



ORIGINAL CONTRIBUTION

Evolution of the Legal Entities as a Result of the Self-Organization of Property Relation Members

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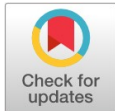
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Abstract— The article is devoted to the historical aspects and current trends in the process of evolution of self-organization of members to property civil relations, which is embodied in the emergence of new forms of commercial companies, and also to the analysis of certain aspects of self-regulation by such members to property civil relations that develop between them with regard to the establishment and management of companies. The purpose of the article is to identify the main stages of realizing the potential for self-organization and self-regulation of society in the field of business structure formation, as well as the current problems facing it in the context of globalization and modern challenges. The completeness of the consideration of the raised problem is ensured by the active use of historical and evolutionary methods, as well as the methodology of critical analysis. Based on the results of the study, a conclusion is formed about the evolution of the legal approach to creating conditions for the realization of the potential for self-organization of society in the sphere of property relations, from ensuring the broadest economic freedom to establishing a clear framework for the creation of business associations, including through the harmonization of legislation in several countries and intergovernmental entities. The raised issue has not been the subject of separate scientific attention, but today it is directly linked to the economic freedom of businesses and the economic growth of states. Ignoring the roots and nature of society's potential for self-organization in the field of business may distance modern legal regulation of relevant relations from their essential basis and become one of the factors of growing social tension. In turn, research into this issue can help lay the scientific groundwork for improving the legal approach to solving it, and thus ensure economic growth while balancing the interests of business, society, and the state.

Index Terms— Self-organization, Self-regulation, Centralized regulation, Decentralized regulation, Property civil relations, Property corporate relations, Legal entities, Business entities

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Introduction

The legal regime of the ownership right in Ukraine is gradually losing its stability as a result of ongoing military conflict, declining economic development indicators, impoverishment of the population, and forcible takeover of enterprises (Teremetskyi et al., 2020). However, even under such conditions, Ukraine is creating a regulatory framework for business and innovation activities (Loiko et al., 2022).

The system of the legal entities authorized by the terms of the current civil legislation of the world countries today generally looks holistic and complete. National law covers a fairly wide range of aspects of the establishment and management of relevant companies, as well as the

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relations between their founders and members. In this regard, the main trend in the evolution of the law governing the relevant relations is currently to cover issues that are somewhat specific in nature. These include, in particular, the issue of lifting the corporate veil, the issue of liability of company management for decisions made, including after the commencement of bankruptcy proceedings, the issue of the impact of a company's insolvency on the fact of further employment of such company's management, and the establishment of additional guarantees for third parties, etc.

Today, these issues are the subject of active discussion in various professional forums, including judicial practice, as reflected in decisions of the Commercial Court of Cassation within the Supreme Court (Court, 2020, 2022), as well as in academic research (Girgis, 2020; Rader, 2025). In addition, in some cases these issues are becoming the subject of legal regulation under the influence of partnership cooperation between Ukraine and the European Union (Gov.ua, 2025).

Moreover, the deepening processes of unification and harmonization of the EU member states' laws raise the issue of creating unified companies that do not require recognition and extension of the national legal regimes of the EU member states.

However, behind these trends, a fundamental aspect of the evolution of the legal entities remains in the shadows, which is the self-organizing potential of property relation members, which pushes them to create new models of behavior and legal structures, including new forms of companies, is embodied in self-regulation of relations in the creation and management of such companies and, inevitably, subsequently finds a reaction in the provisions of objective law. After all, in modern conditions (as always, in principle), the state faces the problem of ensuring a balance between the self-organizing potential of business and ensuring the stability of property turnover. On the one hand, the creation of new organizational forms of legal entities is the result of the self-organization of participants in property relations and a manifestation of economic freedom, while on the other hand, the creation of guarantees for all parties to economic life requires state intervention in regulating the procedure for the creation and operation of relevant legal entities. The latter, in turn, can stifle the potential for self-organization and thus slow down economic growth. In this regard, the problem lies in how to ensure self-expression without increasing the risks for participants in property relations.

Contemporary research does not answer the question of how current legal regulation has affected the level of freedom of self-regulation and self-organization of corporate relations. That is, corporate relations themselves are the result of the self-organization of society, just like the state. However, in today's conditions, the tendency for the state itself to restrict such freedom is becoming quite obvious. The full scope of the problem is unclear if considered in isolation, i.e., in isolation from historical aspects. The state introduces certain forms of doing business, and this does not seem critical. However, if we see that the state not only introduces such forms but also actually limits the potential for self-organization, which also has an economic character, it becomes clear that this poses risks to economic growth. After all, as practice has shown, restrictions are very often a means of reducing economic growth in the economy.

Current legal research pretty widely covers the economic reasons for the first forms of cooperative self-organization in society, how business and the government work together at different stages of evolution, and modern trends in regulating how businesses are organized. But the question of how this regulation affects the potential for self-organization hasn't been explored.

In this regard, the study aims to address the issue of revealing the self-organizing potential of society in the creation of business structures, as well as the nature of the impact of legal regulation by states on this process.

The theoretical value of the study lies in the formation of a comprehensive scientific picture of the disclosure of society's self-organizing potential in the field of business structure organization in the context of state legal regulation of social relations, as well as the use of this potential by the state. From a practical point of view, the results obtained allow us to determine the vector of development of legal regulation of organizational forms of legal entities, and therefore the possible problems of economic development in the context of restrictions established by law for the realization of the self-organizing potential of society in the creation of business structures.

Literature Review

A full disclosure of the peculiarities of the impact of society's self-organizing potential on the emergence of new forms of legal entities is possible only when considering the evolution of property relations and their implementation in the improvement of existing or the emergence of new constructions of social relations regulated by law. In this regard, Aladashvili (2020) notes that, one way or another, the consideration of any private law institutions is usually based on the provisions of Roman law, regardless of whether it is a study of the relevant constructions in the context of the Anglo-Saxon or continental legal system, the reason being the nature of the influence of Roman law on the legal systems of modern European countries. Moreover, the author supports the distinction of three phases of development of legal entities, each of which is divided into separate stages.

The time limit of the first stage is 1807, when, according to the scholar, the first modern capital association, in particular, a joint-stock company, was formed. Within this stage, the scholar distinguishes several stages: 1) ancient associations up to 600 AD; medieval corporations, 600-1600 AD; 3) modern corporations, AD 1600-1807. The second phase covers the time period between 1807 and 1884. This period is characterized by joint stock companies acquiring their final form and being incorporated into the property turnover. The third phase, which began in 1884, is still ongoing and is characterized by the formation of such an innovative legal form of capital formation as a limited liability company (Aladashvili, 2020).

In general, it should be noted that the proposed approach to the classification of stages of development of legal entities is relatively accurate, but it is difficult to recognize it as universal and conceptual, since, despite the common features of the development of legal entities and sometimes almost simultaneous emergence of the same forms in different countries, it should be recognized that the emergence of the relevant forms was not simultaneous even within the European countries. In addition, there could be differences between legal forms that had the same external features and even similar names. As Odegard (2022) noted, there were differences between the British and Dutch approaches to granting charters. In particular, in Britain, grants of incorporation could only be granted by the Crown (later Parliament), while in the Netherlands, the relevant powers belonged to cities and province (Odegard, 2022), which makes us wonder about the extent of legal power granted to companies in both countries.

In light of the above, we consider it possible to propose an alternative classification of the stages of development of legal forms of legal entities based on the evolution of self-organization of members in property relations and centralized regulation of corporate relations that develop between them and include property and non-property elements. Under this approach, it is possible to distinguish the following conceptual stages of evolution: 1) the emergence of private companies; 2) the emergence and formalization of self-regulatory organizations; 3) the emergence and formalization of joint stock companies; 4) the emergence and formalization of limited liability companies; 5) the standardization and unification of the legal structure of a limited liability company (the current stage).

Therefore, the proposed differentiation is mainly conceptual and at the same time unique, and its linkage to a specific temporal framework is possible only in the context of each particular state.

In modern legal research, although fragmentary, attention is paid to all of the above stages. However, the overall picture of the problem raised has not been formed. At the level of scientific articles, the issue of realizing the self-regulatory potential of participants in property relations regarding the creation of economic associations in the era of ancient Rome was revealed in the works of such scholars as (Aladashvili, 2020; Fleckner, 2020; Poitras & Geranio, 2016; Temin, 2012; Williston, 1888).

Special attention in scientific research is devoted to the activities of trading organizations, in particular the East India Trading Company, as well as the use by the state of the relevant potential for self-regulation for public purposes. These aspects of the problem raised were considered by such scholars as (Bosshardt & Lopus, 2013; Ciepley, 2023; Lopez, 2019; Muszyński & Skuczyński, 2020; Naismith, 2020; Renard, 1919). At the same time, the issue of the modern approach of states to determining the range of forms of self-organization in the field of business entities that can be used by participants in property relations attracted attention, in particular (Bitě & Romashchenko, 2023; Goulding, 1996; Jonker et al., 2017).

Despite this, a comprehensive understanding of the issue raised has not yet been formed in specialized scientific research.

Methodology

The methodological basis of the work was the historical and legal method, which allowed us to analyze in retrospect the peculiarities of the realization of the self-organization potential of property relation members when establishing entrepreneurial companies, as well as the experience of correlation between decentralized and centralized legal regulation of property relations in the corporate sphere. Using this method, in the traditions of the historical school of law, the fundamental importance of self-organizational and self-regulatory principles of building property corporate relations for the evolution of company forms and improvement of their regulation by law has been determined. The use of the historical method, which is often underestimated, although it can be used, on the one hand, to determine the roots of a particular phenomenon and thus gain a more complete understanding of its nature and, on the other hand, to determine the extent to which the current legal regulation, including relations with the organization and activities of business entities, corresponds to what is called "Volksgeist" (Rai, 2011), i.e., the "spirit of the people," because it is precisely this discrepancy that gives rise to social tensions that can lead to fundamental changes in the legal regulation of business.

The use of the principles of classification into groupings in the course of the study allowed the author to propose the author's periodization of the main conceptual stages of development of business company forms, taking into account the peculiarities of the evolution of self-organization of property relation members and centralized regulation of corporate relations that develop between them.

Results and Discussion

Economic prerequisites for the union (cooperative) self-organization of property relation members

Consideration of such a profound phenomenon as the form of business legal entities, which have gone through a long way of evolution to their current form, is associated with the need to address the fundamental foundations of property relations and the emergence of states.

In this sense, two circumstances are of fundamental importance. The first is that society (the people) is an inexhaustible source of self-organizing potential, the use of which acts as energy for the evolution of social relations, the emergence of new forms, and the development of existing legal structures and phenomena. The second circumstance is that it is the property interests of society that stimulate the development of existing and the introduction of new legal structures in property relations. It is the property component that stimulates humanity to develop,

acts as a factor that pushes for the introduction of innovations in economic processes, and therefore for the improvement of legal regulation of property relations to meet changing actual circumstances, to ensure conditions for the harmonious construction of social relations in view of innovations.

That's why the history of the company's development stretches back to the days of primitive society.

Surprisingly, the basic need for food was at the heart of humanity's self-organizing potential and its unification into the first "business communities". Family members were forced to combine their efforts to obtain the necessary amount of prey to ensure their existence (Vasyliev, 2019).

With the development of mankind and the invention of agriculture, the need to consolidate efforts has not ceased. It was only the development of technology that led to the formation of surpluses. However, on the other hand, the formation of surpluses has led to a number of social, economic, and legal consequences. First, the geographical determination of economic processes, as well as the transformation of the experience of carrying out certain activities into the "specialization" of certain groups of people, led to the transformation of surpluses into a commodity that could be exchanged for property benefits that were not available to the society in question due to the lack of specialization as a condition for their acquisition or due to the lack of geographical conditions for their acquisition. Secondly, it created conditions for the development of property turnover, including within society. Thirdly, surpluses as certain property benefits began to play the role of an instrument of influence, which laid the preconditions for the social differentiation of society, i.e., its division into classes with the identification of a leader or leaders, which, in turn, served as the basis for the creation of the first states. Thus, the need for certain property acted as a powerful incentive for the self-organization of society and, in fact, the formation of the first proto-companies, the conditional organizations to achieve a certain goal.

The above creates the conditions for the conclusion that the first states were essentially the result of the development of "companies" created by members of society on a self-organizing basis to satisfy private interests, both of a property (the need to obtain certain material benefits) and non-property (for example, security) nature. Williston, who, referring to F. Savigny, sees the first corporate unities in villages, cities, and colonies (Williston, 1888).

Thus, with the emergence of state formations and the continuation of economic development, which was characterized by the emergence of new objects of rights (weapons, armor, utensils, cloths, food, work, services, etc.) against the background of unlimited human wants and needs as one of the basic economic laws of human evolution (Glossary, 2025), clear vectors of development of private and public relations were formed. In the private law sphere of social relations, members of society focus on satisfying their own needs through the production of goods, works, and services, and their inclusion in the property turnover. In turn, the development of the latter led to the formation of a separate type of professional occupation, the trade. The public law vector of social relations has determined the gradual absolutization of power. The established elites began to use law to govern society and the state. However, in the early stages, the state did not interfere with the organizational structures of business and limited itself mainly to collecting trade duties and imposing taxes on merchants. In this regard, when the first business organizations were established, their structure, the purpose of their activities, and the ways of achieving it were almost entirely determined by the self-organizing potential of individuals guided by their own property interests.

Today, society's "basic" needs go far beyond obtaining food. We are talking about technology, housing, and means of transportation. The corresponding needs (including basic ones such as food) have grown and, as T. Srogosz notes, have been hidden in the Universal Declaration of Human Rights behind the enigmatic and vague-sounding concept of an "adequate standard of living" (Article 25) (Srogosz, 2022). However, the idea remained the same — to locally combine efforts and property to achieve a better result.

Birth of private companies: The Societates Era

Given the circumstances outlined above, the emergence of the first societates in ancient Rome was a natural manifestation of the self-organization of property relation members under the influence of economic motives and in the context of the development of property turnover. The transfer of things, the performance of work, and the provision of services, even if these activities were carried out systematically and for the purpose of generating income, as was typical, in particular, for hired workers, artisans, and merchants, did not require the establishment of organizations in ancient times. The relevant activities were carried out by them alone. The association of entrepreneurs or persons intending to engage in entrepreneurial activity was determined only by economic pragmatism and was rational if the association could bring greater benefits than single-entity activity. For example, the merger of merchants into an organization was rational in the case of an intention to concentrate, i.e., to gain economic advantages by capturing all or most of the market and moving from competition, which forces to maintain optimal prices for goods, works and services, to a monopoly, which allows to obtain increased profits without improving the quality of the relevant goods, works and services. The union was also beneficial for merchants engaged in international trade, as it reduced the costs of each of them individually for trade expeditions, especially if the merchant did not have the necessary volume of goods and did not have the necessary amount to charter an entire ship. In addition, capital mergers were justified when an increase in capitalization opened up opportunities to enter new markets or generate additional revenue by increasing the volume of operations.

In this regard, the creation of the first business organizations in ancient Rome was associated with self-organizational tendencies of property relation members. Persons who wished to associate for business could do so only in the form of *societas* or *peculium*. At the same time, *peculium*

was a rather specific form, as it provided for the transfer of property by the pater familias to his son or slave for business or management for profit. In this regard, it is quite difficult to draw even a general analogy between this form and a full-fledged company, in particular, a business entity in the modern sense (Aladashvili, 2020). In turn, *societas* was an association based on a contract (Williston, 1888), which emphasizes its broad self-organization and self-regulatory basis.

At the same time, this form of organization did not have the status of a legal entity in the modern sense. The organization could not purchase goods or own property on its own behalf; these opportunities belonged only to its members. At the same time, each member had the right to carry out activities to achieve the association's goals. Income and losses were shared by the partners in proportion to their shares in the joint property (Aladashvili, 2020).

Nevertheless, as noted by S. Williston and P. Temin, individual *societas* managed to be recognized as legal entities, while retaining the form of *societas* (Temin, 2012; Williston, 1888), which should be considered a major exception to the general rule.

In the same vein, and in support of the words about economic pragmatism in the creation of *societas*, it should be noted that very often they were directly or indirectly owned by senators (Poitras & Willeboordse, 2019) and participated in auctions for state contracts from censors (Poitras & Geranio, 2016).

The scope of *societas'* activities was quite broad and could include, for example, the provision of educational services (grammar lessons), cultivation of agricultural land (Aladashvili, 2020), tax collection (Poitras & Geranio, 2016), development of gold, silver, salt, chalk, etc. (Fleckner, 2020), and even the supply of provisions to the Roman army under contracts that were awarded through competitive selection.

The above-mentioned features of *societas* as a form of association of individuals for joint business demonstrate important aspects of self-organization of members in property turnover and self-regulation of relations with their own participation at relatively early stages of development of market relations and international trade.

First and foremost, the emergence of such a form as *societas* should be considered a manifestation of the self-organization of members in property turnover, their association to satisfy their property interests in the context of economic development. At the same time, however, *societas* were characterized by both internal and external broad freedom of self-regulation of property relations, since, firstly, members in property turnover united on a voluntary basis and regulated property relations, in particular, regarding the pooling of property, joint management of business, and distribution of profits, by contract. Secondly, the members of the *societas* were free to enter into contracts with third parties in the interests of the *societas*, and in fact, in their own interests, since, as a general rule, the association did not have the status of a legal entity. This reflected the original embodiment of self-organization and self-regulation of property relation members, which were characterized by broad freedom.

Emergence and formalization of self-regulatory organizations: The Guilds Era

The next transition to a new level of self-organization of property relation members in the field of entrepreneurial activity occurred with the emergence of guilds in the early Middle Ages. Contemporary scholarly sources debate what was the prerequisite for their emergence, as well as the timeframe of their formation. In particular, theories of the origin of guilds from Roman *collegia* or German guild-like associations are being actively considered (Durgun, 2009, p. 4). However, despite this, it is obvious that guilds in the field of property relations have emerged entirely on a self-organizing basis. At the same time, scholars are inclined to believe that the first guilds originated in England.

In addition, as for the timeframe of the guilds, K. Payne notes that there is currently no evidence of their existence in London until at least the ninth century. At the same time, the scholar notes that the first guilds emerged to maintain order within the community instead of relying entirely on the local sheriff (Payne, 2012). Moreover, the first London peace-gilds focused on countering external aggression, including theft. They demanded that they be given the right to prosecute and execute thieves (Naismith, 2020).

In general, history has known religious guilds (Naismith, 2020), knightly guilds (Payne, 2012), and so on. However, as for the guilds that operated in the property sphere of relations, as F. Durgun noted, there were two types of guilds in the Middle Ages: merchant and craft guilds (Durgun, 2009, p. 2).

In general, the emergence of guilds marked a more global level of self-organization of members in business relations, the introduction of regulatory self-regulation of property relations alongside individual self-regulation, and in the long run, the rapprochement of business structures with the state in the context of delegation of public powers to them and, at the same time, their use by the state to perform public legal functions. In the future, this will result in a conflict between private and public interests and will force a rethinking of the nature of joint stock companies.

Moreover, as R. Naismith notes, the legislation of the time did not provide for any unified forms for guild charters (Naismith, 2020), which indicates that they were formed by future members based entirely on their own will.

Local rulemaking by guilds became a manifestation of indirect legal self-regulation, as the rules established by the guild became binding on its members. Therefore, when a person acquired the relevant status, the person was immediately subject to the relevant rules.

The rules established by the guild could cover a wide range of issues. For example, guild members were prohibited from buying resources solely for their own enrichment. If the arrival of raw materials or other goods was announced, none of the guild members could get ahead of the others in order to buy them cheaper and then sell them for more. If a guild member purchased goods from a merchant who arrived in the city in

the presence of another guild member, the latter could participate in the transaction by entering into a share of the claim. In addition, other members of the guild had the right to demand that the goods be sold to them at the same price as to other members of the guild. Sometimes the goods that arrived in the city were divided into portions to avoid misunderstandings among guild members. In addition, guilds could set a limit on the value of goods sold by their members (Renard, 1919).

In this way, as S. Williston noted, the guilds, in fact, began to formulate rules of law of a subordinate nature, which became binding if they did not contradict the law of the state. Later on, these rules became mandatory for persons who were not members of guilds. In this way, guilds in their legal status came closer to municipal corporations (Williston, 1888), i.e., to the city government, which, for example, in England, was authorized by the king by receiving a charter from him. In other words, villages and towns were associations of their inhabitants to whom the right to govern was granted by the king.

In the case of medieval guilds, there was a very specific situation. Being founded in the course of self-organization of property relation members under the influence of their property interests, guilds became highly organized business structures that regulated mainly property and related organizational aspects of social relations that developed mainly between members of guilds. However, the high level of their self-organization and the nature of their self-regulation, which was comparable to the centralized regulation of social relations by local authorities, attracted the attention of the state. As a result, kings began to grant charters to guilds, incorporating them in this way and granting them additional powers of a public law nature, i.e., they used commercial guilds to perform public law functions. In this regard, the terms "guildated" and "incorporated" were later used synonymously (Williston, 1888).

In fact, the guilds were the first self-regulatory organizations in which self-organizational principles were developed at the level of self-regulation, including in the exercise of delegated powers of public authorities. At the same time, the vesting of guilds with public law functions eventually led to the fact that the regulatory activities of self-regulatory organizations began to be viewed in a dual way, i.e., as combining self-regulation and centralized regulation. As K. Muszyński and P. Skuczyński note, self-regulation was a form of decentralization of public administration towards autonomous corporations. Such organizations performed dual functions. On the one hand, they embodied a form of economic self-organization in the private sphere, as they represented their members. However, on the other hand, in the areas of their activity, they performed essentially public law functions (Muszyński & Skuczyński, 2020). Subsequently, as W. Bosshardt and J. S. Lopus noted, guilds began to perform functions of training workers and employing them, restricting competition through the use of monopoly power, determining the quality of products and their prices (Bosshardt & Lopus, 2013).

In this way, the guilds' regulatory activities combined private law self-regulation and delegated centralized public law regulation of social relations, which laid the groundwork for more active state intervention in the activities of business entities in the future.

Emergence and establishment of joint stock companies

With the discovery of the New World, as well as the South Atlantic and Indian Ocean, the state began to actively involve private companies in political processes. The development of international trade has led to a rise in commercial spirit. This, in turn, led to the creation and incorporation of foreign adventurers, which were in many ways similar to guilds. Among the first such entities were the African Company, the Russian Company, and the Turkish Company. These companies had a monopoly on trade with the respective countries, although their members traded independently at their own expense (Williston, 1888). This trend has spread to the entire business sector, and, based on the economic interests of the newly created entities and using incorporation as a tool for establishing ties with them and ensuring control over them, the state has begun to use the relevant companies for purely public purposes. The respective companies strengthened their economic position and still had a significant amount of ability to regulate property relations with their own participation, but were increasingly burdened with public functions, which led to a combination of private economic interests and political objectives in their activities.

Trading companies in the overseas trade sector were of particular interest to the state. One of the first such companies was the East India Company, which was also granted a charter (Ahern, 2015) and officially represented the "Company of Merchants of London, trading to the East Indies" (Williston, 1888). As noted by D. Ciepley, the English East India Company, which emerged in 1600, was essentially a guild of traders (Ciepley, 2023) or, as noted by S. Williston, an association of merchants that had a monopoly on trade in a certain region and, in this regard, regulated the relevant social relations (Williston, 1888).

The final influence of the state on the property relation members in the field of entrepreneurial activity was consolidated by establishing the mandatory recognition by the state of the creation of a legal entity for the acquisition of the right to conduct business. In England, this rule was enshrined in the Bubble Act of 1720, which prohibited the formation of any corporations other than those authorized by the Royal Charter of a Private Act of Parliament (McQueen, 2016). Thus, the condition for the establishment of 'joint stock' companies was in fact that they entrusted themselves to the scrutiny of the Crown in exchange for a monopoly in a particular area of property relations or geographical region (Poitras & Geranio, 2016).

As D. Ciepley noted, the charter, along with any incorporation status to which it may refer, served as the constitution of the corporation. It introduced the corporation as a legal entity, as well as the corporation's governing bodies (Ciepley, 2023). In this regard, without a charter, the corporation could not carry out trading activities, while the charter itself made the corporation dependent on the Crown, including in terms

of management. Firstly, the Crown determined the company's obligations and monitored their fulfillment, for which, in some cases, royal ambassadors were even appointed (Odegard, 2022). Secondly, failure to perform public law functions could lead to the revocation of privileges, which could mean the termination of the company's activities due to the inability to carry out profitable activities. That is why the respective joint stock companies became a kind of "public agencies" (Williston, 1888) or "body politic" (Poitras & Geranio, 2016).

Currently, the East India Company is a vivid, but far from the only example of a business structure that was granted privileges in the form of monopolies, but at the same time was "burdened" with public law functions, which forced it to engage not only in business, but also to establish and manage colonies, wage wars, sign agreements, impose taxes on the population of the colonies (Howitt, 2024) or, by analogy with *societas publicanorum*, to collect taxes on behalf of local princes and resolve disputes by military means. It is known that the East India Company had its own army of 200,000 men (Clegg, 2017). Nevertheless, the sovereignty of the state was also exercised by the Southern Whale Fishery company (Howitt, 2024) and many other joint stock companies.

Thus, too much attention of the state to the activities of property relation members in the field of entrepreneurial activity, which was embodied in strengthening the centralized regulation of these relations, and therefore in limiting the self-organization and self-regulatory capabilities of the relevant entities, led to the emergence of an "ideological" conflict.

First of all, the inability of medium and large businesses to operate without a charter significantly slowed down property turnover and did not promote competition in the early stages, as the state actually authorized monopolies in entire sectors of the economy and geographic regions, including colonial trade.

Another factor was the relatively high cost of the charter fee. For example, in England at the beginning of the twentieth century, the fee for obtaining it on the basis of an individual act of Parliament reached £1,000 (McQueen, 2016), which was quite a lot of money at the time and made the creation of companies completely impossible for the working class. In addition, the practice of issuing charters to joint stock companies, which, if they were to focus on foreign activities, had to have significant capital to do business, was actively developing (Čulinović-Herc et al., 2018).

Against the backdrop of pressure from property relations members, in particular the middle and working classes, who sought the possibility of being entrusted with entrepreneurial activities, the economic preconditions were laid for the introduction of new legal forms in the business sector. The relevant impulses were embodied in the creation of companies whose liability of founders (members) was limited to their contributions when establishing the respective organizations.

Formation and establishment of limited liability companies

In the modern legal literature, the approach that joint stock companies emerged earlier than limited liability companies is often expressed (Čulinović-Herc et al., 2018). However, we believe that this opinion should be approached with a certain reservation. From a formal point of view, the full-fledged authorization of a limited liability company in the form of a "limited liability company" took place later than the authorization of joint stock companies. After all, in England, the East India Company was established in 1600, and joint stock companies actually existed before that; it was only in 1844 that the Joint Stock Companies Act was adopted, and only in 1855 the Limited Liability Act was adopted (Goulding, 1996). However, the opinion of scholars who believe that the liability of members of joint stock companies was not unlimited either, in particular due to the fact that the company itself was somewhat distinct from its members, should be recognized as reasonable. In addition, as S. Goulding noted, referring to the conclusions of Coke in the case of *Edmunds and Tillard v Brown*, the members of a chartered company were not directly personally liable for the debts and obligations incurred by the company in its own name and, likewise, neither was the company liable for members' debts and obligations (Goulding, 1996). In addition, as noted by G. Dari-Mattiacci, O. Gelderblom, J. Jonker and E. C. Perotti, Italian merchants experimented with limited partnerships, one of the forms of which was the *commenda*, which in the course of evolution was the basis of *società in accomodita* in which passive partners were only limitedly liable to the extent of their investment (Jonker et al., 2017).

Today, limited liability companies (not counting joint stock companies, whose liability is also effectively limited) are the most common type of company to be established. At the same time, the legislation of countries around the world usually introduces several types of limited liability companies, which differ in their internal structure, the scope of liability of the founders (members), and the specifics of the distribution of liability among the members if they have different legal status. For example, in Ireland, such types of limited liability companies are private company limited by shares, company limited by guarantee, and public limited company are widespread (Ahern, 2015). For example, *Légifrance* (2000) defines, among other things, the following types of limited liability companies: limited liability company (*des sociétés à responsabilité limitée*), limited companies (*des sociétés anonymes*), and company limited by shares (*des sociétés en commandite par actions*). Relations with limited partnerships (*des sociétés en nom collectif*) are also regulated separately (*Légifrance*, 2000). The Republic of Lithuania Law on Companies differentiates between Public Limited Liability Company and Private Limited Liability Company (Rekvizitai, 2025).

In turn, according to the IRADA (2012), business companies can be established in the form of a general partnership, a limited partnership, a limited liability company, or a company limited by guarantee, joint stock company (IRADA, 2012).

At the same time, as J. Cremers noted, the entity 'private limited company' is dependent on national definitions, and there is no notion of the genuine corporate entity (Cremers, 2020).

In light of this, the words of R. Hardack, that the limited liability corporation has become a gross and ubiquitous leviathan that can not only displace all other forms of companies, but also any form of rationalization and identity, take on special significance (Hardack, 2019).

Standardization and unification of the legal structure of a limited liability company

Today, the law sets requirements for almost all areas of organization and operation of limited liability companies. This primarily concerns the number and quality of founders. On the example of Ireland, D. Ahern traced the changes in the law regarding the possible number of Company Limited by Shares since 1963 and noted that the minimum number of members of such a company should be 2, while the maximum number as of 1963 could be 50 members, in 2006 this figure was raised to 99 members, and in 2012 to 149 (Ahern, 2015). Also, for example, the Republic of Lithuania Law on Companies stipulates that a private limited liability company must have fewer than 250 shareholders (Article 2) (Rekvizitai, 2025). We believe that such restrictions are largely due to the state's desire to differentiate between the use of a limited liability company and a joint stock company.

Another manifestation of international legal standardization is the general trend of establishing a minimum amount of capital for a limited liability company. For example, the Republic of Lithuania Law on Companies stipulates that the capital of a public limited liability company must be at least EUR 40,000, while the capital of a private limited liability company must be at least EUR 2,500 (Article 2) (Rekvizitai, 2025). In Latvia, the minimum share capital is EUR 2,800, although the law allows for the establishment of low-capital SIAs, where the share capital may be as low as EUR 1.00. For example, in Poland, the minimum share capital of a limited liability company must be at least PLN 5,000, which is more than EUR 1,000 (Bitě & Romashchenko, 2023). However, the general trend is to reduce this indicator to the level of EUR 1.00, as Germany, Belgium, the Netherlands, Italy, Luxembourg and Greece have done (Lopez, 2019), which is a reaction of states, in particular EU member states, to the outflow of companies (Armour et al., 2017). Therefore, today, the understanding of minimum capitalization requirements as a means of protecting creditors (Ahern, 2015; Jurić & Marinac, 2015) is significantly overestimated in the context of a limited liability company. This issue is at the discretion of the company's founders, who can increase the relevant amount, but cannot reduce it because it is already minimal.

However, standardization is most evident in two important aspects, one of which relates mainly to national legal orders, and the other to international ones.

At the national level, the approach of using the template of articles of association is well established in relation to limited liability companies, which characterizes a high level of standardization of constitutional documents. At the same time, such standardization opens up opportunities for online formation of a company (Jurić & Zubović, 2023).

With regard to the international manifestation of standardization in the field of establishing a limited liability company, it should be noted that the issue of opening a cross-border business within the EU remains relevant, which is caused by the difference in national legislation of the member states, as well as the distrust of consumers and business partners to foreign trading companies (Jurić & Marinac, 2015). In this regard, such company structures as *Societas Europaea* (SE), whose legal status is close to a public limited liability company (Cremers, 2020), as well as *Societas Privata Europaea* (SPE) (Navez, 2013) and *Societas Unius Personae* (SUP) (Lopez, 2019) (which is essentially a 'one man business' Ahern, 2015) are purely European companies in the sense that their legal status allows them to operate in the territory of the EU member states without the need for additional national treatment in the countries of operation. In fact, this is a broader form of unification for which, in addition to the legal status, the unification of constitutional documents is important, in particular through the introduction of a template of articles of association.

These trends are further evidence of how the practice of establishing and managing limited liability companies, as well as the activities of such companies, is being understood at the level of law and embodied not only in legal structures standardized at the level of one state, such as company forms, statutory documents, etc., but also at the international level in the form of companies with a 'multistate' or 'unified' legal status, property relations within which are closely regulated by mandatory provisions of law. In addition, this is an indication of how the expansion of regulatory and legal regulation of relations regarding the establishment and management of limited liability companies is turning into a limitation of the self-regulatory capabilities of the founders (members) of the respective companies.

Conclusions

The analysis allows us to draw several important conclusions.

First of all, it was the property aspect of social relations that was the main determinant of the creation of the first associations of individuals in the sphere of social production. The need for food required the consolidation of efforts on the basis of equality to achieve a common goal. Later, with the development of civilization and the emergence of new technologies, the need for "association" did not disappear, but rather underwent changes under the influence of specialization. Thus, there was a transition from the usual conduct of joint affairs by several individuals to highly organized commercial enterprises, which, due to their efficiency, began to be entrusted with public functions. In this way, humanity's self-organizing potential in the sphere of business associations was put at the service of the public. However, the conflict between private interests aimed at obtaining property benefits and public interests, which also involved the performance of social and political functions, became an

obstacle to the universal nature of economic associations. As a result, having plunged into purely economic relations, they also naturally fell under the control of the state.

Policy implications

Today, through legal regulation, states are able to directly determine the organizational and legal framework for doing business and, at the same time, restrict the use of alternatives, as well as establish norms for authorized capital, quantitative and qualitative indicators for management bodies, etc. One of the goals is to create additional guarantees of the solvency of relevant legal entities and, therefore, the financial stability of the market. At the same time, globalization processes reinforce these trends due to the desire to form clear and unified templates for the entire international community.

In this way, the potential for self-organization and self-regulation of society, which led to the emergence of states and is the main driver of economic growth, has transformed from broad economic freedom into state-controlled legal opportunities. In this regard, the question arises today whether such a legal approach stifles the relevant potential and whether its introduction into a strict unified framework will lead to economic decline or even new social tensions. The answer to this question requires a deeper examination of the problem outlined above for a broader analysis, including economic analysis.

Limitations and future research recommendations

The study covers mainly the legal aspects of self-organization of society in the field of business, starting from ancient times and up to today's trends in the use of organizational and legal forms to unlock economic potential. In addition, the analysis includes the issue of state regulation of corporate relations and its impact on economic freedoms. Thus, the study covers the issue of unlocking the self-organizing potential of society in the field of business structure organization in the context of state regulation of social relations, as well as the use of such potential by the state.

The scientific research creates the prerequisites for further analysis of the economic aspects of the impact of legal regulation of the procedure for establishing business entities, as well as determining the possible organizational and legal forms of their existence, on economic growth, in particular in light of the trend towards standardization of such forms. From a practical point of view, the results of the study, on the one hand, clearly show the vector of development of regulatory and legal provisions governing the procedure for establishing legal entities, as well as determining their organizational and legal forms in the context of global harmonization and unification, and, on the other hand, create conditions for more careful monitoring of the impact of legal regulation on economic growth, and therefore on the possible encouragement of businesses to conduct business without the necessary legitimacy.

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