Library and other information gathered from an actual visit to the field. This is where the literature about the subject matter was gathered from.

1.12.3 Data sources

Primary sources included the Constitution, legislation, company's Annual Reports, decided cases relevant to the study. Secondary sources of information used include textbooks, relevant newspaper articles, Journal Articles, and on-line sources.

1.12.4 Anticipated limitations

Despite careful planning, potential limitations included sample bias, recall bias, and the generalization of findings to other companies in Uganda. The researcher acknowledged and discussed these limitations in the final research report, providing insights for future research endeavors.

Time factor

The researcher anticipated that the time would be an issue, and if not properly managed, would be insufficient, as the research was only done in five months, which was not enough to make the study substantial

1.13 Synopsis

This chapter covers the introduction, background of the study, statement of the problem, research questions, and objectives of the study, scope of the study, significance of the study, justification of the study, literature review, methodology, and synopsis.

CHAPTER TWO

NON-LEGAL ASPECTS ON THE PROTECTION OF MINORITY SHAREHOLDERS

2.1 Introduction

The abuse of the minority shareholders may amount to infringement of their rights, and this is caused by various non-legal aspects that include political, economic, social, and cultural which will form the basis of the chapter by looking at how the given aspects contribute to the mischiefs encountered by the minority shareholders.

2.2 How political aspects contribute to the violation of the minority shareholders' rights

Political aspects can significantly influence the rights of the minority shareholders in several ways.

Regulatory environment, this is through favoritism towards the controlling shareholders as the politically connected and controlling shareholders may receive better treatment undermining the minority shareholders. A controlling shareholder has the power to control a corporation, this power arises from possession of sufficient votes to control the corporation's board, which appoints the directors and directs corporate strategy.¹⁸

¹⁸ Lucian Bebchuck, Reinier Kraakman and George Triantis, Stock Pyramids, 'Cross-Ownership and Dual Class Equity: The Mechanisms and Agency Costs of Separating Control from Cash Flow Rights' in Randall Morck ed., Concentrated Ownership 445 (2000). <<https://www.icpau.co.ug/sites/default/files/Resources/Information%20Paper%20on%20the%20Companies%20Act%202012.pdf>> accessed 27 February 2025

Corporate governance has traditionally led to a single dimension of the power of corporate control - the controlling shareholder's capacity and incentive to extract wealth from the minority shareholders.¹⁹

The debate on controlling shareholders for a long time has taken place within the confines of agency cost analysis, framed by the overriding focus on the relationship between the founder-controller and the minority investors in the enterprise: the creation and distribution of wealth in the controlled firm.²⁰

This is thus a question as to why corporate governance scholars extend the reach of their analysis of majority shareholders and controlled firms to these much broader (geo)political questions? Because the power of corporate control is a product of basic corporate law and governance principles, with implications extending well beyond the firm itself. Although the channels and forms of influence depend on the nature of the controlling shareholder, the power to control a corporation is a fusion of economic and political power. This fusion can extend the power of the state in corporate form, amplify corporate influence over the state, and sometimes have

¹⁹ Curtis J Milhaupt, 'The (Geo)Politics of Controlling Shareholders' [2023] SSRN Electronic Journal. <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4406516> accessed 1 March 2025

²⁰ Mariana Pargendler, 'Controlling Shareholders in the Twenty-first Century: Complicating Corporate Governance Beyond Agency Costs' 45 J. Corp. L. 953 (2020); The Grip of Nationalism on Corporate Law, 95 Indiana L.J. 533 (2020). <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4406516> accessed 1 March 2025

both effects simultaneously. Thus, if state capitalism allows politicians to shape companies, it will also allow companies to shape politicians.²¹

The impact of these companies and their majority shareholders on domestic politics and public dialogue has sparked significant backlash. A notable example is Facebook, which Mark Zuckerberg has stated is “more like a government than a traditional company.” Criticism directed at Facebook/Meta and other data-driven tech firms owned by their founders has prompted discussions about breaking them up and revitalizing antitrust laws to tackle excessive concentrations of political influence. Meanwhile, in a very different political and economic context, Chinese leaders are becoming increasingly cautious about individual shareholders like Jack Ma of Alibaba and Ant Group, who control large amounts of wealth and data. They have initiated what The Economist terms a move to “decodify” the domestic internet sector. Although the political systems in the U.S. and China differ significantly, the underlying issue remains the same: private entities in the tech sector wield disproportionate power in the political landscape, which their respective governments perceive as a threat. Why shouldn’t the field of corporate governance examine all relevant aspects of corporate control, rather than just a few? Especially during a time of increased concern about corporate externalities and the non-

²¹ Curtis J. Milhaupt and Wentong Zheng, ‘Beyond Ownership: State Capitalism and the Chinese Firm’ 103 Geo. L.J. 665 (2015) (explaining Chinese state capitalism as a product of state capture)< https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4406516 > accessed 2 March 2025

financial interests of stakeholders, analyzing the political-economic aspects of corporate control should be a focus for corporate law scholars.²²

Today, companies navigating the global economy encounter a multifaceted geopolitical landscape characterized by major power rivalries, possible technological “decoupling,” economic sanctions, and trade and investment tensions. However, this landscape is not merely a set of risks and constraints for firms to maneuver through; globally active corporations, particularly those with controlling shareholders, play a significant role in complicating the current environment as crucial actors in modern geopolitical conflicts and policy challenges. The most pressing geopolitical effects related to controlling shareholders and corporate dominance are found in national security, along with the interconnected areas of data protection and technological advancement.

A biased judiciary tied to ruling shareholders leads to unfair decisions, neglecting minority shareholder rights. Lengthy, costly litigation creates barriers for minority shareholders seeking justice. Discrimination in legal systems significantly challenges minority rights, seen through biased laws and unequal enforcement. Systemic bias results in legal inequities affecting marginalized communities, with decision-makers sometimes judging based on stereotypes, not evidence. Representation gaps worsen this, as minority groups often lack adequate legal representation, leading to unequal

²² Jedidiah Purdy et al., ‘Building a Law-and-Political-Economy Framework: Beyond the Twentieth-Century Synthesis’ 129 Yale L.J. 1784, 1820 (2022). <https://www.yalelawjournal.org/feature/building-a-law-and-political-economy-framework>> accessed 2 March 2025

treatment. Procedural discrimination hinders access to justice for diverse populations due to inadequately designed legal processes.²³

Weak corporate governance practices, such as inadequate board representation can marginalize minority shareholders. Representation gaps further exacerbate this issue, as minority groups frequently lack adequate legal representation, resulting in unequal treatment before the law. Procedural discrimination often occurs when the legal processes themselves are not designed to accommodate the needs of diverse populations, thereby limiting access to justice.²⁴ The downfall of corporations is often a symptom of poor corporate governance and demonstrates the havoc that can be caused by concentration of power by the controlling majority shareholders.²⁵

Politically connected controlling shareholders may engage in crony capitalism, prioritizing personal interests over minority shareholders and state-owned enterprises may cause the minority shareholders to face additional challenges due to political interference and conflicting interests. In many jurisdictions, minority shareholders are often viewed as an unnecessary burden by the controlling majority

²³ Attorney Aaron Hall, 'Why Safeguard Minority Rights in Legal Disputes' <<https://aaronhall.com/protecting-minority-shareholder-rights-in-litigation/#:~:text=Safeguarding%20minority%20rights%20in%20legal%20disputes%20is%20vital,and%20addressing%20systemic%20biases%20prevalent%20in%20legal%20systems>> accessed 5 March 2025

²⁴ Stephen Sapp, 'The Impact of Corporate Governance On' (2006) 6104. <<https://efmaefm.org/OEFMSYMPOSIUM/2007/papers/sapp.pdf>> accessed 4 March 2025

²⁵ William Sun et al, 'Rethinking Corporate Governance-Lessons from the Global Financial Crisis' (Cambridge University Press: Cambridge, 2011) at 15 <<https://www.cambridge.org/core/books/abs/corporate-governance-and-the-global-financial-crisis/introduction-rethinking-corporate-governance-lessons-from-the-global-financial-crisis/30A42CFA265D33565E6439B3A78A2523>> accessed 15 March 2025

shareholders.²⁶ And in all the scandals, the biggest losers are minority shareholders.²⁷

2.3 How economic aspects contribute to the violation of the minority shareholders' rights

Dominance by large shareholders, in economies with high levels of economic concentration, allows large shareholders to dominate minority shareholders, undermining their rights. The power of majority interests often takes center stage. This dominance is not merely a function of greater voting rights but extends into the realms of strategic decision-making, financial control, and the shaping of corporate culture. Majority stakeholders, typically holding more than 50% of a company's shares, wield a significant influence that can steer a company towards prosperity

²⁶ Aleksandr Shkolnikov, 'Protecting Minority Shareholders in Emerging Markets (Center for International Private Enterprise' Washington, 2006) at 19.

<<http://www.kurumsalyonetimkutuphanesi.com/Articles/Details/80398cb2-d403-4d14-bfb0-4f9d326df262> > accessed 15 March 2025

²⁷ Jensen M C and Meckling W, 'Theory of the Firm: Managerial Behaviour, Agency Costs and Ownership Structure', (1976) 3 Journal Financial Economics 305.

<<https://www.sciencedirect.com/science/article/pii/0304405X7690026X> > accessed 17 March 2025

or, in some cases, lead to conflicts that undermine minority shareholders' interests— From the perspective of majority shareholders, this power is a tool to effectuate their vision for the company. They can appoint the board of directors, make pivotal decisions on mergers and acquisitions, and dictate the company's strategic direction. However, this concentration of power also comes with a heightened sense of responsibility and the need for a judicious exercise of authority to ensure the long-term health of the enterprise.²⁸

Monopolistic practices can limit competition, allowing the controlling shareholders to exploit the minority shareholders in the realm of economics and market dynamics. The concept of a monopoly extends beyond a mere board game to signify a significant and often contentious reality. A monopoly exists when a single entity dominates a market, possessing the substantial, if not exclusive, market power to influence prices and output levels. This dominance is not merely about market share; it's about the ability to control and manipulate the market environment to one's advantage, often at the expense of consumer choice and welfare. Market power is the muscle behind the monopoly, the ability to set prices above competitive levels for a sustained period. It's a measure of a firm's ability to raise and maintain price levels that are detached from those that would prevail in a

²⁸ Faster capital, 'Ownership Stake_ Ownership Stake_ Understanding Minority and Majority Interests - FasterCapital' <[19](https://fastercapital.com/content/Minority-Interest-vs--Majority-Interest--A-Comparative-Analysis.html#:~:text=When%20it%20comes%20to%20ownership%20and%20control%20of,int%20refers%20to%20ownership%20of%20more%20than%2050%25.> accessed 17 March 2025</p></div><div data-bbox=)

competitive market. The greater the market power, the more pronounced the effects on consumer and economic welfare.²⁹

Illiquid markets, where the minority shareholders may find it hard to sell their shares, making them more vulnerable to exploitation. Investments in certain private companies are inherently illiquid for shareholders. They are even more illiquid for minority shareholders who, unlike majority shareholders, are often subject to restrictive covenants that prohibit them from selling their shares without the consent of the majority shareholders. That said, events might occur, or situations might change, resulting in the need for a minority shareholder to exit. Common situations include: death resulting in the estate needing to liquidate its position, bankruptcy of an investor, breach of a shareholders' agreement, cessation of employment, falling-out between investors or just a desire to divest and move on from the company—Of course, not many investors want to invest in a private company without having the ability to control their investment. This makes it challenging to get liquidity to take out a minority shareholder. That said, it can also be viewed as an opportunity to bring on new “smart money” to help your company reach its strategic goals.³⁰ In a private company, minority shareholders' shares can't be sold as easily as the shares of shareholders in public companies. There is no active market for private shares, making it difficult for minority shareholders to find buyers, exit their investment, and escape unfair treatment as a result.

²⁹FasterCapital, 'Monopolistic Practices_ The Thin Line_ Balancing Monopoly Power with Horizontal and Vertical Integration <<https://fastercapital.com/content/Monopolistic-Practices--The-Thin-Line--Balancing-Monopoly-Power-with-Horizontal-and-Vertical-Integration.html>> accessed 17 March 2025

³⁰Welch Capital partners, 'Exiting a Minority Shareholder - Liquidity for liquid Investments'. <<https://www.welchcapitalpartners.com/news-and-resources/exiting-a-minority-shareholders>> accessed 18 March 2025

Lack of market transparency, which makes it hard for the minority shareholders to access accurate information, hinders their ability to make informed decisions. Minority shareholders can be deprived of critical business information, including business contracts, financial records, or financial decisions. Owners may keep minority shareholders from shareholder meetings and corporate decision-making.³¹

Financial constraints leading to limited access to capital as minority shareholders may result in financial constraints, limiting their ability to participate in corporate decision-making or seek legal recourse. Capital access remains the most important factor limiting the establishment, expansion, and growth of minority-owned businesses. Given this well-established constraint, the current financial environment has placed a greater burden on minority entrepreneurs who are trying to keep their businesses thriving in today's economy.³²

High costs of litigation can deter minority shareholders from seeking justice, allowing controlling of the minority shareholders to act with impunity. The financial implications of legal disputes extend far beyond the initial filing fees. As parties navigate the labyrinthine or complicated corridors of the justice system, they encounter a multitude of expenses that collectively contribute to the overall

³¹ Aaron Hall, 'Legal Rights of Minority Shareholders_ Protections and Remedies'. <<https://aaronhall.com/oppresion-of-minority-shareholders-6-legal-remedies/#:~:text=Six%20legal%20remedies%20exist%20to%20combat%20such%20injustices%3A,and%20best%20practices%20promote%20transparency%20and%20open%20communication.>> accessed 18 March 2025

³² Robert W. Fairlie and Alicia M. Robb, 'Executive Summary - Disparities in Capital Access between Minority and Non-Minority Businesses | Minority Business Development Agency'. 'Disparities in capita access between minority and non minority owned businesssed' <<https://www.mbda.gov/sites/default/files/migrated/files-attachments/DisparitiesinCapitalAccessReport.pdf>> accessed 18 March 2025

economic burden of litigation. These costs are multifaceted, encompassing direct outlays such as attorney fees and court costs, as well as indirect expenditures like lost productivity and opportunity costs. The complexity of the case, the jurisdiction, and the chosen legal strategies all play pivotal roles in shaping the cost landscape.³³

Litigation costs are consistently increasing, consuming a larger portion of corporate revenue. The number of litigation transactions addressing shareholder complaints has grown significantly over the past nine years. However, the data indicates that the rising hourly rates are not the primary factor contributing to the escalation in litigation expenses, as there has been relatively little variation in external legal fees over time.

The costs associated with litigation transactions undertaken by companies to secure independent judgments or settle disputes represent a substantial economic burden. Among the 36 participants in the survey who responded to this question, it's clear that a major influence relates to circumstances where minority shareholders cannot afford.

Short-termism, where the controlling shareholders may prioritize short-term gains over long-term sustainability compromising minority shareholders' interests. The clash between short-term profitability and long-term sustainability arises largely from the differing expectations of shareholders, who often seek quick returns on investments, and broader corporate goals, which may involve lengthy timelines.

³³ Christopher Hodges OBE, Stefan Vogenauer and Magdalena Tulibacka, 'Cost of Litigation_ Analyzing the Economic Impact of Litigation_ The Cost of Litigation Perspective - FasterCapital'.
<https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1511714#:~:text=This%20study%20summarises%20the%20approach%20to%20costs%20and,the%20rules%20for%20cost%20shifting%20across%20legal%20system.> accessed 29 March 2025

Investors prioritize quarterly earnings, which create pressure on executives to meet these expectations. However, by focusing solely on near-term gains, businesses risk missing out on opportunities to innovate, address social responsibilities, and enhance their resilience. Balancing short-term profitability with long-term sustainability can lead to a concept known as “sustainable profitability,” where companies generate steady returns while investing in future growth. This balance encourages decision-makers to adopt a more holistic approach, where financial goals are not sacrificed for social or environmental objectives, but rather integrated. Sustainable profitability is becoming increasingly attainable, as many stakeholders—investors, customers, and employees—demand that companies consider the long-term impact of their actions. When short-term gains fuel long-term investments, businesses can deliver value across all stakeholder groups.³⁴

In today’s rapidly evolving business landscape, organizations face the critical challenge of balancing short-term gains with long-term sustainability. Striking the right balance is essential for ensuring immediate profitability while also fostering resilience and ethical practices that support future growth. In the fast-paced world of business, the allure of short-term gains often tempts organizations to prioritize immediate profits over sustainable practices. However, this approach can lead to a precarious balancing act, where the pursuit of quick wins undermines the foundation for long-term success. To navigate this complex landscape, businesses must cultivate a mindset that values both immediate results and enduring sustainability, recognizing that these two objectives are not mutually exclusive but rather

³⁴ Hmsa Consultancy, ‘Short-Term Profitability Vs Long-Term Sustainability: Crafting a Balanced Corporate Strategy’ < <https://hmsaconsultancy.com/short-term-profitability-vs-long-term-sustain/> > accessed 3 March 2025

interdependent. Striking the right balance between short-term gains and long-term sustainability is not merely a challenge; it is an opportunity for businesses to redefine their purpose and impact. By recognizing the interconnectedness of immediate results and enduring practices, organizations can create a resilient framework that supports growth while honoring their commitment to the planet and society. Ultimately, the most successful businesses will be those that embrace this dual focus, paving the way for a future where profitability and sustainability coexist harmoniously. In doing so, they not only secure their own success but also contribute to a more sustainable world for generations to come.³⁵

Tuning, this is where the controlling shareholders may engage in the transferring of assets and profits to themselves or affiliated companies at the expense of the minority shareholders this can be through drag-along rights are a common provision in shareholders' agreements that allow the majority shareholders to force the minority shareholders to sell their shares in the event of a third-party offer to buy the company. This means that the minority shareholders have no choice but to join the deal and accept the same price and terms as the majority shareholders. Drag-along rights are designed to facilitate the sale of the company and protect the interests of the majority shareholders, but they can also have negative consequences for the minority shareholders. This might lead to various negative impacts to the minority shareholders, including;

³⁵ HR Consortium of Talent Leaders Fraternity, 'Striking the Right Balance_ Short-Term Gains and Long-Term Sustainability in Business Decisions' <<https://www.hrfraternity.com/sustainability-excellence/striking-the-right-balance-navigating-short-term-gains-and-long-term-sustainability-in-business-decisions.html>> accessed 4 March 2025

Loss of control and autonomy, drag-along rights deprive the minority shareholders of their right to decide whether to sell their shares or not, and force them to follow the decision of the majority shareholders. This can be frustrating and unfair for the minority shareholders, especially if they have a different vision or strategy for the company, or if they have invested in the company for a long-term horizon.

Loss of value and opportunity: Drag-along rights can result in the minority shareholders receiving a lower price or worse terms for their shares than they would have otherwise obtained in the market or through a separate negotiation. This can happen when the majority shareholders accept a lowball offer or a deal that favours their interests over the minority shareholders'. Drag-along rights can also prevent the minority shareholders from exploring other opportunities or offers that may be more attractive or suitable for them.

Loss of rights and protections: Drag-along rights can strip the minority shareholders of their rights and protections that they may have under the law or the shareholders' agreement, such as the right to dissent, the right to appraisal, the right to information, the right to representation, or the right to sue. Drag-along rights can also expose the minority shareholders to liabilities or obligations that they may not be aware of or prepared for, such as indemnities, warranties, or non-compete clauses.³⁶

³⁶ Melissa Simpson, 'Drag along Rights_ How They Force Minority Shareholders to Sell Their Shares and Face Equity Dilution' <<https://www.upcounsel.com/drag-along-rights#:~:text=Drag-along%20rights%20allow%20majority%20shareholders%20to%20compel%20minority,sale%20terms%20for%20all%20shareholders%2C%20including%20minority%20ones.>> accessed 4 March 2025

There are a number of ways a majority shareholder may remove or transfer the rights of the minority shareholder. For example, the majority shareholder may buy out the minority shareholder's shares, either by following the terms of the shareholder agreement or by negotiating with the shareholder. There are even steps a majority shareholder can take to legally pressure a minority shareholder to sell their shares. For example, they may remove the shareholder from the board of directors, terminate their employment, or prevent the company from doing business with them, so long as these actions do not violate the shareholder agreement.³⁷

Divergent regulatory frameworks, this is through globalization can lead to investments across borders, exposing the minority shareholders to divergent regulatory frameworks and potential exploitation. Small differences in regulatory frameworks can translate into significantly different outcomes for minority shareholders. This is an illustration of why regulatory design is important," says Professor Chen. "The results will offer valuable lessons to regulators - not only in Hong Kong and Singapore, but also in other markets where it is common to have a controlling shareholder - to reconsider regulatory design as a strategy for preventing controlling shareholders from expropriating minority shareholders through squeeze-outs."³⁸

³⁷ Attorney Marc Newman, 'Minority Shareholder Rights in Private Companies'. <<https://millerlawpc.com/rights-minority-shareholders-private-companies/>> accessed 4 March 2025

³⁸ SMU Newsroom, 'Regulatory Frameworks Impact Squeeze-out Outcomes for Minority Shareholders, Study Says' < <https://research.smu.edu.sg/news/regulatory-frameworks-impact-squeeze-out-outcomes-minority-shareholders-study-says#:~:text=SMU%20Office%20of%20Research%20%26%20Tech%20Transfer%20%E2%80%93,published%20in%20the%20Journal%20of%20Corporate%20Law%20Studies.> > accessed 4 March 2025

Legal frameworks are crucial for minority shareholders as they safeguard their rights and ensure equitable treatment within corporate structures. These legal protections prevent oppressive actions by majority shareholders and promote transparency in decision-making processes. They empower minority shareholders to participate in governance, influencing corporate policies and practices actively. Furthermore, strong regulatory frameworks enhance corporate accountability, fostering trust among stakeholders. By establishing clear rights and remedies for unfair treatment, such frameworks not only protect minority interests but also contribute to a healthier corporate environment.³⁹

2.4 How social aspects contribute to the violation of the minority shareholders' rights

Social aspects significantly influence the rights of the minority shareholders in several ways.

Social norms and expectations this can be through family-controlled businesses, and this is also through Social-hierarchy which influences corporate decision making, with controlling shareholders holding more power and influence. In some cultures, family-controlled businesses may prioritize family interests over the minority shareholders' rights. family-owned businesses are a common occurrence around the world, and they play a significant role in shaping the economy. These businesses are often passed down from one generation to another, and it is not uncommon to find minority interest holders in these companies. Minority interest refers to the

³⁹ Attorney Aaron Hall, 'Why Are Legal Frameworks Essential for Minority Shareholders' <<https://aaronhall.com/legal-frameworks-for-minority-shareholder-protections/#:~:text=Legal%20frameworks%20are%20crucial%20for%20minority%20shareholders%20as,majority%20shareholders%20and%20promote%20transparency%20in%20decision-making%20processes.>> accessed 12 February 2025

ownership stake held by a person or entity that owns less than 50% of a company. Understanding minority interest in family-owned businesses is crucial as it helps in navigating the challenges and opportunities that come with it. One of the significant challenges of minority interest in family-owned businesses is the lack of control over the management of the company. Minority interest holders have limited say in the decision-making process, and their interests may not always align with those of the majority owners. This can create conflicts and lead to a lack of trust between the parties involved. Another challenge is the potential for minority interest holders to be marginalized in the distribution of profits and assets.⁴⁰

In family-owned, closely held corporations, the controlling shareholders may oppress minority shareholders who are often non-family members by using corporate assets to benefit the family at the expense of the company and its shareholders. Because the stock of closely-held corporations generally is not readily sellable, minority shareholders at odds with controlling shareholders may feel helpless, without the power to affect the actions of the company and without the ability to easily withdraw their investment.⁴¹

Family firms are not only characterized by concentrated ownership and control, which is used to impose the family principal's will on minority owners but also by the pursuit of non economic goals that purportedly diverge from the interests of nonfamily (minority) investors (Gordon & Nicholson, 2010). This would presumably

⁴⁰ FasterCapital, 'Minority Interest in Family Owned Businesses_ Challenges and Opportunities - FasterCapital'. <<https://fastercapital.com/content/Minority-Interest-in-Family-Owned-Businesses--Challenges-and-Opportunities.html>> accessed 4 March 2025

⁴¹Chicago Commercial Litigation Lawyers, 'Why Are Minority Shareholders Oppressed_ <<https://www.thebusinesslitigators.com/business-commercial-litigation/why-are-minority-shareholders-oppressed/>> accessed 4 March 2025

lead to conflict between family and nonfamily principals (principal-principal conflict), as family owners engage in strategies which advance personal, family, or political agendas at the expense of minority owners (e.g., Bloom & Van Reenen, 2006; Claessens, Djankov, & Lang, 2000). Surprisingly, however, little attention has been paid to how minority owners respond to the pursuit of noneconomic goals by family principals. This lack of attention is notable given it is unlikely that the minority owner remains passive when facing the so-called “threat of expropriation” (Morck & Yeung, 2003).⁴²

Social networks and relationships such as old-boys networks, these informal social networks can influence corporate decision-making, potentially excluding minority shareholders from important discussion. minority shareholders play a pivotal yet often understated role. These individuals or entities may hold a smaller fraction of a company's shares compared to majority stakeholders, but their influence and rights are protected by law, ensuring a balance in the power dynamics within a company. Whether in public corporations, where shares are traded openly and ownership is dispersed, or in private companies, where shares are held closely and often among a smaller group of individuals, the position of minority shareholders is both unique and essential.⁴³

⁴² Geoffrey Martin and others, ‘Conflict Between Controlling Family Owners and Minority Shareholders: Much Ado About Nothing?’ (2017) 999. <<https://journals.sagepub.com/doi/10.1111/etap.12236>> accessed 6 March 2025

⁴³FasterCapital, ‘Minority Shareholders_ Minority Shareholders_ Rights and Roles in Public and Private Companies < <https://fastercapital.com/content/Minority-Shareholders--Minority-Shareholders--Rights-and-Roles-in-Public-and-Private-Companies.html> > accessed 4 March 2025

Limited financial literacy among minority shareholders hinders their ability to understand and exercise their rights, financial literacy ranges from budgeting and investing to taxes and insurance. However, while people are increasingly aware of the importance of financial literacy, financial literacy rates have remained relatively low, even in one of the most technologically advanced and educated countries in the world.⁴⁴

Lack of awareness of rights, which prevents the minority shareholders from advocating for their rights, ever-present temptation by those in control is to abuse the rights of those who are not. In the business context, this often manifests itself in the abuse of minority shareholders or members, in the case of limited liability companies, by controlling shareholders or members. This abuse may be a tactic to force a minority shareholder to sell his interest at a steep discount, which is known as a squeeze-out, or to deprive a minority shareholder of the benefit and value of his interest, that is to say, freeze-out. If the interests of the majority and minority shareholders are aligned, minority shareholders may give little thought to their own lack of control of the company. However, when those interests inevitably diverge, minority shareholders may feel the oppression acutely. Without a shareholder agreement addressing minority shareholders' rights, minority shareholders lack both contractual rights and voting power and may have no control over how these

⁴⁴ Abhinav Shanbhag, 'Exploring Causes, Effects, and Solutions to Financial Illiteracy and Exclusion among Minority Demographic Groups' (2022). <[https://www.bing.com/search?q=abhinav+shanbhag%2C+%E2%80%98exploring+causes%2C+effects%2C+and+solutions+to+financial+illiteracy+and+exclusion+among+minority+demographic+groups%E2%80%99+\(2022\).&gs_lcrp=EgRlZGdlKgclABBFGMIDMgcIABBFGMIDMgcIARBFGMIDMgcIAhBFGMIDMgcIxBFGMIDMgcIBBBFGMIDMgcIBRBFGMIDMgcIBhBFGMIDMgcIBxBFGMID0gEJMjkyNzBqMGo0qAllsAIB&FORM=ANAB01&PC=U531](https://www.bing.com/search?q=abhinav+shanbhag%2C+%E2%80%98exploring+causes%2C+effects%2C+and+solutions+to+financial+illiteracy+and+exclusion+among+minority+demographic+groups%E2%80%99+(2022).&gs_lcrp=EgRlZGdlKgclABBFGMIDMgcIABBFGMIDMgcIARBFGMIDMgcIAhBFGMIDMgcIxBFGMIDMgcIBBBFGMIDMgcIBRBFGMIDMgcIBhBFGMIDMgcIBxBFGMID0gEJMjkyNzBqMGo0qAllsAIB&FORM=ANAB01&PC=U531)> accessed 20 March 2025

divergences in interests are resolved. Because they have no market in which to sell their shares, minority shareholders may feel forced to simply put up with the oppression as they have nowhere to go to recoup the value of their investment of time, talent, and treasure. In short, without the proper contractual safeguards in place in the corporate governance documents, such as the articles of incorporation, corporate bylaws, minority shareholders are vulnerable to oppression.⁴⁵

- Corporate social responsibility, as the company may prioritize social and environmental responsibilities over the minority shareholders. The criticality of corporate social responsibility (CSR) in the corporate sector plays through the many complexities of management sciences, warranting a flexible outlook of management via research. Therefore, the respective focus on CSR is of great concern (Skarmeas et al., Citation 2014), regardless of marginal efforts by organizations to increase awareness on global warming, climate, etc. (Kardooni et al., Citation 2018; Ourbak & Magnan, Citation 2018). For achieving benefits in the form of eco-friendly and economic sustainability, the Ecologists have praised industrial societies for incorporating CSR activities and green philosophy into their works (Raimi, Citation 2017). In contrast, most of the production and process-oriented industries are functional in developing nations like Africa and Asian countries, for whom environmental concerns are of low in priority (Puppim de Oliveira & Jabbour, Citation2017).⁴⁶

⁴⁵ Chicago Commercial Litigation Lawyers ‘Why Are Minority Shareholders Oppressed’ (n 50). <<https://www.thebusinesslitigators.com/business-commercial-litigation/why-are-minority-shareholders-oppressed/>> accessed 20 March 2025

⁴⁶ *ibid.*

Corporate social responsibility (CSR) is now becoming a key trend in the connection between sustainable development and core values in business operations, to create values for the business and for society. Sustainable development is not only important for the community but also for the success of companies. As the economy grows, the competition between companies becomes increasingly fierce, CSR activities will help companies reduce risks, build reputation, and improve customer satisfaction, thereby leading to many business benefits. These facts inspire us to conduct the research about relationship between CSR determinants and CSR outcomes, we hope that our research in exploring how stakeholder affects CSR performance, and leads to corporate reputation, in return can highlight deep insights into studies of sustainable development in Vietnam.⁴⁷

Stakeholder versus shareholder approach, companies adopting the approach may prioritize the interests of various stakeholders including employees and customers over those of the minority shareholders. The stakeholder model prioritizes how corporate activity affects all identifiable stakeholders of a corporation. Officers and directors involved in a company following this model must primarily contemplate the various interests of every possible stakeholder throughout its governance process, taking into account stakeholder reporting principles. So, they need to strategize over matters such as reducing stakeholder interest conflicts. The purview of board directors eclipses the more traditional focus of their corporate managers.

⁴⁷ Mai Ngoc Khuong, Nguyen Khoa Truong an and Tran Thi Thanh Hang, 'Stakeholders and Corporate Social Responsibility (CSR) Programme as Key Sustainable Development Strategies to Promote Corporate Reputation—Evidence from Vietnam' (2021). <<https://www.tandfonline.com/doi/pdf/10.1080/23311975.2021.1917333> > accessed 20 March 2025

They should now be far more concerned with other third parties that could depend upon the corporation in any way, instead of merely profits.⁴⁸

2.5 How social aspects contribute to the violation of the minority shareholders' rights

Prioritization of group interest, collective cultures may prioritize group interests over individual rights, potentially compromising minority shareholders. A group right is a right held by a group as a group rather than by its members severally. The group in group right describes the nature of the right-holder; it does not describe the mere fact that the right is confined to the members of a group rather than possessed by all members of a society or by humanity at large. Much of the controversy that surrounds group rights focuses on whether groups can hold rights and, if they can, on the conditions a group must satisfy if it is to be a right-holder. Some proponents of group rights conceive right-holding groups as moral entities, so that the group has a being and status analogous to those of an individual person.⁴⁹

Power distance and hierarchy, this is through respect of authority, as cultures with high power distance many emphasize respect for authority, potentially leading to the minority shareholders concerned being dismissed. Power distance measures the various levels separating people based on various factors like wealth, power, or authority. One example is a company with a very formal organizational structure where you have workers, managers, middle managers, executives, and an executive

⁴⁸ Ideals Board, 'Shareholder vs Stakeholder_ Comparing Models & Approaches'. <<https://idealsboard.com/comparing-shareholder-and-stakeholder-models-of-corporate-governance/>> accessed 4 March 2025

⁴⁹ Peter Jones, 'Group Rights (Stanford Encyclopedia of Philosophy)' (2008) <<https://plato.stanford.edu/entries/rights-group/>> accessed 2 march 2025

board. The levels in this organization are created by authority and the acceptance that the members of that organization expect and agree that power should be shared unequally with the power distance in that organization.

Cultural differences have an impact on multinational companies which by their nature are made of people from many cultures with varying levels of power distance. In business, cultural conflict can be productive or destructive requiring conflict management to influence behaviour to resolve conflict.⁵⁰

Risk aversion and regulatory emphasis as cultures with high uncertainty avoidance may prioritize stability and predictability, potentially leading to conservative decision making that neglects the minority shareholders' interests. uncertainty avoidance plays a role in takeover decisions and either captures the degree of risk aversion, cross-cultural differences in risk perception, or both. To disentangle these two possible explanations, we consider the role that uncertainty avoidance plays in cross-border diversifying takeovers. If uncertainty avoidance mainly captures CEO risk aversion, then we expect to see more cross-border diversifying takeovers from countries with high uncertainty avoidance scores, as these provide greater diversification benefits and reduce the overall riskiness of the CEO's exposure. However, if uncertainty avoidance mainly captures perceived risk (where countries with high uncertainty avoidance scores perceive investments as riskier), then we

⁵⁰ Pennstate, 'Understanding Power Distance in Country and Company' (2021) <<https://sites.psu.edu/global/2021/03/28/understanding-power-distance-in-country-and-company/>> accessed 5 April 2015

would expect a negative relationship between uncertainty avoidance and cross-border diversifying takeovers⁵¹

⁵¹ Bart Frijns and others, 'Uncertainty Avoidance, Risk Tolerance and Corporate Takeover Decisions' (2013) 2457 <<https://www.sciencedirect.com/science/article/abs/pii/S037842661300085X>> accessed 26 April 2025

CHAPTER THREE

LEGAL FRAMEWORK ON THE PROTECTION OF MINORITY SHAREHOLDERS

3.1 Introduction

Aside from single-member companies, most businesses often face internal disagreements among members regarding policies and decisions made for the company. Typically, the democratic principle of majority voting decides which viewpoint prevails in disputes. The standard rule is that the majority determines the company's actions. This principle was illustrated in the case of **Attorney General v. Davy**, where King Edward VI had appointed twelve individuals in a charter to elect a chaplain for the church in Kirton, near Boston. A provision stated that three of these twelve would select a chaplain for Sandford church, and while two of the three chose a chaplain with majority consent, the third member disagreed. The critical question was whether this choice was legitimate. The court ruled that the chaplain was validly elected by majority vote, confirming that most of a corporate body can dictate actions.

Christopher Madrama J in **David Nahurira v Baguma Cyprian Begumya & others**⁵² noted that oppression of the minority is directly related to shareholding in terms of who has the voting power in practical terms and who may steer the course of the corporation. It applies to situations where some members hold the majority shareholding and the minority shareholders cannot carry on any issue subject to vote.

⁵² David Nahurira v Baguma Cyprian Begumya & others HCCS No.392 of 2014

It is important to mention that to seek protection as a minority shareholder, one must possess less than half of the total shares. This principle is well demonstrated in the case of **Amin Akberali Manji & 2 others V Altaf Abdulrasul Dadani & Another**, where both the appellant and respondent founded the company and each held 50% of the shares. Despite this, one shareholder sought minority shareholder protection. The Court of Appeal ruled that the respondent, who owned 50% of the shares, did not qualify as a minority shareholder, as he held equal voting rights to the appellant meaning a minority shareholder must have less shares in the company.

When minority shareholders feel their rights are violated, they may seek legal support. They can rely on various statutory provisions for remedies, including the Companies Act, derivative action, common law, and securities legislation.

It is important to note that these remedies must be exercised with caution to ensure that the law protects the legitimate business of the company without condoning unfair and wrongful acts, that decisions properly made by the majority are upheld without affecting the minority, and that the provisions under the Companies Act are not specifically designated to protect minority shareholders but to ensure that all the shareholders in the company are treated fairly.

3.2 Minority shareholders' protection under the Companies Act Cap 106

When shareholder disputes arise, minority shareholders sometimes face the risk of dilution of shareholding or removal from board representation by hostile majority shareholders. In such cases, absent a shareholder agreement prescribing the way

disputes are resolved, minority shareholders are at the mercy of the provisions of the company's articles of association and the protections provided in the law.⁵³

Minority shareholders who are frustrated in the violation of their rights, the Companies Act exists an alternative to the statutory derivative action. These however must be exercised with the caution to ensure that the law protects the legitimate business of the company without condemning unfair and wrongful acts, that decisions properly made by most members are upheld, and that it does not overly and unnecessarily indulge the minority.

Some provisions are designed specifically to protect minority shareholders, but to ensure that all shareholders in a company are treated fairly.

Section 243 provides an alternative to the minority shareholder in cases of oppression. It is to the effect that a member of a company who complains that the affairs of the company are being conducted in a manner oppressive to a part of the members including himself or herself or in a case falling within **section 174(5)**, may make a complaint to the Registrar by petition for an order under this section. Where on any petition the Registrar thinks that the company's affairs are being conducted in a manner oppressive he or she may, to bring to an end the matters complained of, make such order as he or she thinks fit whether for regulating the conduct of the company's affairs in future or for the purchase of the shares of any members of the company by other members of the company or by the company and in the case of a

⁵³ Akash Devani and Faith Mcharia, 'Protection of Minority Shareholders from Oppression by Majority Shareholders - ALN' <<https://aln.africa/insight/protection-of-minority-shareholders-from-oppression-by-majority-shareholders/>> accessed 23 April 2025

purchase by the company, for the reduction accordingly of the company or by the company's capital, or otherwise.

Section 248 of the Companies Act, was originally introduced and was intended to provide more flexible remedies that were also free from the harshness of the majority shareholders.

Shareholders will usually have a range of rights in contractual agreements, such as the shareholders' agreement or the company's articles of association. These can include the following; rights to information about the running of the company, pre-emptive rights of first refusal to buy new shares or shares being sold, the right to veto certain actions proposed by the directors, such as appointing a new director, observer rights, to have a representative present at board meetings—Where any of these rights are granted, minority shareholders will be able to bring a claim for breach of contract if they are not observed.⁵⁴

Generally, any member or personal representative may petition the court because the affairs of the company are being conducted in a manner unfairly prejudicial to the interests of its members generally, or some parts of its members, including the petitioner himself. The court must among other things, be satisfied that the petition is well founded to establish grounds on which to bring a petition, and the aggrieved shareholder must demonstrate that; the affairs of the company in question are being, have been or are proposed to be conducted (by act or omission) in a manner

⁵⁴ Lincoln & Rowe Law Firm, 'As a Minority Shareholder, How Can I Enforce My Rights' <<https://lincolnandrowe.com/2021/10/19/minority-shareholder-rights/>> accessed 24 April 2025

that is or would be, unfairly prejudicial to the interests of the members generally, or some part of the company's members.⁵⁵

The provision relating to a petition by personal representative of a deceased shareholder is important because the major form of abuse in private companies has been the refusal by the board, under powers in the articles, to register the personal representatives of the minority deceased shareholder and to refuse to register the beneficiaries under the will or on intestacy. The process to transfer shares can be complex, depending on the documents in place, the number of shareholders and beneficiaries. You should seek relevant legal and tax advice. If the shares are in the deceased's name alone, then the title to the shares passes automatically to the personal representatives. The personal representative's rights on dealing with the shares will depend on the company's articles of association and any shareholders agreement.⁵⁶

3.3 Importance of minority shareholder protection

The Companies Act does not define a minority shareholder. However, a minority shareholder is an individual or entity that owns a minority stake in a company, which means they possess less than 51% of the public or private company shares. The purpose of these shareholders is to provide capital to a company in exchange for a

⁵⁵ *ibid.*

⁵⁶ Bereavement Team, 'How Do You Transfer Shares after the Death of a Shareholder_ Find out More about the Processes When Dealing with a Deceased Shareholder's Shares'. <[40](https://www.shareview.co.uk/4/Info/Portfolio/default/en/home/shareholders/Documents/WhatToDoWhenAShareholderDies.pdf#:~:text=We%E2%80%99ve%20put%20this%20guide%20together%20to%20help%20you,of%20the%20names%20and%20addresses%20of%20their%20shareholders.> accessed 24 April 2025</p></div><div data-bbox=)

portion of ownership. Typically, a shareholder who is not able to exercise control over the affairs of the company. Depending on the size of one's holding in a particular company, a shareholder maybe categorized either as a minority or majority shareholder. While the rights of shareholders are the same generally, minority shareholder often find themselves in disadvantageous situations which arise because of their not being able to exercise control or influence companies policies. The definition of minority shareholders will be therefore shareholders who do not exert control over the board of directors of the companies.⁵⁷

The major concerns of the minority shareholders include inability to effectively participate in the affairs of the company and to ensure that the company is managed in a manner that does not prejudice their interests.⁵⁸ Minority shareholders must, in principle, accept the decisions of the majority, and in cases where they feel that the majority shareholders are acting in a manner that is prejudicial to them, they may try to protect their interests either by lobbying or publicizing the actions of the majority as a deterrent measure. Other concerns are discussed below;

Access to information concerning the affairs of the company, especially the financial affairs of the company. For example, where directors engage in transactions that benefit them at the expense of the company, this information may not be readily available to those shareholders who may wish to challenge the transactions.

⁵⁷ LawTeacher, 'Problems Faced by Minority Shareholders.' (2013) <<https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php>> accessed 26 April 2025

⁵⁸ Muhereza Kamutetera, 'Minority shareholders; paying the pipe but can they call the tune' the Monitor, February 2005: p.13.< <https://allafrica.com/stories/200501311465.html>> accessed 26 April 2025

Dividend policy where individual shareholders tend to invest with a short-term outlook while institutional shareholders tend to think long term and it is sometimes difficult to balance the differing interests with the long-term objectives of a company. Some individual shareholders who often are minority shareholders have expressed concern about the dividend policies of some companies, especially where a company has continued to perform well but has a conservative dividend policy. This is often driven by the desire to finance company operations using retained earnings as opposed to borrowing. However, shareholders with a short term outlook may prefer higher dividend pay outs.

Exit mechanisms where most of the shareholders are concerned about the availability of exit mechanisms for closely held private companies, this can be quite a challenge, while with public listed companies, and the major issue is liquidity of the securities on the secondary market. The protection of minority shareholders is an important aspect of company law as it has implications for ownership structures, access to finance for companies and the development of capital markets.

3.4 General provision for the management and Administration of the companies.

The provisions are intended to ensure that the affairs of the company are conducted in manner that is fair and transparent for all the members and these include the need to keep the register of the members as provided under **section 115 of the Companies Act**, requirement to file annual returns **section 128**, holding annual general meeting in **section 134**, provisions in regards to accounts and audits as provided under **section 150** of the Act. However, it is uncommon to find non-compliance with most of the above provisions, though there are some weaknesses in enforcement.

3. 5 Enforcement of minority shareholders' rights

The Companies ensures that the rights of the minority shareholders are protected through following certain criteria as discussed hereunder;

The requirement for special resolution, certain acts can only be by way of special resolution passed by the company for example, where a company proposes; a reduction of its share capital (**Section 74**), alteration of the memorandum (**Section 10**) and Articles of Associations (**section 16**). A special resolution has to be passed by a majority of not less than three-fourths (3/4) of such members entitled to vote (**Section 144 of the Companies Act 106**). Although, the requirement for a special resolution does not in any way give special protection to minority shareholders, it ensures fairness, participation and due process in the conduct of the affairs of a company.

Requirement by court o sanction some matters, there are instances where the acts of the company have to be confirmed by court before they are effective, such as a reduction in the company's share capital (**section 74**), reconstruction, and amalgamations. Such transactions have no effect unless confirmed by the court. The requirement for approval of the court does not give any special protection to minority shareholders, but it is intended to ensure that the company has followed proper procedures and the involvement of all stakeholders.

Request for extra-ordinary General meeting, this is provided for under **section 135** of the Companies Act provides that— notwithstanding anything in the articles of associations, members holding not less than one-tenth (1/10) of the paid up capital of the company and entitled to vote at general meetings may requisition for an extra-ordinary meetings of the company. If the directors fail to convene the

meeting, the members requisitioning for the meeting as any of them with more than one-half of the total voting rights of all of them, may convene a meeting. Although this provision makes it possible for minority shareholders to convene a meeting of shareholders were those in control have refused and or neglected to do so, it does not also guarantee that their wishes will be carried forward as opposed to the majority.

Petition to registrar of companies and courts for redress; the companies act provides instances where a member can petition less than one-tenth of the shares issued make an application to the registrar of companies to investigate the affairs of the company **under section 170** and if satisfied as to the merits of their application, the registrar may appoint an inspector to do so and report thereon as provided under **section 171**. The powers of the investigator include powers to investigate the affairs of the related companies if necessary.

It should be noted that the above and other petitions to the register usually require the petitioners to meet certain minimum requirements such as the holding of a minimum percentage of shares or voting rights in the company. Where minority shareholders do not meet the said requirements, the extent to which they can rely on the above provisions to protect their interest is limited.

A minority shareholder may also sue where his personal rights as an individual have been infringed such as the right to vote or where the name of any person is without sufficient cause entered or in omitted from the company register **section 121 (1) (a)**.

Alternative remedy to winding protection of minority shareholder from oppression conduct. Section 243 of Companies Act provides for petitioning the

register where the affairs of a company are being conducted in an oppressive manner. The Act does not define conduct that amount to oppression. However, some cases have attempted to do so a case in point **Elder V Elder and Watson Ltd**⁵⁹ it was held that oppression is a departure from standard of fair dealing, violation of conditions of fair play on which every shareholder is entitled to rely.

In **Re Jermyn St. Turkish Baths Ltd**,⁶⁰ it was stated that there is not exhaustive definition of oppression but it amounts to being forced to submit to something unfair.

Court further stated that oppression does not include loss of confidence, negligence, inefficiency, deadlock and lack of business ability. In **Irene Kulabako V Moringa Ltd**⁶¹; the petitioner applied to court that the respondents purchase her shares in the company at market value. The petitioner was a minority shareholder with only 10% while the respondents David and Charles held 30% and 40% respectively. The grounds for petition were that the affairs of the company were being conducted in a manner oppressive to her as a minority shareholder. Justice Yorokam Bamwine held that there cannot be an all-embracing definition of what in law amounts to oppression but it manifests itself in various ways. One therefore needs to look at the conduct complained of vis -a-vis the exercise of power by the majority in a business organization. The honourable judge considered the following as oppressive to the petitioner;

⁵⁹Elder V Elder and Watson Ltd [1952] SC 49.

⁶⁰Re Jermyn St. Turkish Baths Ltd (1971) 1 WLR 1042

⁶¹ Irene Kulabako V Moringa Ltd Companies Cause No. 21 of 2009

- (a) Transferring the property of the company to another company owned by the minority shareholder.
- (b) Coercing the petitioner into accepting a payment of Ugshs 10,000,000 when her interest in the company had not been valued and before the issue of ownership of the suit property was resolved coupled with issuance of threats to throw her out of the company for being stubborn.
- (c) Removing her as a director in her absence.

The judge also took into account the possibility that are a human being prone to weakness, the petitioner may have contributed to the bad relations between her and other shareholders and ordered the respondents to pay the petition Ugshs 107,836.

In **Re Allied Food Products Ltd**⁶², the petitioning shareholder was deprived of his remuneration as a sales manager, fees as director and removed from being a director. It was held that this conduct did not amount to oppression within the meaning of Companies Act because the directors.

In **David Nahurira V Baguma Cryprian Begumya & other**,⁶³ Christopher Madrama J held that the phrase for oppression of the minority is directly related to shareholding in terms of voting power in practical terms and who may steer the course of the Corporation. It applies to situations where some members hold the majority shareholding and the minority shareholders cannot carry on any issue subjected to a vote.

⁶²Re Allied Food Products Ltd (1978) HCB 294

⁶³David Nahurira V Baguma Cryprian Begumya & other HCCS No. 392 of 2014

If the Registrar finds evidence of oppressive conduct but is of the opinion that to wind up the company would unfairly prejudice the petition members and that the facts would justify winding up on just equitable grounds, he may make orders relating to the conduct of the company's affairs in future, or for the purchase of shares of any members of the company by other members or the company and consequently for the reduction of the company's capital.

Shareholder buy out; Section 241 of the Companies Act, provides an exit mechanism to minority shareholders who may be opposed to a compromise or arrangement that results into amalgamation of two or more companies. This remedy is however narrow because it is restricted to amalgamation.

For companies that are listed on the Uganda Securities Exchange, the shareholders enjoy the advantages of a much more flexible exit and entry mechanism provided by the secondary markets. Therefore, minority shareholders who feel aggrieved by the policies of the majority shareholders, can exercise their rights in a manner that is in more advanced markets referred to as a shareholder revolt and sell their shares.

However, it is important to that a shareholder revolt can result in bad publicity for the company and affects its share price thereby serving as a potential deterrent to directors. It may also have an impact on further prospects of the company, especially its ability to be able to come back to the market and raise capital.

Thus, it's never a suitable option for those shareholders who invest for long term capital growth. It is also based on the assumption that the market is liquid, implying that— in cases where certain stocks are not liquid, any shareholder wishing to exit for whatever reason, may find themselves locked in for some time.

3.6 Protection mechanism under common law

The minority shareholders are also protected under the common law. In this orientation, their rights are enforced and seen to be protected.

Derivative Action, this is also known as the rule in **Foss V Harbottle**⁶⁴ which is to the effect that the proper plaintiff in an action to redress an alleged wrong to a company on the part of anyone whether director, member or outsider, or recover money or damages is prima facie the company. This means that the company is normally the proper plaintiff in an action to enforce a duty owed to the company, this rule thus prevents an action by a minority where what complained of is a breach of fiduciary duty by the promoters or directors, negligence in the management of company`s affairs, and procedural irregularities which ordinarily resolution could be put right.

In **Musa Misango V Eria Musigire & other**,⁶⁵ it was held that it is clear law that in order to redress wound done to the company or to recover monies or damage alleged due to the company the action should prima facie be brought by the company itself. It is a general rule that the suit by an individual complaining about an inquiry to the corporation cannot be maintained if it appears that the plaintiffs have means of procuring the suit to be instituted in the name of the corporation itself

Similarly in **Pavlides V Jensen**⁶⁶ the plaintiff a minority shareholder was denied access to courts, he alleged the defendant directors who were the majority had sold

⁶⁴ Foss V Harbottle (1843) 67 ER 189

⁶⁵Musa Misango V Eria Musigire & other, [1956]1 EA 390

⁶⁶ Pavlides V Jensen [1956] Ch 565

the company assets at the lesser cost value court held that it could not interfere with the internal management of the company within their powers.

The rule in **Foss V Harbottle** rests of five related prepositions as discussed below; First is the right of the majority to bar a minority action whenever they might lawfully ratify the alleged misconduct which also known as the majority rule or the internal management rule. In **MacDougall V Gardiner**⁶⁷ a poll was demanded and they refused a shareholder suing on behalf of himself and all other shareholders except those who were directors brought an action against the directors of the company for a declaration that the chairman`s conduct was illegal and an injunction to restrain the directors from carrying out certain arrangements without the approval of the shareholders. Court held that the action could not be brought by the shareholder if the chairman was wrong, the company alone could sue, and it was an internal matter for the decision of the majority and not the matter of litigation. If something has been done irregularly which the majority are entitled to do regularly or if something is done illegally, which the majority are entitled to do legally, there can be no use having litigation about the ultimate end of which is that a meeting is called. Doubtless, it is futile to allow the minority to sue where the majority have the retrospective power, by ratifying what has been done, to nullify any decision that a court may give in favour of the minority.

In **Prudential Assurance Co Ltd V Newman Industries**⁶⁸ Court held that where the alleged wrong is a transaction which might be made binding on the company or association of persons and all its members by a simple majority of the members, no

⁶⁷ MacDougall V Gardiner [1875] 1 Ch. D 13

⁶⁸ Prudential Assurance Co Ltd V Newman Industries [1982] 1 ALL ER 354

individual member of the company is allowed to maintain an action in respect of that matter.

David Nahurira V Baguma Cyprian Begumya & Others⁶⁹ Justice Christopher Madrama held that the basis for this doctrine is apparently the principle of democracy in the company that advances the principle that the person or persons with majority shareholding have a proportionate voting power by which they can out-vote any minority on any issue subject to a vote and therefore have control over the company where the majority have made a decision the minority should not challenge it except under grounds which are exceptions to the general rule.

Secondly, the normally exclusive right of the company to sue upon a corporate cause of action, this is known as the proper plaintiff or corporate plaintiff. In **Burland V Earle**⁷⁰ it was held that in order to redress the wrong done to the company or to recover monies or damages alleged to be due to the company, the action should prima facie be brought by the company itself.

In **Allied Bank International Ltd V Sadru Kara & Abdul Kara**⁷¹ court held that the general rule is that the proper plaintiff in action to redress an alleged wrong to a company is the company itself.

Thirdly, the company is a legal person, the court has also said from time to time that since a company is a person at law, the action is vested in it, and cannot be brought by a single member. This is well demonstrated as the corporate personality

⁶⁹David Nahurira V Baguma Cyprian Begumya & Others HCCS No. 392 of 2014

⁷⁰Burland V Earle [1902] AC 83 at 83 (PC)

⁷¹Allied Bank International Ltd V Sadru Kara & Abdul Kara HCCS 191 of 2002

principle which was discussed in **Mozley V Alston**⁷² where two shareholders sought an injunction to restrain the board from acting until four of the directors who ought to have retired by rotation to allow four others to be elected did so, they claimed the majority of the shareholders supported the action. Court held that if it was supported by a majority then the company itself would bring the suit not individual shareholders.

In the case of Paul Makete & John Makete v. Gilbert Okumu, the company was significantly mismanaged, prompting the members to file a lawsuit in their own names. The court ruled that since the company is legally distinct from its members, any wrongs committed against it do not equate to wrongs against its members. Consequently, the members would not face the stress and costs associated with litigation. Therefore, it may not have been prudent for the members of one company to initiate this suit against themselves under the pretense of protecting and defending the company, which is itself a separate legal entity with its own rights and liabilities.

Forth is the prevention of multiplicity of actions; this situation could occur if each individual member were allowed to commence an action regarding a wrong done to the company. In Gray V Lewis, a shareholder filed a suit on his behalf and on behalf of other shareholders against the directors of the company to recover money alleged to have been inappropriately used. The court held that one of the reasons for the application of the rule in Foss V Harbottle is that otherwise there would have been the danger of multiplicity of claims. Every member would be able to sue any

⁷² Mozley V Alston (1847) 1 Ph. 790; 41 ER 833

director, officer, or shareholder alleged to have enriched themselves at the company's expense. There might be as many bills in equity as there are shareholders multiplied by the number of defendants. This situation would be aggravated where suits were discontinued at will or dismissed with costs against plaintiff shareholders, leaving the plaintiff shareholders unable to meet those costs. The suit ought to have been brought by the company. A suit by one shareholder could not be sustained.

Finally, the court's order may be made ineffective. It should be noted that the court order could be overruled by an ordinary resolution of the members in a subsequent general meeting provided that the general meeting is not controlled by the wrong doers.

Quoting from *Moir V Wallersteiner*⁷³ Justice Oder, JSC, in *Salim Jamal and Shabir V Uganda Oxygen Ltd and two others*,⁷⁴ defined derivative action as a suit by a shareholder to enforce a corporate cause of action. The corporation is a necessary party and the relief which is granted is a judgement against a third party in favour of the corporation. An action is derivative when the action is based upon a primary right of the corporation's failure, deliberately or otherwise to act upon a primary right.

Derivative Action is a petition by a shareholder, usually a minority shareholder seeking a remedy from the company for a wrong that has been done to it, not every wrong to the company will justify a derivative action to remedy it. It must be a

⁷³ *Moir V Wallersteiner* [1975] ALL ER 849

⁷⁴ *Salim Jamal and Shabir V Uganda Oxygen Ltd and two others* Civil Appeal No. 64 of 1995

wrong that cannot be adequately remedied by the company either in general meeting or through the board of directors.

Ordinarily, a company being a legal entity has capacity to sue and seek remedies for wrongs done to it and this rule was clearly laid in the case of **Foss V Habottle**⁷⁵ where the minority shareholder sued directors for misapplying company property. It was held that it is a fundamental principle of our law that a company is a legal person with its own corporate identity, separate and distinct from the directors, shareholders and with its own property rights and interests to which alone it is entitled. If it is defrauded by a wrong doer the company itself is the one person to sue for the damages.

Similarly, in **Kabale Housing Estate Tenants Association Ltd V Kabale Municipal Council**⁷⁶, where the Council was instructed by a few members of the company to represent them and not the company itself, it was held that where a wrong has been done to the company and an action is brought to restrain its continuance or recover compensation the company is the true plaintiff.

However, in circumstances where a wrong has been done to the company by the majority who are in control, then it is unlikely that they will sanction any intended action against themselves. It may also be futile to call a general meeting to address the issue and take action because of the influence exercised by the wrongdoers over the board and directly or indirectly over the votes capable of being cast in a general

⁷⁵ Foss V Harbottle (1843) 67 ER 189

⁷⁶Kabale Housing Estate Tenants Association Ltd V Kabale Municipal Council Civil Application No. 15 of 2013

meeting. In those circumstances, courts have recognized that a minority shareholder may petition on behalf of the company.

The appropriate agency to start an action on behalf of the company is the board of directors, to whom the power is derogated to manage the affairs of the company. However, in the instance, where a shareholder is aggrieved with what the directors or the majority shareholders did, the shareholder could bring a derivative suit on behalf of the minority, these are the exceptions that were laid down in the case of L.CB Gower`s principles of modern company law 4th edition page 642 as discussed hereunder;

It is important to note that for exceptions to apply they must be pleaded, in **Murri V Murri and another**⁷⁷ the appellant alleged that the first respondent who had since 1967 been the managing director of the company, had been conducting the affairs of the company to the detriment of the other directors. Court held that upon a careful consideration of the petition it is plain and obvious that basically this is the dispute about the internal management of the company and the court does not interfere with the internal management of the company within its powers per **Foss v Harbottle**. Facts necessary to support intervention by the court for example ultra vires or fraud have to be pleaded.

Ultra vires action; a member of a company may bring proceedings to restrain the doing of an ultra vires action unless the action is to be done in the fulfillment of a legal obligation of the company. In **Simpson V Westminster Palace Hotel Co.**⁷⁸

⁷⁷ Murri V Murri and another (1999) 1 EA212

⁷⁸ Simpson V Westminster Palace Hotel Co. (1860) 8 H,L 721

Court held that the funds of a company established for the purpose of one undertaking cannot be applied to another. If an attempt is made, such an attempt would be ultra vires, although sanctioned by all the directors, and by large majority shareholders therefore any single shareholder has a right to resist it and the court of equity will interpose on his behalf by injunction.

In **Burland v Earl**,⁷⁹ It was held that although a company must sue for redress a wrong done to it, if majority of its shares are controlled by those against whom relief is sought, the complaining shareholders may sue in their names but must show that the act complained of is either fraudulent or ultra vires.

In **Atherton v The place creek central mill co Ltd**⁸⁰ the plaintiff acting on behalf of himself and all other shareholders gained a declaration that certain payments which the directors had authorised were ultra vires the powers of the company as expressed in the articles. Court held that the plaintiff was successful even though the majority of the shareholders approved the payments. Even the unanimous approval of the shareholders could not validate or ratify the ultra vires act.

Fraud on the minority; in Estmanco (Kilner House) Ltd v Greater London Council⁸¹ court defined fraud to mean not just at common law but also fraud in the wider equitable sense of that term, as in the equitable concept of fraud on power, fraud on a power means an abuse or misuse of power. This covers situations where the directors and the majority shareholders perpetrate the fraud as held in **Cook V**

⁷⁹Burland v Earl [1902] AC 83

⁸⁰ Atherton v The place creek central mill co Ltd [1914] St R Qd 73;

⁸¹Estmanco (Kilner House) Ltd v Greater London Council (1982) 1 ALL ER 437 at 445

Deeks,⁸² and in **Menier V Hopper's telegraph works**⁸³ where it was held that a minority shareholder may bring an action where the majority shareholders are dealing with the assets of the company as to benefit themselves at the expense of the minority. In **Brown V British Abrasive Wheel Co. Ltd**,⁸⁴ majority shareholders in the defendant company failed to convince minority shareholders to transfer shares to them so they amend the company's articles making the transfer compulsory. It was held that amounted to expropriation—In **Daniels v Daniles**⁸⁵ the directors did not act fraudulently but with gross negligence, sold assets at undervalue and profited themselves as well. Court held that fraud should not be read narrowly and here the directors' gross negligence led them to benefit and thus gave rise to the derivative claim against them.

To set aside unlaw act; in **Smith V Croft**,⁸⁶ Knox, J held that an action behalf of the minority shareholder of a company that challenged transactions that violated the provisions of the companies Act financial assistance and maintenance be upheld.

Breach of rules; this is where the conduct that is subject of a complaint arises out of breach of procedural rules such as seen in **Edwards V Halliwell**,⁸⁷ where an act that required consent of the two thirds majority was only effected by simple majority.

⁸² Cook V Deeks [1916]1AC 544

⁸³Menier V Hopper's telegraph works (1874) 8 Ch 350

⁸⁴ Brown V British Abrasive Wheel Co. Ltd [1919] 1 Ch 114

⁸⁵Daniels v Daniles (1987) Ch 406

⁸⁶ Smith V Croft [1988] ch 144

⁸⁷ Edwards V Halliwell (1950) 2 ALLER 1064

In **Olive Kigongo V Mosa Courts Apartments Ltd**, the petitioner complained that her co-shareholder/director being the majority shareholder unilaterally removed the petitioner from the management of the company by taking away from her all the cheque books, books of accounts and records of the company and also employed staff who exclusively reported to him. The petitioner was removed from all affairs of the company and denied access to the properties of the company like vehicles and telephones. The petitioner was not invited to any board or general meetings wherein, he appointed a company secretary, opened accounts and ordered payments to be made to an account where he was the sole signatory. The petitioner had since incorporation not been given any dividends or other payments by the company. It was held that the petitioner being a subscriber to the memorandum of Association was a member of the company who could bring a petition under **section 248 CA**, hence there was breach of duty unto which the derivative action is invoked.

3.7 Conclusion

When a shareholder is trying to restrain the majority from acting illegally or continuing to commit a personal wrong upon him, he has a choice. He may sue in his own name or in the representative form on behalf of him and other shareholders with whom he enjoys the right allegedly denied. Therefore, the above provision in this Chapter, indicate the enforcement of the rights of minority shareholders, the importance of protecting of their rights, the procedure on how the action is brought against unfair prejudice.

CHAPTER FOUR

CONCLUSION AND RECOMMENDATIONS

4.1 Introduction

This chapter presents the conclusions and recommendations that have been got from the research study, and what should be done in order to see that the minority shareholders' rights are recognized and the violation of the rights handled expeditiously. It is important to settle the disputes within the company as the basis of the economic development which will be discussed in the course of this chapter.

There has been a reluctance to protect minority shareholders because it is contrary to the notion of company democracy and the company can in every event ratify an act complained of by the minority. If an irregularity has been committed in the course of the company's affairs, can an individual shareholder bring a complaint before the court? Which is answered by the rule in **Foss V Harbottle** as the company itself.

4.2 Synopsis

Chapter one provided an introduction on the unfair prejudice of the minority shareholders' rights in Uganda, discusses the various unfair prejudice and the violations of the rights, within the company among the shareholders. The effect and the mechanisms that was in place to settle the dispute among the shareholders in the company, the problem of the study, objectives of the study, hypothesis, the scope of the study, the statement of the problem and the synopsis of the study. The chapter also stated the significance of the study.

The chapter ended by describing the methodology that was adopted during the whole of this study. The valid conclusion from those studies is that prolonged

disputes in the company between The disparity between minority and majority shareholders leads to civil conflict among the members of the company.

Chapter two emphasized the non-legal frame work which was through looking at different mechanisms through which the rights of the minority shareholders are violated that is to say economically, socially, politically and culturally.

Chapter three gave the introduction to the legal framework of the protection of the minority shareholders' rights from unfair prejudice. This then discussed various infringement on the rights of the minority shareholders. The various rights that must be enjoyed by all the members and shareholders were discussed tentatively and illustrated that this can be achieved expeditiously.

4.3 Recommendations

In view of the above, there is need to empower shareholders to ensure that they are treated fairly through;

- a) Strengthening disclosure requirement to enhance accessibility to company information for shareholders at all times and to ensure that all shareholder irrespective of their holdings enjoy equal rights of access to information. This can be done through investigation by the registrar as provided under **section 168** which is to the effect that Where the Registrar has reasonable cause to believe that the provisions of this Act are not being complied with or where, on perusal of any document which a company is required to submit to the Registrar under this Act, the Registrar is of opinion that the document does not disclose a full and fair statement of the matters to which it purports to relate, the Registrar may, by a written order, call on the company concerned

to produce all or any of the books of the company or to furnish in writing such information or explanation as the Registrar may specify in the order.⁸⁸

This is further seen In **Re Tank hill Properties Lid**⁸⁹ where the Registrar's report under this section was used as evidence of the fact that Company Form No. 7 appointing Directors was never filed, Company Form No. A9 showing the company's registered office was never filed, there were two board resolutions for acquisitions of bank loans for USD 150,000- (dated 28th October 1999) and USD 275,000- (dated 30th November 2005) respectively, there was also a company form no. 4 affecting the second transaction dated 27th February 2009 and that there was no other company form on file. The scope of the enquiry contemplated by this section is clear; wherever the Registrar has reason to believe that the affairs of the company are not properly carried on he is empowered to make an enquiry into the said affairs. This can also be traced in **Re Standards Brand Ltd**⁹⁰ where court held that where a company is consistently violating the provisions of the Act, the Registrar is competent to take steps for investigation of the affairs of the company.

Inspection

- b) Shareholder activism, in some markets, shareholders form associations where they can discuss various issues and exert pressure on directors to pay attention to their concerns. In cases where shareholders are aggrieved, they should be able to seek appropriate remedies and even take out class action suits against directors. Shareholder activism spectrum -“Activism” represents a range of activities by one or more of a publicly traded corporation's

⁸⁸ Companies Act. Cap 106 s. 168

⁸⁹ Re Tank hill Properties Lid ⁸⁹ [2013] Ug commc 67

⁹⁰ Re Standards Brand Ltd (1980) 50 Com Cases 75

shareholders that are intended to result in some change in the corporation. The activities fall along a spectrum based on the significance of the desired change and the assertiveness of the investors' activities. On the more aggressive end of the spectrum is hedge fund activism that seeks a significant change to the company's strategy, financial structure, management, or board. On the other end of the spectrum are one-on-one engagements between shareholders and companies triggered by Dodd-Frank's "say on pay" advisory vote.⁹¹

- c) Increased shareholder participation in the affairs of the company. The practice of using annual general meeting to simply "rubber stamp" decisions should be discouraged and shareholders encouraged to voice their opinions and contribute to the agenda of the meeting. An annual general meeting is a yearly gathering of a company's interested shareholders. At an AGM, the directors of the company present an annual report containing information for shareholders about the company's performance and strategy. Shareholders with voting rights vote on current issues, such as appointments to the company's board of directors, executive compensation, dividend payments, and the selection of auditors.⁹² An annual general meeting, or annual shareholder meeting, is primarily held to allow shareholders to vote on both company issues and the selection of the

⁹¹ Mary Ann Clody, 'Shareholder Activism_ Who, What, When, and How_'. <<https://corpgov.law.harvard.edu/2015/04/07/shareholder-activism-who-what-when-and-how/>> accessed 12 May 2025

⁹² Investor.gov, 'Shareholder Voting' < <https://www.investor.gov/shareholder-voting>> accessed 12 May 2025

company's board of directors. In large companies, this meeting is typically the only time during the year when shareholders and executives interact.⁹³

Increased public awareness is probably the greatest challenge, especially in developing economies. Considering that not all shareholders are in a position to analyze information given to them and respond to it, there is a need to increasingly create awareness about corporate action, secondary market transactions and how shareholders can use available information to protect their interests. This can be through the members investigation **Section 169**⁹⁴ provides for the Investigation to company's affairs on application of members, the registrar may appoint inspectors to investigate the affairs of a company for a company having a share capital on the application either of not less than 200 members or of members holding not less than one-tenth of the shares issued; or in the case of a company not having a share capital, on the application of not less than one-fifth in number of the persons on the company's register of members. The application shall be supported by such evidence as the registrar may require and he may require the applicants to give security for payment of the cost of the investigation. A person aggrieved by a decision of the registrar under this section may appeal to court.

This is evidenced in the case of **Re Eryeza Bwambale & Co Lid**⁹⁵ where the minority shareholders asked the court to appoint inspectors to investigate the company's affairs. The applicants claimed, inter alia, that the second respondent, who held

⁹³ James Chen, 'Annual General Meeting (AGM) Definition and Purpose'. <<https://www.investopedia.com/terms/a/agm.asp#:~:text=An%20annual%20general%20meeting%20%28AGM%29%20is%20a%20yearly,shareholders%20about%20the%20company%20%E2%80%99s%20performance%20and%20strategy.>> accessed 12 Mar 2025

⁹⁴ *ibid.*

⁹⁵ *Re Eryeza Bwambale & Co Lid* [1969] 1 EA 430

the majority of the shares in the company, was dictatorial and had not given them sufficient information about the company's affairs; and that the company had failed to declare a dividend court held that the application for appointment of inspectors was not the appropriate remedy where the applicants complained that they were being oppressed or that the company had unreasonably refused to declare a dividend. Provided the information required to be given in or with the accounts, or otherwise by law, was given the withholding of information would not usually be sufficient grounds to appoint investigators.

Further in **Sri Ramdas Motor Transport Ltd V Tadi Adhinarayana Reddy** ⁹⁶ court held that an investigation cannot be instigated simply on the basis of allegations made by one shareholder. The power to appoint an inspector to investigate the affairs of a company has to be exercised by the Registrar after a proper preliminary scrutiny. It cannot be instituted simply on the basis of allegations made by one shareholder. An investigation may seriously damage a company and should not be ordered without proper material gathered in the manner provided in the CA.

In **Rohtas Industries V S.D. Aganval and AIR 1969** ⁹⁷ court held that the power conferred on the Registrar under this section is a discretionary power whereas the Registrar is bound to appoint one or more competent persons as Inspectors if the company by special resolution (**s 169 (a)**) or the court by order declares that that the affairs of the company ought to be investigated. From the section it is clear that the Legislature considered that investigation into the affairs of a company is a very serious matter and it should not be ordered except on good grounds. The power has

⁹⁶ Sri Ramdas Motor Transport Ltd V Tadi Adhinarayana Reddy (1997) 90 Com Cases 383 (SC))

⁹⁷ Rohtas Industries V S.D. Aganval and AIR 1969 SC 707, 1969 39 Comp Cas 781 SC

been conferred on the Registrar on the faith that it will be exercised in a reasonable manner. The Registrar is presumed to be an expert in company law matters. Therefore, the standard that is prescribed is not the standard required of an ordinary citizen but that of an expert. If court comes to the conclusion that no reasonable authority would have passed the order on the material before it, then the same is liable to be struck down.

It is important to note that under **Section 164(a)**⁹⁸ there is Investigation on Special Resolution

The Registrar shall appoint inspectors to investigate the affairs of a company and to report thereon in such manner as the registrar directs, if the company by special resolution declares that its affairs ought to be investigated by an inspector appointed by the registrar. In **I V Bourd of Trade, ex parte St Martin Preserving Co Ltd**⁹⁹. The Company's receiver was refusing to share any information regarding the company's transactions during insolvency. The applicant company held an Extraordinary General Meeting at which a special resolution was passed declaring that its affairs ought to be investigated by an inspector appointed under the equivalent of **s 174 of the CA**. Court held that The Board of Trade were bound to appoint an inspector, and the order of mandamus, should issue. The term "affairs of a company" in **s 174(a)** of the CA includes its goodwill, its profits and losses, and its contracts and assets including all its investment or other property interests and its control of a subsidiary company; and transactions of a receiver and manager of a company are its affairs within the enactment

⁹⁸ibid

⁹⁹ I V Bourd of Trade, ex parte St Martin Preserving Co Ltd [1964] 2 All ER 561

The importance of shareholder education and awareness is a topic that is often overlooked in the world of finance and investment. However, it is a crucial aspect that can significantly impact the success of a company and its shareholders, understanding the role of shareholders and their rights is essential. This is because the exchange is a marketplace where companies list their shares for public trading, and shareholders are the ones who purchase these shares. Therefore, it is vital for shareholders to be educated and aware of their rights and responsibilities—One of the primary reasons why shareholder education is important is that it empowers shareholders. By understanding the basics of investing and the role of shareholders, individuals can make informed decisions about their investments. This empowerment can lead to better financial decisions and can ultimately result in greater financial success. Furthermore, shareholder education can also lead to more active participation in corporate governance, which can result in better decision-making and improved corporate performance.¹⁰⁰

e) The government or the law making bodies can seek ways to establish the Alternative Dispute Resolution as a means of extending justice to the company members the shareholders and the other workers, and the minority shareholders who cannot afford the formal court and the legal representative or counsel. There are many forms of oppressive, prejudicial and discriminatory conduct and some account needs to be taken of these different manifestations when discussing

¹⁰⁰ FasterCapital, 'The Importance Of Shareholder Education And Awareness - '. <<https://fastercapital.com/topics/the-importance-of-shareholder-education-and-awareness.html>> accessed 12 May 2025

appropriate remedies. They include: the exclusion of minority shareholders from management, the withholding of dividends, provision of excessive salaries to majority shareholder employees of the company and other forms of self-interested dealings, mergers, dissolutions and asset sales which are to the disadvantage of minority shareholders, improper use of assets, the diversion of profits to the majority shareholders, the failure to provide information, removal as directors, and general mismanagement of the business and basic lack of fair play. Prevention, as the term implies, involves parties anticipating the future possibility of disputes in their business or personal affairs and making choices about ways of avoiding them or dealing with them when they eventuate. Prevention is claimed to be a high priority of good dispute resolution in terms of the efficiency and effectiveness it provides and it is the foundation of dispute systems design. In order to prevent disputes emerging in the first place emphasis can be placed on effective methods of communication, audits of dispute resolution methods, education and training and other preventative devices. Where a dispute does emerge the emphasis is on early and cost-effective intervention with the object of reducing the impact of the dispute and preventing its escalation; this suggests the need to attempt interest- and rights based approaches before resorting to power.¹⁰¹

4.4 Conclusion

In conclusion therefore, according to the above information and recommendations, it is worth noting that the rights of the minority shareholders should be harmonized

¹⁰¹ Bond Law Review, John H Farrar and Laurence Boulle, 'Minority Shareholder Remedies - Shifting Dispute Resolution Paradigms' (2001) 13<<https://blr.scholasticahq.com/article/5375-minority-shareholder-remedies-shifting-dispute-resolution-paradigms>> accessed 15 March 2025

with those of the majority. Hence in the violation of which shall lead to the action for damages, exit mechanism as the law has found it necessary for the aggrieved party. The protection of minority shareholders is a critical aspect of corporate law, ensuring that their rights and interests are not unfairly subordinated to those of majority shareholders or corporate management.

BIBLIOGRAPY

STATUTES

Companies Act Cap 106

CASES

Allied Bank International Ltd V Sadru Kara & Abdul Kara HCCS 191 of 2002

Atherton v The place creek central mill co Ltd [1914] St R Qd 73;

Brown V British Abrasive Wheel Co. Ltd [1919] 1 Ch 114

Burland V Earle [1902] AC 83 at 83 (PC)

Cook V Deeks [1916]1AC 544

Daniels v Daniles (1987) Ch 406

David Nahurira v Baguma Cyprian Begumya & others HCCS No.392 of 2014

Edwards V Halliwell (1950) 2 ALLER 1064

Elder V Elder and Watson Ltd [1952] SC 49.

Estmanco (Kilner House) ltd v Greater London Council (1982) 1 ALL ER 437 at 445

Foss V Habottle (1843) 67 ER 189

I V Bourd of Trade, ex parte St Martin Preserving Co Ltd [1964] 2 All ER 561

INCAFEX Limited v Rukikaire (Civil Appeal Number 67 of 2010) 2014 UGCA 77 (22 December 2014).

Irene Kulabako V Moringa Ltd Companies Cause No. 21 of 2009

Kabale Housing Estate Tenants Association Ltd V Kabale Municipal Council Civil Application No. 15 of 2013

MacDougall V Gardiner [1875] 1 Ch. D 13

Menier V Hopper's telegraph works (1874) 8 Ch 350

Moir V Wallersteiner [1975] ALL ER 849

Mozley V Alston (1847) 1 Ph. 790; 41 ER 833

Murri V Murri and another (1999) 1 EA212
Simpson V Westminster Palace Hotel Co. (1860) 8 H,L 721

Musa Misango V Eria Musigire & other, [1956]1 EA 390

Pavlides V Jensen [1956] Ch 565

Prudential Assurance Co Ltd V Newman Industries [1982] 1 ALL ER 354

Re Allied Food Products Ltd (1978) HCB 294

Re Eryeza Bwambale & Co Lid [1969] 1 EA 430

Re Jermyn St. Turkish Baths Ltd (1971) 1 WLR 1042

Re Standards Brand Ltd (1980) 50 Com Cases 75

Re Tank hill Properties Lid [2013] Ug commc 67

Rohtas Industries V S.D. Aganval and AIR 1969 SC 707, 1969 39 Comp Cas 781 SC

Salim Jamal and Shabir V Uganda Oxygen Ltd and two others Civil Appeal No. 64 of 1995

Simpson V Westminster Palace Hotel Co. (1860) 8 H,L 721

Smith V Croft [1988] ch 144

Sri Ramdas Motor Transport Ltd V Tadi Adhinarayana Reddy (1997) 90 Com Cases 383 (SC)

JOURNALS AND ARTICLES

Aaron Hall, 'Legal Rights of Minority Shareholders_ Protections and Remedies'.
<<https://aaronhall.com/oppresion-of-minority-shareholders-6-legal->

[remedies/#:~:text=Six%20legal%20remedies%20exist%20to%20combat%20such%20injustices%3A,and%20best%20practices%20promote%20transparency%20and%20open%20communication.>](#) accessed 18 March 2025

Abhinav Shanbhag, 'Exploring Causes, Effects, and Solutions to Financial Illiteracy and Exclusion among Minority Demographic Groups' (2022). <[https://www.bing.com/search?q=abhinav+shanbhag%2C+%E2%80%98exploring+causes%2C+effects%2C+and+solutions+to+financial+illiteracy+and+exclusion+among+minority+demographic+groups%E2%80%99+\(2022\).&gs_lcrp=EgRlZGdlKgclABBFGMIDMgcIABBFGMIDMgcIARBFGMIDMgcIAhBFGMIDMgcIAxBFGMIDMgcIBBBFGMIDMgcIBRBFGMIDMgcIBhBFGMIDMgcIBxBFGMID0gEJMjkyNzBqMGo0qAllsAIB&FORM=ANAB01&PC=U531](https://www.bing.com/search?q=abhinav+shanbhag%2C+%E2%80%98exploring+causes%2C+effects%2C+and+solutions+to+financial+illiteracy+and+exclusion+among+minority+demographic+groups%E2%80%99+(2022).&gs_lcrp=EgRlZGdlKgclABBFGMIDMgcIABBFGMIDMgcIARBFGMIDMgcIAhBFGMIDMgcIAxBFGMIDMgcIBBBFGMIDMgcIBRBFGMIDMgcIBhBFGMIDMgcIBxBFGMID0gEJMjkyNzBqMGo0qAllsAIB&FORM=ANAB01&PC=U531)> accessed 20 March 2025

Akash Devani and Faith Mcharia, 'Protection of Minority Shareholders from Oppression by Majority Shareholders - ALN'. <<https://aln.africa/insight/protection-of-minority-shareholders-from-oppression-by-majority-shareholders/>> accessed 23 April 2025

Albert J Carroll, Partner and Bryan Townsend, Counsel Morris James LLP, 'Can a Shareholder Be Forced To Sell Shares_ [Discover Rights]' <[Aleksandr Shkolnikov, 'Protecting Minority Shareholders in Emerging Markets \(Center for International Private Enterprise' Washington, 2006\) at 19. <<http://www.kurumsalyonetimkutuphanesi.com/Articles/Details/80398cb2-d403-4d14-bfb0-4f9d326df262>> accessed 15 March 2025](https://mnacommunity.com/insights/can-a-shareholder-be-forced-to-sell-shares/#:~:text=This%20article%20explores%20your%20key%20shareholder%20rights%2C%20examines,compel%20another%20party%20to%20dispose%20of%20their%20shares.].> accessed 18 February 2025</p></div><div data-bbox=)

Attorney Aaron Hall, 'Majority Shareholder Oppression of Minority Owners' <[Attorney Aaron Hall, 'Why Are Legal Frameworks Essential for Minority Shareholders_ - Attorney Aaron Hall'.](https://www.qualitycompanyformations.co.uk/blog/register-of-members/#:~:text=As%20per%20section%20113%20of%20the%20Companies%20Act,company%20registers%20which%20all%20need%20to%20be%20maintained.> accessed 18 February 2025</p></div><div data-bbox=)

Attorney Aaron Hall, 'Why Safeguard Minority Rights in Legal Disputes'_ -. <[70](https://aaronhall.com/protecting-minority-shareholder-rights-in-litigation/#:~:text=Safeguarding%20minority%20rights%20in%20legal%20disputes%20is%20vital,and%20addressing%20systemic%20biases%20prevalent%20in%20legal%20systems.> accessed 5 March 2025</p></div><div data-bbox=)

Attorney Kevin O` Flaherty, ‘What Is Oppression of Minority Shareholders? | Minority Shareholder Protections’ <<https://www.oflaherty-law.com/learn-about-law/what-is-oppression-of-minority-shareholders-minority-shareholder-protections>> accessed 18 February 2025

Attorney Marc Newman, ‘Minority Shareholder Rights in Private Companies’. <<https://millerlawpc.com/rights-minority-shareholders-private-companies/>> accessed 4 March 2025

Bart Frijns and others, ‘Uncertainty Avoidance, Risk Tolerance and Corporate Takeover Decisions’ (2013) 2457. <<https://www.sciencedirect.com/science/article/abs/pii/S037842661300085X> > accessed 26 April 2025

Bereavement Team, ‘How Do You Transfer Shares after the Death of a Shareholder_ Find out More about the Processes When Dealing with a Deceased Shareholder’s Shares’. <<https://www.shareview.co.uk/4/Info/Portfolio/default/en/home/shareholders/Documents/WhatToDoWhenAShareholderDies.pdf> > accessed 24 April 2025

Bond Law Review, John H Farrar and Laurence Boulle, ‘Minority Shareholder Remedies - Shifting Dispute Resolution Paradigms Minority Shareholder Remedies - Shifting Dispute Resolution Paradigms’ (2001) 13. <<https://blr.scholasticahq.com/article/5375-minority-shareholder-remedies-shifting-dispute-resolution-paradigms> > accessed 15 March 2025

Bryan A Garner (ed.), Black’s Law Dictionary 9th ed. (West Publishing Company: San Diego, 2009) at 1500 <<https://www.qualitycompanyformations.co.uk/blog/register-of-members/#:~:text=As%20per%20section%20113%20of%20the%20Companies%20Act,c%20company%20registers%20which%20all%20need%20to%20be%20maintained.> > accessed 12 February 2025

Certified public Accountant Uganda, ‘Information Paper on the Companies Act 2012’ <<https://www.icpau.co.ug/sites/default/files/Resources/Information%20Paper%20on%20the%20Companies%20Act%202012.pdf>. > accessed 20 February 2025

Chicago Commercial Litigation Lawyers ‘Why Are Minority Shareholders Oppressed’ (n 50). <<https://www.thebusinesslitigators.com/business-commercial-litigation/why-are-minority-shareholders-oppressed/> > accessed 20 March 2025

Chicago Commercial Litigation Lawyers, ‘Why Are Minority Shareholders Oppressed_ << > accessed 4 March 2025

Christopher Hodges OBE, Stefan Vogenauer and Magdalena Tulibacka, 'Cost of Litigation_ Analyzing the Economic Impact of Litigation_ The Cost of Litigation Perspective - FasterCapital'.
<https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1511714#:~:text=This%20study%20summarises%20the%20approach%20to%20costs%20and,the%20rules%20for%20cost%20shifting%20across%20legal%20systems.> accessed 29 March 2025

Collective Investment Fund, 'Shareholder - Definition, Roles, and Types of Shareholders' (2015)
<<https://corporatefinanceinstitute.com/resource/equities/shareholder>> accessed 12 February 2025

Corina Burunciuc and Halit Gonenc, 'Reforms Protecting Minority Shareholders and Firm Performance: International Evidence' (Dec 24, 2020)
<<https://www.mdpi.com/1911-8074/14/1/5>> accessed 20 February 2025

Curtis J Milhaupt, 'The (Geo)Politics of Controlling Shareholders' [2023] SSRN Electronic Journal.
<https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4406516> accessed 1 March 2025

Curtis J. Milhaupt and Wentong Zheng, 'Beyond Ownership: State Capitalism and the Chinese Firm' 103 Geo. L.J. 665 (2015) (explaining Chinese state capitalism as a product of state capture) <
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2413019> accessed 2 March 2025

Faster capital, 'Ownership Stake_ Ownership Stake_ Understanding Minority and Majority Interests - FasterCapital'. <<https://fastercapital.com/content/Minority-Interest-vs--Majority-Interest--A-Comparative-Analysis.html#:~:text=When%20it%20comes%20to%20ownership%20and%20control%20of,interest%20refers%20to%20ownership%20of%20more%20than%2050%25.>>
accessed 17 March 2025

FasterCapital, 'Minority Interest in Family Owned Businesses_ Challenges and Opportunities - FasterCapital'. <<https://fastercapital.com/content/Minority-Interest-in-Family-Owned-Businesses--Challenges-and-Opportunities.html>>
accessed 4 March 2025

FasterCapital, 'Minority Shareholders_ Minority Shareholders_ Rights and Roles in Public and Private Companies - '.< <https://fastercapital.com/content/Minority-Shareholders--Minority-Shareholders--Rights-and-Roles-in-Public-and-Private-Companies.html>> accessed 4 March 2025

FasterCapital, 'Monopolistic Practices_ The Thin Line_ Balancing Monopoly Power with Horizontal and Vertical Integration - '<<https://fastercapital.com/content/Monopolistic-Practices--The-Thin-Line--Balancing-Monopoly-Power-with-Horizontal-and-Vertical-Integration.html>> accessed 17 March 2025

FasterCapital, 'The Importance Of Shareholder Education And Awareness - '.<<https://fastercapital.com/topics/the-importance-of-shareholder-education-and-awareness.html>> accessed 12 May 2025

Geoffrey Martin and others, 'Conflict Between Controlling Family Owners and Minority Shareholders: Much Ado About Nothing?' (2017) 999.<<https://journals.sagepub.com/doi/10.1111/etap.12236>> accessed 6 March 2025

Hmsa Consultancy, 'Short-Term Profitability Vs Long-Term Sustainability: Crafting a Balanced Corporate Strategy'.< <https://hmsaconsultancy.com/short-term-profitability-vs-long-term-sustain/>> accessed 3 March 2025

HR Consortium of Talent Leaders Fraternity, 'Striking the Right Balance_ Short-Term Gains and Long-Term Sustainability in Business Decisions'.<<https://www.hrfraternity.com/sustainability-excellence/striking-the-right-balance-navigating-short-term-gains-and-long-term-sustainability-in-business-decisions.html>> accessed 4 March 2025

Ideals Board, 'Shareholder vs Stakeholder_ Comparing Models & Approaches'.<<https://idealsboard.com/comparing-shareholder-and-stakeholder-models-of-corporate-governance/>> accessed 4 March 2025

Investor.gov, 'Shareholder Voting'< <https://www.investor.gov/shareholder-voting>> accessed 12 May 2025

James Chen, 'Annual General Meeting (AGM) Definition and Purpose'.<<https://www.investopedia.com/terms/a/agm.asp#:~:text=An%20annual%20general%20meeting%20%28AGM%29%20is%20a%20yearly,shareholders%20about%20the%20company%20%E2%80%99s%20performance%20and%20strategy.>> accessed 12 Map 2025

Jedidiah Purdy et al., 'Building a Law-and-Political-Economy Framework: Beyond the Twentieth-Century Synthesis' 129 Yale L.J. 1784, 1820 (2022).<<https://www.yalelawjournal.org/feature/building-a-law-and-political-economy-framework>> accessed 2 March 2025

Jensen M C and Meckling W, 'Theory of the Firm: Managerial Behaviour, Agency Costs and Ownership Structure', (1976) 3 Journal Financial Economics 305.<<https://www.sciencedirect.com/science/article/pii/0304405X7690026X>> accessed 17 March 2025

LawTeacher, 'Problems Faced by Minority Shareholders.' (2013) <<https://www.lawteacher.net/free-law-essays/business-law/problems-faced-by-the-minority-shareholders-business-law-essay.php> > accessed 26 April 2025

Lincoln & Rowe Law Firm, 'As a Minority Shareholder, How Can I Enforce My Rights' <<https://lincolnandrowe.com/2021/10/19/minority-shareholder-rights/> > accessed 24 April 2025

Lucian Bebchuck, Reinier Kraakman and George Triantis, Stock Pyramids, 'Cross-Ownership and Dual Class Equity: The Mechanisms and Agency Costs of Separating Control from Cash Flow Rights' in Randall Morck ed., Concentrated Ownership 445 (2000). <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=147590 > accessed 27 February 2025

Mai Ngoc Khuong, Nguyen Khoa Truong an and Tran Thi Thanh Hang, 'Stakeholders and Corporate Social Responsibility (CSR) Programme as Key Sustainable Development Strategies to Promote Corporate Reputation—Evidence from Vietnam' (2021). <<https://www.tandfonline.com/doi/pdf/10.1080/23311975.2021.1917333> > accessed 20 March 2025

Mariana Pargendler, 'Controlling Shareholders in the Twenty-first Century: Complicating Corporate Governance Beyond Agency Costs' 45 J. Corp. L. 953 (2020);

'Register of Members Explained _ Quality Company Formations'. <<https://www.qualitycompanyformations.co.uk/blog/register-of-members/#:~:text=As%20per%20section%20113%20of%20the%20Companies%20Act,c%20company%20registers%20which%20all%20need%20to%20be%20maintained.> > accessed on 12 February 2025

The Grip of Nationalism on Corporate Law, 95 Indiana L.J. 533 (2020). <https://jcl.law.uiowa.edu/sites/jcl.law.uiowa.edu/files/2021-08/Pargendler_Final_Web.pdf > accessed 1 March 2025

Mary Ann Clody, 'Shareholder Activism_ Who, What, When, and How_'. <<https://corpgov.law.harvard.edu/2015/04/07/shareholder-activism-who-what-when-and-how/> > accessed 12 May 2025

Melissa Simpson, 'Drag along Rights_ How They Force Minority Shareholders to Sell Their Shares and Face Equity Dilution '. <<https://www.upcounsel.com/drag-along-rights#:~:text=Drag-along%20rights%20allow%20majority%20shareholders%20to%20compel%20minority,sale%20terms%20for%20all%20shareholders%2C%20including%20minority%20ones.> > accessed 4 March 2025

MP Arunothaya Arasi - and K Apparn -, 'Protection of the Minority Shareholders in Company Law Regime' (2023) 5 International Journal For Multidisciplinary Research 1. <<https://www.ijfmr.com/papers/2023/6/9497.pdf> > accessed 20 February 2025

Muhereza Kamutetera, 'Minority shareholders; paying the pipe but can they call the tune' the Monitor, February 2005: p.13. <<https://allafrica.com/stories/200501311465.html> > accessed 26 April 2025

Overprivileged Of Shareholders and Appoint Officers, 'Powers and Duties of Shareholders under Companies Act ' <<https://ug.cmadvocates.com/protection-of-shareholders-under-ugandas-companies-act-of-2012/> > accessed on 12 February 2025

Pennstate, 'Understanding Power Distance in Country and Company' (2021). <<https://sites.psu.edu/global/2021/03/28/understanding-power-distance-in-country-and-company/> > accessed 5 April 2015

Peter Jones, 'Group Rights (Stanford Encyclopedia of Philosophy)' (2008) <<https://plato.stanford.edu/entries/rights-group/> > accessed 2 march 2025

Robert W. Fairlie and Alicia M. Robb, 'Executive Summary - Disparities in Capital Access between Minority and Non-Minority Businesses | Minority Business Development Agency' <<https://www.mbda.gov/sites/default/files/migrated/files-attachments/DisparitiesinCapitalAccessReport.pdf> > accessed 18 March 2025

SMU Newsroom, 'Regulatory Frameworks Impact Squeeze-out Outcomes for Minority Shareholders, Study Says'. < <https://research.smu.edu.sg/news/regulatory-frameworks-impact-squeeze-out-outcomes-minority-shareholders-study-says#:~:text=SMU%20Office%20of%20Research%20%26%20Tech%20Transfer%20%E2%80%93,published%20in%20the%20Journal%20of%20Corporate%20Law%20Studies.> > accessed 4 March 2025

Stephen Sapp, 'The Impact of Corporate Governance On' (2006) 6104. <<https://efmaefm.org/OEFMSYMPIUM/2007/papers/sapp.pdf> > accessed 4 March 2025

Welch Capital partners, 'Exiting a Minority Shareholder - Liquidity for liquid Investments'. <<https://www.welchcapitalpartners.com/news-and-resources/exiting-a-minority-shareholders> > accessed 18 March 2025

William Sun et al, 'Rethinking Corporate Governance-Lessons from the Global Financial Crisis' (Cambridge University Press: Cambridge, 2011) at 15. <<https://www.cambridge.org/core/books/abs/corporate-governance-and-the-global-financial-crisis/introduction-rethinking-corporate-governance-lessons-from-the-global-financial-crisis/30A42CFA265D33565E6439B3A78A2523> > accessed 15 March 2025