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Identifying the Challenges between Jurisprudential Foundations and the Structure of Modern Commercial Companies

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ABSTRACT

Modern commercial companies have developed legal structures that differ substantially from the traditional forms of partnership recognized in classical jurisprudence. Features such as independent legal personality, separation of corporate and shareholder assets, limited liability, transferable shares, professional management, and separation of ownership from control have created important questions regarding their compatibility with Imami jurisprudential foundations. The present study aims to identify and analyze the principal challenges arising between these jurisprudential foundations and the institutional structure of modern commercial companies. The research adopts a descriptive-analytical method and focuses on the relationship between general jurisprudential principles and the legal mechanisms governing contemporary companies. The analysis indicates that many apparent conflicts do not arise from an inherent incompatibility between jurisprudence and modern company law, but rather from differences in legal concepts, interpretive methods, and the historical conditions in which traditional partnership rules were developed. Independent legal personality can be understood as a juridical mechanism for attributing rights and obligations to an organized entity, while separate corporate property may be justified through the legal consequences of capital contribution and institutional ownership. Limited liability can also be reconciled with jurisprudential principles when corporate debts are distinguished from shareholders' personal obligations. At the same time, these protections cannot be considered absolute, particularly where corporate personality or limited liability is used to facilitate fraud, evade obligations, or cause unjustified harm. The study further concludes that transferable shares, professional management, and single-member companies can be accommodated through a broader institutional understanding of commercial companies rather than by forcing them into traditional partnership categories. Overall, the main challenge lies in developing a coherent jurisprudential framework capable of preserving fundamental principles of property, obligation, liability, and prevention of harm while responding to the structural realities of contemporary corporate organization.

Keywords: *Commercial Companies; Imami Jurisprudence; Legal Personality; Limited Liability; Corporate Assets; Shares; Corporate Management; Company Law*

Introduction

Commercial companies have become one of the principal institutional mechanisms through which contemporary economic activity is organized. Large-scale production, investment, financing, distribution, technological

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development, and the accumulation of capital increasingly occur through organizational structures that possess legal and economic characteristics distinct from those of their individual members. A modern commercial company is therefore not merely an agreement among several persons to combine their property or labor. It is normally an organized legal institution possessing a separate identity, its own assets and liabilities, an internal governance structure, mechanisms for transferring ownership interests, and, in many forms of company, a distinction between those who supply capital and those who exercise managerial authority. Contemporary company law has developed these features in response to the requirements of complex markets, continuity of business enterprises, large-scale investment, risk allocation, and the need to coordinate relationships among shareholders, managers, creditors, employees, and other stakeholders. The legal recognition of commercial companies consequently involves a combination of contractual, organizational, proprietary, and liability rules that cannot always be explained through the traditional concept of partnership alone. Modern scholarship has similarly questioned purely contractarian explanations of the corporation because corporate organization includes legal characteristics that cannot be reduced entirely to the express agreement of shareholders (1). The institutional structure of the company thus presents an important theoretical issue for legal systems whose private-law foundations have historically been influenced by traditional concepts of contract, ownership, obligation, partnership, and personal responsibility.

This issue is particularly significant in Iranian law because commercial company law operates within a legal environment in which statutory rules coexist with the principles and doctrines of Imami jurisprudence. Classical jurisprudence contains an extensive body of rules concerning partnership, joint ownership, agency, representation, contractual obligations, liability, property, profit, loss, and the lawful exercise of proprietary rights. Nevertheless, traditional jurisprudential discussions of *shirkah* emerged under economic and social conditions fundamentally different from those in which modern corporations and commercial companies operate. Civil partnership continues to reveal important jurisprudential and legal questions concerning the relationship between traditional partnership doctrines and contemporary requirements (2). Modern companies may consist of hundreds or thousands of shareholders who have no personal relationship with one another, do not participate directly in management, may freely transfer their shares, and ordinarily bear no personal liability beyond the value of their investment. Joint-stock companies therefore differ structurally from the relatively direct and personal forms of participation generally contemplated in traditional jurisprudential discussions. This divergence does not necessarily mean that modern companies are incompatible with Islamic jurisprudence, but it does mean that their legitimacy and legal effects cannot be established merely by identifying them with one traditional form of partnership. Ahmadian's jurisprudential examination of joint-stock companies reflects precisely this need to assess their rules and legitimacy as contemporary legal institutions rather than assuming an uncomplicated correspondence with classical forms (3).

The central difficulty is that several defining characteristics of modern commercial companies initially appear to challenge concepts commonly associated with traditional private law. The first is independent legal personality. Once a company is incorporated, the law may recognize the company as a legal person distinct from its founders, shareholders, or partners. It can possess assets, enter contracts, incur debts, litigate, and continue to exist despite changes in membership. Comparative examination of corporate personality demonstrates the importance of this separation for the operation of company law (4). The real legal personality theory goes further by treating corporate personality not merely as a technical fiction but as a legal recognition of an organized social and economic entity capable of functioning independently from the natural persons composing it (5). From a jurisprudential perspective, however, questions arise regarding how an artificial or collective entity may become the bearer of rights, duties,

ownership, and liability when traditional legal analysis frequently assigns these positions to natural persons. The difficulty becomes more pronounced because independent personality provides the conceptual foundation for separate corporate property and the attribution of obligations to the company itself rather than directly to its shareholders.

A second challenge concerns limited liability. In many contemporary companies, particularly joint-stock companies and limited liability companies, shareholders are exposed to business losses only to the extent of their committed capital. The company's creditors generally cannot satisfy corporate debts out of the shareholders' personal assets merely because those persons own shares. Limited liability encourages investment by allowing investors to quantify and restrict the risk associated with participation, and it also facilitates the aggregation of capital from persons who do not manage the enterprise. Legal and economic analysis of company formation emphasizes the relationship between corporate structure and the allocation of partner liability (6). Yet jurisprudential analysis must determine why an individual's participation in an enterprise does not necessarily make that individual personally liable for the enterprise's obligations and whether such limitation can bind third-party creditors. This issue is not resolved simply by saying that shareholders have agreed among themselves to limit liability, because corporate creditors are not always parties to the shareholders' internal arrangement. The problem therefore requires consideration of the company's independent personality, the nature of corporate assets, public legal rules, legitimate expectations of creditors, and the scope of contractual autonomy.

The structure of corporate ownership creates a third group of challenges. Shares represent transferable interests that may be bought, sold, inherited, pledged, or, under certain conditions, made the subject of other legal arrangements. Jurisprudential analysis of the endowment of shares illustrates that contemporary shares can be examined as recognizable proprietary interests even though their form differs from classical tangible property (7). The shareholder's property right is not ordinarily a direct undivided ownership of each physical asset belonging to the company. A shareholder cannot claim personal ownership over a specific company building, machine, vehicle, or bank balance merely because he owns a percentage of the shares. Corporate property belongs legally to the company, whereas the shareholder possesses the rights attached to the share. This distinction is essential to modern company law but requires jurisprudential clarification concerning the object of ownership, the proprietary nature of shares, the separation of company assets from shareholder assets, and the legal basis of transferability.

Management creates a further structural distinction. In traditional partnerships, participation in ownership and involvement in administration were frequently closely connected, whereas modern companies commonly separate capital ownership from managerial control. Directors may exercise extensive powers over assets supplied economically by shareholders while shareholders themselves may possess only indirect rights to appoint, remove, supervise, or hold those directors accountable. The development of independent directors demonstrates how modern company law has created governance mechanisms that cannot be understood solely through traditional partnership administration (8). Directors must exercise corporate authority within legal, statutory, and fiduciary limits, and their decisions may affect the company, shareholders, creditors, employees, and third parties. Civil liability of directors consequently constitutes a crucial mechanism for reconciling managerial discretion with accountability (9). At the same time, overly expansive director liability may inhibit legitimate commercial risk-taking, while excessive exemption from liability may encourage negligence or opportunism. Recent analysis of exculpation clauses similarly illustrates the legal difficulty of defining the permissible limits of agreements designed to reduce or exclude directors' liability (10).

The jurisprudential evaluation of these institutions requires a distinction between the absence of a classical precedent and substantive incompatibility with Islamic legal principles. A legal institution should not be treated as impermissible merely because its contemporary organizational form did not exist when the classical jurisprudential categories were developed. Islamic jurisprudence contains general principles capable of regulating new forms of transactions and economic organization. The binding force of lawful commitments, proprietary autonomy, respect for legitimate rights, prevention of harm, custom, rational practice, and the capacity to recognize new contractual arrangements provide potentially flexible foundations for dealing with changing economic forms. The modern discussion of substantive fairness as a basis for contractual binding force also demonstrates that contractual obligation is not confined to mechanical formalism but can be examined in relation to justice and legitimate commitment (11). Similarly, contemporary analysis of contractual freedom and public order shows that autonomy operates within normative limits rather than as an unlimited power to create any legal consequence (12). The critical task is therefore to determine when these general principles can legitimately support modern corporate institutions and when particular corporate arrangements create genuine conflicts with mandatory jurisprudential rules.

Another important consideration is that the company cannot be analyzed exclusively as a collection of bilateral contracts. Contract plays an indispensable role in incorporation, articles of association, investment, management, employment, financing, and commercial transactions, but the corporate institution also produces effects that arise from law and organizational status. The contractual governance of transactions within firms demonstrates the continued significance of contractual mechanisms inside organizations (13), yet the corporation also depends upon rules concerning personality, authority, creditor protection, disclosure, and third-party effects that do not arise solely from agreement among shareholders. This observation is crucial from a jurisprudential perspective because attempts to justify every corporate consequence through a single classical contract may produce artificial results. A more appropriate analysis asks whether the institution as a whole can be recognized through general jurisprudential principles and then examines each of its legal consequences separately.

The objective of this article is to identify and analyze the principal challenges arising between the jurisprudential foundations of private transactions and the structure of modern commercial companies, with particular emphasis on legal personality, separate corporate property, limited liability, capital and shares, professional management, and the separation of ownership from control. The study adopts a descriptive-analytical legal method and evaluates these structural features through jurisprudential principles applicable to property, contracts, liability, rational practice, and prevention of harm. Rather than presuming either complete compatibility or fundamental conflict, the analysis distinguishes between tensions caused by differences in terminology and legal form, difficulties that may be resolved through dynamic jurisprudential interpretation, and circumstances in which modern corporate practices require substantive legal limitations. In this way, the inquiry seeks to clarify whether the perceived distance between traditional jurisprudential foundations and contemporary company structures represents an inherent contradiction or primarily a problem of legal conceptualization and adaptation.

Jurisprudential Foundations of Commercial Companies

The jurisprudential analysis of commercial companies should begin with the traditional concept of *shirkah*, while avoiding the assumption that every modern corporation must necessarily correspond to one of its classical manifestations. In its traditional legal sense, partnership concerns participation of more than one person in property, rights, or economically relevant activities, and jurisprudential literature has distinguished different causes and forms

of common ownership and contractual cooperation. The rules governing civil partnership remain important because they establish principles concerning joint property, authority of partners, allocation of benefits and losses, and the limits of unilateral disposition. Contemporary study of civil partnership contracts shows, however, that gaps emerge when traditional rules are applied to more complex economic relationships (2). This point is important because the modern commercial company is characterized by organizational permanence and institutional separation that are not necessarily present in an ordinary civil partnership. Consequently, traditional *shirkah* supplies jurisprudential foundations and analytical analogies, but it does not by itself exhaust the legal nature of the modern company.

The diversity of partnership doctrines within Islamic jurisprudence also demonstrates why direct identification of a modern company with a classical partnership form may be problematic. The validity of *mufawada*, for example, has historically been treated differently among schools of Islamic jurisprudence, reflecting disagreement concerning the acceptable extent of mutual authorization, common liability, equality of capital, and participation in economic activities. A detailed examination of *mufawada* shows that differences in its definition influence conclusions about its validity and legal consequences (14). This history indicates that Islamic partnership law itself has never been conceptually monolithic. The jurisprudential task in relation to modern companies should therefore focus on the underlying reasons for legal acceptance or rejection rather than superficial similarity of names. A joint-stock company with transferable shares, separate personality, limited shareholder liability, and centralized management is structurally different from a simple contractual partnership between identifiable partners. Attempting to force the former into the complete doctrinal framework of the latter may obscure rather than clarify the relevant jurisprudential issues.

The principle of contractual autonomy provides one possible foundation for recognizing novel forms of economic association. Private parties are generally capable of arranging their lawful economic relationships through consent, provided that the resulting obligations do not violate mandatory legal or jurisprudential prohibitions. Contemporary analysis of contractual freedom illustrates that autonomy is recognized but remains subject to public order and other mandatory norms (12). This distinction is particularly useful for company law. The founders of a commercial company may agree to contribute capital, establish a governance structure, distribute profits according to specified rules, determine voting rights, and organize the transfer of ownership interests. Many of these provisions can be understood through ordinary principles of contractual commitment. Nevertheless, contractual autonomy cannot by itself validate provisions involving unlawful objects, prohibited gain, fraud, unjustified injury to creditors, or arrangements contrary to mandatory rules. The jurisprudential legitimacy of a modern company therefore does not require the unlimited validation of every contractual clause contained in its constitutional documents.

The binding force of lawful obligations is closely connected with contractual autonomy. When persons deliberately create a lawful economic organization and undertake obligations through its constitutive documents, the principle requiring fulfillment of valid commitments supports the stability of those arrangements. The normative basis of contractual binding force has been examined not only in formal terms but also through the concept of substantive fairness (11). Applied to commercial companies, this principle supports the enforceability of capital commitments, restrictions accepted through the articles of association, agreed mechanisms for corporate governance, and other lawful obligations arising from membership. The stability generated by binding commitments is especially important because a company may enter long-term relationships with investors, employees, creditors, and contracting parties. If membership obligations could be disregarded whenever a shareholder's personal interest changed, corporate organization would become unreliable. At the same time, the principle of binding obligation

cannot be used to protect abusive provisions that unlawfully prejudice third parties or violate mandatory legal protections.

The principle of respect for property and legitimate proprietary authority is another significant jurisprudential foundation. Commercial participation depends upon the ability of persons to allocate their assets to productive activities and to obtain lawful economic benefits from their property. The jurisprudential rule of respect has been applied in contemporary legal analysis to rights arising within private companies (15). In the corporate context, proprietary autonomy can justify the initial decision of investors to contribute capital to a separate organizational structure and accept the legal consequences of that contribution. Once assets are validly transferred to a company, however, the juridical consequences differ from ordinary co-ownership. Shareholders cannot ordinarily withdraw corporate assets at will or treat specific company property as individually theirs. This transformation requires the law to recognize that ownership has shifted from the individual contributors to the company as an independent bearer of property rights. The jurisprudential challenge is consequently not whether investors may use their property in economic activity, but whether the law may validly recognize the organized company as the entity to which contributed assets belong.

General jurisprudential rules relating to property and liability provide a framework for answering this question. The contemporary systematization of civil jurisprudential rules concerning property and liability demonstrates that classical jurisprudence possesses principles broad enough to address ownership, possession, responsibility, causation, and compensation in changing factual settings (16). The recognition of corporate property need not imply the creation of a metaphysical person equivalent to a human being. Legal personality can instead be understood functionally as a juridical technique through which the legal system attributes a defined set of rights and obligations to an organized entity. If rational social practice recognizes institutions as having stable assets, debts, representatives, and continuing organizational identity, jurisprudence can evaluate the effects of that recognition through its general rules. The decisive question becomes whether those effects violate any substantive prohibition, not whether the classical texts employed precisely the modern terminology of corporate personality.

Custom and rational practice are therefore particularly important. Much of commercial law develops from recurrent practices accepted by economically rational actors and later recognized by legal systems. The structure of a company, representation by directors, transfer of shares, separation of assets, and continuity despite membership changes are examples of institutional practices that have become deeply embedded in modern commerce. The jurisprudential relevance of rational practice is strongest when such practices are not prohibited by a specific rule and serve recognizable social and economic functions. Legal treatment of joint-stock companies has accordingly moved toward assessing their legitimacy as contemporary institutional forms rather than demanding exact equivalence with a classical nominate contract (3). This approach allows jurisprudence to remain normatively controlling while acknowledging that commercial techniques change over time.

The principle of no harm provides an important limiting and corrective function. Its theoretical foundations and scope remain subjects of jurisprudential debate (17), and contemporary analyses emphasize the need to distinguish carefully between the rule's role in removing harmful legal consequences and broader claims that it can independently generate any desired obligation. In company law, the no-harm principle is relevant where corporate structures are used to cause unjustified injury to shareholders, creditors, or third parties. Limited liability, for example, may be legitimate as a general rule but should not become an instrument for deliberate evasion of lawful debts. Similarly, recognition of separate personality does not justify fraud, sham transactions, artificial transfer of

assets intended to defeat creditors, or abusive manipulation of corporate form. The jurisprudential function of no-harm reasoning is therefore not necessarily to invalidate corporate personality or limited liability themselves, but to prevent their abusive application when the consequences exceed the legitimate purposes for which the legal protections exist.

The law of liability similarly prevents organizational form from becoming an absolute shield against responsibility. Jurisprudential rules concerning what is guaranteed and what is not guaranteed continue to generate theoretical and practical challenges in determining the boundaries of responsibility (18). In a corporate context, the correct attribution of liability requires identifying who performed the relevant act, in whose name it was performed, whether authority existed, whose property benefited, whether fault or causation is present, and whether the circumstances justify displacement of ordinary corporate separation. This analytical approach avoids two opposite errors. The first would make shareholders personally liable for every corporate debt merely because they participate in the company, thereby destroying the practical meaning of corporate separation. The second would treat corporate personality as an absolute barrier even where shareholders or directors personally commit wrongful acts or misuse the organizational form. Jurisprudential liability principles support a more differentiated allocation of responsibility.

The concept of abuse of rights reinforces this distinction. A right recognized by law does not necessarily protect conduct that employs the formal appearance of the right for an illegitimate purpose. Comparative analysis of abuse of rights demonstrates the importance of purpose, fairness, and the protection of competing legal interests when determining the permissible exercise of formally recognized powers (19). Corporate rights should be approached similarly. Shareholders may benefit from limited liability, directors may possess managerial discretion, and the company may enjoy separate personality, but these protections should operate within their legitimate legal functions. Where the company is established or manipulated solely to conceal wrongdoing, evade established obligations, or transfer losses unfairly to creditors, formal reliance on corporate separation may conflict with the underlying principles of justice and prevention of harm.

Jurisprudential acceptance of modern economic institutions is also evident in analyses of investment structures that did not exist in traditional form. The feasibility of venture capital has been examined simultaneously from jurisprudential, legal, and economic perspectives, illustrating how new investment models can be assessed through general Islamic transactional principles rather than rejected merely because of institutional novelty (20). The same methodological lesson applies to commercial companies. The absence of a named classical corporate contract does not necessarily produce illegitimacy. What matters is whether capital contributions, profit entitlements, risk distribution, governance arrangements, and transactions are compatible with the general requirements of lawful economic dealing.

Not all modern organizations are legitimate merely because they are called companies. Jurisprudential analysis of pyramid-company activities shows that organizational form cannot cure substantive defects in the underlying economic arrangement (21). Thus the recognition of a general capacity to form novel companies must remain separate from the evaluation of the company's actual business model. A corporation engaged in unlawful economic activity cannot claim jurisprudential legitimacy simply by satisfying formal incorporation requirements. Likewise, a lawful corporate form can contain particular transactions that are independently impermissible. This distinction between institutional validity and transactional validity is essential to a coherent jurisprudential theory of companies.

The resulting jurisprudential framework is therefore plural rather than dependent upon a single doctrine. Contractual autonomy explains the founders' ability to establish lawful organizational arrangements; fulfillment of

obligations explains the binding force of valid commitments; respect for property supports capital contribution and lawful economic exploitation of assets; custom and rational practice facilitate recognition of organizational forms developed through commerce; liability rules determine responsibility for wrongful conduct; and the no-harm principle constrains abusive consequences. Together, these foundations make it possible to evaluate modern commercial companies without artificially identifying them with a single classical partnership contract. They also establish normative boundaries within which corporate innovation may operate.

Structural Characteristics of Modern Commercial Companies

The most important structural characteristic distinguishing a modern commercial company from a simple contractual partnership is independent legal personality. Legal personality allows the company to function as a continuing center of rights and obligations distinct from the natural persons who establish, own, or manage it. Comparative analysis of corporate personality in Iranian and English law demonstrates that this principle is fundamental to modern company organization (4). Once legal personality is recognized, contracts entered into in the company's name ordinarily create rights and obligations for the company itself. Corporate property belongs to the company, corporate debts are attributed primarily to it, and litigation may be brought by or against the company. Changes among shareholders do not necessarily terminate its existence. This characteristic gives the business organization continuity and enables it to participate in legal relationships independently from the personal circumstances of its members.

The theoretical explanation of corporate personality has significant consequences. Under approaches that regard personality merely as a legislative fiction, the corporation has legal capacity because the legal system chooses to treat it as though it were a person for specific purposes. By contrast, the real legal personality theory considers organized groups capable of possessing a legally cognizable existence beyond the aggregate personality of their members. The implications of this latter approach for commercial company law have received contemporary attention (5). From the perspective of the present analysis, however, it is unnecessary to resolve the philosophical debate conclusively. The practical jurisprudential question concerns whether the law may attribute ownership, obligation, standing, and institutional continuity to the company. If these consequences can be justified by lawful social organization, rational practice, and general jurisprudential principles, corporate personality can be accepted functionally even without claiming that a legal person possesses all characteristics of a natural person.

Independent legal personality leads directly to the separation of corporate and personal assets. Capital contributed to the company no longer remains ordinary individual property subject to unrestricted withdrawal by shareholders. It becomes part of the corporate patrimony and is primarily available for corporate purposes and satisfaction of corporate obligations. This separation protects both the company and its creditors. It protects the company because individual creditors of a shareholder ordinarily cannot seize specific corporate assets merely because the shareholder owns an interest in the company. It protects corporate creditors because shareholders cannot treat company assets as their personal property and remove them whenever they choose. The legal structure of holding and subsidiary companies demonstrates how asset separation can become particularly complex when multiple legally distinct entities operate within a coordinated economic group (22). Even where a parent corporation exercises substantial influence over a subsidiary, separate legal personality may mean that each entity retains distinct assets and liabilities unless grounds exist for disregarding that separation.

The shareholder's economic interest is represented through shares rather than direct ownership of the company's individual assets. A share constitutes a bundle of rights whose content may include voting rights, participation in distributions, entitlement to a residual share upon lawful liquidation, and the ability to transfer the interest under applicable rules. Jurisprudential study of the endowment of shares confirms that shares can be treated as legally significant property capable of analysis through traditional property doctrines despite their intangible and institutional form (7). This is crucial because the modern capital company would be impossible if every shareholder were regarded as a direct co-owner of every corporate asset in the classical sense. If thousands of investors directly owned fractional interests in every corporate asset, ordinary business transactions would become unmanageable and changes in membership could continually alter the legal ownership of corporate property. Corporate personality avoids that problem by locating ownership in the company and giving investors standardized interests in the entity.

Transferability of shares further distinguishes modern capital companies from traditional personal partnerships. In a personal partnership, identity, trust, expertise, and direct participation of the partners may be essential, making substitution of one partner for another legally significant. In a joint-stock company, by contrast, the structure is designed to continue despite changes in the identity of investors. Transferability allows capital to circulate without dissolving the enterprise. Ahmadian's examination of joint-stock companies highlights the distinct jurisprudential issues created by shares and other attributes of this corporate form (3). The jurisprudential significance of transferability lies in identifying what precisely is transferred. The purchaser of a share ordinarily acquires membership rights and an economic interest in the company, not immediate title to a corresponding percentage of each corporate asset. Once that distinction is accepted, share transfers can be analyzed according to general rules governing lawful property and transactions.

Limited liability is another defining structural characteristic. The economic risk borne by a shareholder in a limited liability structure is generally limited to the amount invested or legally committed. Legal and economic examination of corporate formation links limited liability with the capacity of commercial companies to attract and aggregate investment (6). For a passive investor, this protection creates a predictable maximum exposure. The investor need not investigate every operational decision made by directors out of fear that an unforeseen corporate debt may consume personal property far exceeding the initial investment. This risk separation also makes diversified investment possible because individuals can invest smaller amounts in multiple enterprises without assuming unlimited personal exposure for each enterprise's total liabilities.

Yet limited liability does not mean absence of liability. The company remains liable for its obligations out of its own assets, and shareholders remain responsible for unpaid capital or other obligations imposed upon them personally. Directors and shareholders may also incur personal liability for their own wrongful acts. The distinction is therefore between corporate liability and automatic derivative liability of members. Comparative work concerning sovereign and state-owned enterprises demonstrates that limited liability remains important even where ownership structures differ from ordinary private corporations (23). The principle operates as a method of allocating legal risk to the entity undertaking the activity rather than as a general immunity from legal responsibility.

Modern company law nevertheless recognizes that strict adherence to separate personality can sometimes facilitate injustice. This problem has produced doctrines commonly described as piercing or lifting the corporate veil. Iranian and English approaches to the concept, foundations, and consequences of veil piercing have been examined comparatively (24). These doctrines do not ordinarily deny the general validity of corporate personality; rather, they identify exceptional circumstances in which persons controlling the company should not be permitted

to rely upon legal separation to avoid responsibility. Direct liability and veil piercing must also be distinguished conceptually, because an individual may be personally liable for his own wrongful conduct without any need to disregard the company's personality (25). This distinction is particularly valuable in jurisprudential analysis: responsibility should attach to the correct actor through ordinary liability rules whenever possible, while disregard of corporate separation should remain exceptional.

The organization of management represents another major feature of the modern company. In large capital companies, shareholders do not ordinarily manage daily operations directly. Instead, authority is entrusted to directors and executives whose powers are defined by legislation, constitutional documents, and corporate decisions. The emergence of independent directors illustrates the development of institutional mechanisms intended to reduce conflicts of interest and improve oversight (8). This managerial structure facilitates professional expertise and rapid decision-making but also creates a divergence between ownership and control. Those whose capital is economically at risk may not be the persons who decide how the business operates.

The separation of ownership and control produces problems of authority, accountability, and conflicts of interest. Directors must have sufficiently broad powers to conduct complex business activities, yet those powers cannot be unrestricted. Civil liability provides one mechanism for ensuring that directors comply with legal duties and do not misuse corporate authority. Comparative analysis of directors' liability in Iranian and English law highlights differences in the definition and enforcement of such responsibility (9). Questions also arise about whether companies may exempt directors from particular liabilities, and the permissible limits of exculpation clauses require balancing managerial freedom against protection from negligence, misconduct, and abuse (10). From a jurisprudential perspective, managerial authority can be understood through concepts analogous to representation, trusteeship, contractual authority, and responsibility for wrongful conduct, although the corporate office itself is a statutory and organizational institution broader than a simple private agency relationship.

Internal corporate governance seeks to structure these relationships. Governance rules regulate decision-making, allocation of powers, supervision, conflicts of interest, disclosure, shareholder participation, and accountability of management. Strong procedural safeguards are especially important in transactions involving self-dealing because substantive claims of fairness alone may not adequately protect shareholders from those who control corporate decision-making (26). Corporate governance therefore supplements general liability rules by attempting to prevent abuse before damage occurs. This preventive orientation is consistent with jurisprudential concerns about protection of property and avoidance of unjustified harm.

Modern companies may also assume forms that challenge traditional assumptions about plurality of partners. The single-member company is a clear example. Its legal and jurisprudential nature has been analyzed in Iranian and English law because a company with only one shareholder appears difficult to reconcile with a partnership concept premised upon the participation of several persons (27). The possibility of a single-member company demonstrates why corporate personality should not simply be equated with contractual partnership. Once incorporation creates an independent legal entity, the continued existence of the company does not necessarily depend upon the presence of multiple shareholders. This institutional logic may initially appear unusual from the standpoint of classical partnership terminology, but it follows coherently from recognizing the company as a legal organization distinct from its membership.

Corporate groups create an even more complicated version of this problem. Holding companies and subsidiaries may be legally separate while economically integrated. A parent company may own most or all shares of a

subsidiary, influence management, coordinate business policy, and benefit from the subsidiary's operations, while the subsidiary formally retains separate personality. The absence of sufficiently detailed rules for such relationships can create uncertainty concerning liability and creditor protection (22). The structural challenge is to determine when legal separation genuinely reflects distinct corporate activity and when formal separation is being used to evade responsibility. This issue again demonstrates that corporate personality is indispensable but cannot be absolute.

The contractual dimension of corporate structure also remains significant. Firms use contracts to govern internal transactions, allocate responsibilities, and coordinate relationships that exist within broader organizational boundaries (13). Nevertheless, corporate organization cannot be reduced to contract alone. The paradox identified in contractarian theories lies in the fact that corporations depend upon mandatory or implied legal features that do not derive solely from explicit bargaining among shareholders (1). Separate personality, entity ownership of assets, rules binding future shareholders, protection of creditors, and authority of corporate organs all demonstrate an institutional component established by law.

These structural characteristics collectively explain why a modern commercial company cannot be treated simply as a traditional partnership using a new name. Independent personality, separate assets, standardized shares, limited liability, transferable ownership, centralized management, and organizational continuity form an integrated legal structure. Each characteristic supports the others. Separate personality makes separate corporate property conceptually possible; separate property supports entity liability; entity liability supports limited shareholder liability; transferable shares permit changes in investment without disrupting entity property; and centralized management allows the company to operate despite dispersed ownership. The jurisprudential challenge must therefore address this integrated structure rather than attempting to evaluate each feature in complete isolation.

Major Challenges between Jurisprudential Foundations and Modern Corporate Structures

The first and most fundamental challenge concerns the recognition of an independent legal personality. Traditional jurisprudential analysis generally developed its rules of ownership, liability, obligation, and legal capacity around natural persons and certain recognized collective or dedicated institutions. The modern corporation, by contrast, operates as a legal center distinct from all of its shareholders. Comparative analysis confirms that recognition of corporate personality has become a basic element of both Iranian and English company law (4). The apparent jurisprudential difficulty lies in attributing rights and obligations to an entity that does not possess natural human existence. If legal capacity were understood as necessarily dependent on biological personality, the company could not own assets or incur obligations independently. Such a conclusion, however, would confuse natural existence with juridical capacity. Law regularly organizes rights and obligations through institutional categories, and contemporary real-personality theory emphasizes the social and organizational reality underlying corporate entities (5). A jurisprudentially defensible approach can therefore recognize corporate personality as an attribution of legal effects to an organized entity rather than as a claim that the corporation is literally equivalent to a human person.

This functional approach is strengthened by rational practice. Commercial actors, courts, legislators, and markets consistently treat companies as continuing units capable of owning property, assuming obligations, and acting through authorized organs. Such recognition produces order and predictability rather than undermining jurisprudential principles. The more difficult question is not whether legal personality can exist, but which consequences should follow from it. Recognition cannot become a justification for conduct prohibited on

independent grounds. If a corporation engages in unlawful activity, the legal personality of the company does not transform the unlawful act into a lawful one. Jurisprudential evaluation of pyramid-company economic activity illustrates the continuing need to examine the substance of corporate operations independently from organizational form (21). Thus legal personality should be treated as a neutral organizational mechanism subject to the same substantive legal constraints applicable to economic conduct generally.

The second major challenge is the separation of company property from shareholder property. Traditional partnership concepts may suggest common ownership by participants, whereas modern company law regards contributed property as belonging to the entity. This produces a significant conceptual shift. A shareholder owns shares, not an undivided direct portion of every corporate asset. Jurisprudential treatment of shares as objects of legally recognized transactions supports the possibility of distinguishing the shareholder's proprietary interest from the underlying corporate assets (7). If shares themselves constitute transferable property carrying defined legal and economic rights, it is unnecessary to treat the shareholder as a direct co-owner of each corporate asset. The company can own the productive assets, while investors own membership interests whose content is determined by company law and the corporate constitution.

This distinction also resolves practical problems that would arise from treating companies as ordinary co-ownership. Corporate assets must remain available for corporate obligations and operations regardless of changes in shareholder identity. If every share transfer automatically transferred direct title to portions of buildings, equipment, receivables, intellectual property, and bank accounts, routine capital-market transactions would become legally unworkable. Recognition of an independent corporate patrimony therefore has a strong basis in rational commercial practice. It can additionally be understood as the consequence of investors' deliberate allocation of assets to a separate enterprise. General jurisprudential rules concerning property and liability provide conceptual resources for recognizing legally valid transfers and the resulting proprietary consequences (16). The key requirement is that the initial contribution and subsequent corporate transactions remain lawful and do not infringe protected rights.

The third challenge, and perhaps the most controversial in practical terms, concerns limited liability. At first sight, limiting a shareholder's exposure may appear inconsistent with the general expectation that persons should fulfill obligations associated with their economic activities. The difficulty is resolved only by identifying whose debt is involved. If the corporation is genuinely a distinct legal entity and the contract is entered into by that entity through authorized representatives, the primary debtor is the company rather than every shareholder. Limited liability therefore follows partly from separate personality rather than constituting an arbitrary waiver of an individual's existing debt. Legal and economic analysis of partner liability in corporate formation supports the importance of distinguishing entity obligations from member obligations (6). Shareholders remain liable for obligations they personally undertake, including unpaid contributions, guarantees, or their own wrongful conduct.

The jurisprudential problem becomes sharper when limited liability causes losses to involuntary creditors or when controlling shareholders deliberately undercapitalize a company while shifting risks to outsiders. Here the principle of no harm becomes relevant. Jurisprudential analysis of the no-harm rule shows both its importance and the need for caution regarding its doctrinal scope (28). The rule should not be invoked so broadly that every commercial loss destroys limited liability, because business necessarily involves risk and creditors ordinarily contract with knowledge of the debtor's corporate status. Yet the rule can contribute to a broader legal justification for denying protection where the corporate structure is deliberately manipulated to inflict unjustified harm. Theoretical critiques of the no-

harm principle similarly warn against simplistic application detached from the rule's foundations (17). A balanced jurisprudential approach therefore recognizes limited liability as legitimate while permitting exceptional correction of abuse.

This leads to the challenge of piercing the corporate veil. If separate personality and limited liability were absolute, individuals could establish companies as instruments for fraud, transfer assets beyond the reach of creditors, incur obligations without any genuine capacity to satisfy them, and then rely on corporate separation to escape responsibility. Modern legal systems have responded by developing exceptions. The foundations and consequences of veil piercing in Iranian and English law demonstrate that disregarding personality is generally exceptional and associated with misuse of corporate form (24). From a jurisprudential perspective, veil piercing can be justified through principles preventing abuse, fraud, harmful conduct, and evasion of binding obligations. However, indiscriminate veil piercing would undermine the predictability that corporate personality is intended to create.

A critical distinction must therefore be drawn between veil piercing and direct personal liability. Tsang and Ng explain that direct liability may provide a route to accountability even when veil piercing is unavailable (25). A director who personally commits a tortious act, a controlling shareholder who makes a fraudulent representation, or an individual who personally guarantees a corporate obligation may be liable under ordinary principles without denying the company's personality. This distinction accords well with jurisprudential liability analysis because it attributes responsibility to the actual wrongdoer. Rules concerning what gives rise to liability and what does not remain analytically important when determining whether loss should be attributed to the company, a manager, a shareholder, or another actor (18). Veil piercing should accordingly remain a residual doctrine for cases where respecting formal separation itself would facilitate abuse.

Professional management creates another jurisprudential challenge because corporate directors control assets they do not personally own. Classical legal concepts such as agency can explain some aspects of this authority, but the modern director's position is broader than ordinary contractual representation. Directors owe duties to the company and exercise statutory powers that may bind the entity even though individual shareholders did not personally authorize each transaction. The comparative law of directors' civil liability illustrates the complexity of defining responsibility for management decisions (9). Jurisprudentially, the directors' powers can be justified by the shareholders' lawful decision to establish or join an organization whose governance system delegates authority to corporate organs. The binding corporate framework, statutory recognition, and rational commercial practice collectively support that delegation.

The separation between ownership and management nevertheless generates the possibility of opportunistic conduct. Managers may enter self-interested transactions, misuse information, favor controlling shareholders, or take excessive risks with corporate assets. Procedural protection is therefore essential. Gözlügöl argues that strong procedural safeguards are necessary when evaluating self-dealing and that an abstract appeal to fairness or price alone is insufficient (26). This insight has jurisprudential relevance because prevention of harm and protection of entrusted property are often more effectively achieved through ex ante governance mechanisms than through compensation after damage has occurred. Requirements concerning disclosure, approval by disinterested decision-makers, transparency, and accountability can therefore be understood as organizational methods for safeguarding legitimate property interests.

Questions concerning exculpation of directors demonstrate the opposite side of the problem. If directors face personal liability for every unsuccessful business decision, competent individuals may avoid management or become excessively risk-averse. Commercial activity inherently requires decisions under uncertainty. At the same time, complete contractual exclusion of liability could eliminate meaningful accountability. The limits of director exculpation in Iranian law thus require careful delineation (10). A jurisprudential solution should distinguish ordinary commercial error from negligence, intentional misconduct, abuse of authority, and violation of mandatory duties. Contractual freedom may justify some allocation of ordinary risk but should not necessarily permit advance immunity for deliberate infringement of protected rights.

Shares and transferable ownership interests create another cluster of challenges. Classical partnership relations often place importance on the identity of participants, while a public joint-stock company may experience continual changes in shareholders without any effect on its legal existence. The legitimacy of joint-stock companies therefore cannot depend upon continuing personal consent among every shareholder. Ahmadian's analysis of their jurisprudential status highlights the importance of treating the joint-stock company as a distinct modern institutional arrangement (3). Once an investor voluntarily acquires a share, the investor accepts an established system of rights and obligations. Subsequent transfers do not recreate the company each time; they transfer membership within an existing legal entity.

Freedom to transfer shares nevertheless operates within substantive legal limits. Transactions based on insider information create concerns relating to informational inequality, unfair advantage, and integrity of markets. Jurisprudential and legal analysis of insider-based transactions demonstrates that contemporary securities dealings generate normative questions beyond the classical mechanics of sale (29). This shows why the jurisprudential acceptance of shares cannot amount to unconditional acceptance of every transaction involving them. The object of property may be lawful while a particular method of acquisition or transfer remains unlawful because of fraud, deception, misuse of confidential information, or violation of protected market rules.

Single-member companies expose perhaps the clearest conceptual gap between modern company structures and the traditional terminology of partnership. A “company” owned by one shareholder appears linguistically and doctrinally incompatible with a concept based upon association among multiple persons. Yet analysis of the legal and jurisprudential nature of single-member companies demonstrates that the phenomenon can be approached once corporate personality is distinguished from contractual partnership (27). A single-member corporation is not a one-person partnership in the classical sense; it is a legal entity with one holder of its ownership interest. If the jurisprudential legitimacy of the entity rests on lawful institutional organization rather than the fiction that every corporation must be a traditional *shirkah*, the apparent contradiction becomes substantially weaker.

Corporate groups present a more difficult problem because legal separation may diverge from economic reality. Holding and subsidiary structures can involve centralized control while distributing assets and liabilities among multiple legal persons. Iranian law has faced uncertainties regarding the precise treatment of such groups (22). Jurisprudentially, the challenge is to respect genuine separate ownership while preventing controlling entities from exploiting formal separation to externalize obligations. The mere existence of economic control should not automatically eliminate separate personality, because subsidiaries may have legitimate independent operations, creditors, and minority shareholders. Conversely, total reliance on formal registration may be unjust where the subsidiary is used as a mere instrument for abusive conduct. A fact-sensitive approach based on control, causation, wrongful conduct, legitimate creditor expectations, and abuse is therefore preferable.

The role of contractual freedom creates a broader theoretical tension. Some accounts portray the corporation as essentially a network of contracts. Contracts undeniably govern many relationships within the firm, and contractual governance is a significant mechanism for organizing intra-firm transactions (13). Yet corporate personality and other institutional effects cannot be fully derived from private agreement. Gibbs-Kneller, Gindis, and Whayman identify difficulties within a purely contractarian theory, particularly where corporate arrangements depend upon implied and legally imposed terms (1). This limitation is equally relevant from a jurisprudential perspective. Contractual freedom can justify the founders' agreement, but it cannot alone explain why the arrangement binds third parties, why the entity owns property separately, why corporate status continues despite membership changes, or why statutory duties constrain directors. These consequences depend on legal recognition of an institution.

The jurisprudential solution should therefore avoid reducing the company either entirely to contract or entirely to legislative fiction. The corporation can be understood as a lawful organized institution created through voluntary acts but acquiring a legal structure recognized by the broader legal order. Contractual autonomy remains important at the formation stage and in internal arrangements, but public rules determine the boundaries of personality, creditor protection, managerial authority, disclosure, and liability. The tension between contractual freedom and public order has been examined in contemporary private-law scholarship (12), and company law provides a particularly clear illustration of why both dimensions are necessary. Unlimited freedom could permit powerful insiders to eliminate essential protections, while excessive mandatory regulation could undermine legitimate private organization and economic innovation.

The principle of corporate social responsibility adds another dimension to the transition from purely private partnership to institutional company. Comparative analysis of corporate social responsibility in several legal systems demonstrates that the contemporary corporation is increasingly understood as an institution whose conduct may affect interests beyond immediate shareholders (30). Jurisprudentially, this does not necessarily require abandoning shareholder property rights. It does, however, reinforce the idea that the exercise of corporate powers exists within a broader normative environment that prohibits harmful and abusive conduct. The company is a vehicle for lawful economic activity, not an autonomous domain exempt from social and legal obligations.

Commercial competition similarly operates within jurisprudential and legal boundaries. Legal and jurisprudential analysis of competition shows that market participation is subject to principles intended to preserve lawful commercial conduct (31). Consequently, recognition of corporate freedom does not justify collusion, deceptive practices, or conduct inconsistent with mandatory economic rules. This confirms a broader point: modern company law can be reconciled with jurisprudence most convincingly when corporate institutions are separated from the substantive legality of particular behavior. Legal personality, limited liability, transferable shares, and professional management may be valid institutional devices, while specific uses of those devices may remain prohibited.

Certain modern commercial instruments provide further evidence of the capacity of jurisprudence to respond to institutional novelty. Independent commercial guarantees, for example, possess a degree of autonomy from underlying transactions and therefore raise questions that cannot be answered merely through traditional accessory guarantee concepts. Contemporary analysis of their nature, rules, and effects demonstrates the legal effort to conceptualize such independent obligations (32). The broader lesson is that jurisprudence and private law can recognize new commercial mechanisms when their functions are understood and their effects remain compatible with mandatory principles. Modern corporate institutions should be examined using the same methodology.

The genuine conflict, therefore, is not necessarily between “traditional jurisprudence” and “modern company law” as complete systems. The more precise tension lies between particular traditional conceptual formulations and particular legal consequences of contemporary corporate organization. Once this distinction is made, many apparent contradictions can be reformulated. Corporate personality becomes a question of juridical attribution rather than fictitious humanity; separate assets become a consequence of valid transfer and organizational ownership rather than denial of shareholder property; limited liability becomes separation between entity debt and member debt rather than arbitrary release from personal obligation; professional management becomes institutionally authorized representation rather than unlawful control of another's property; and transferable shares become standardized proprietary interests rather than direct transfers of fractions of every corporate asset.

The remaining problems are principally those of abuse, inadequate regulation, and conceptual incompleteness. A modern jurisprudential approach must preserve the benefits of corporate structure while preventing its misuse. It should recognize valid organizational autonomy yet protect creditors and minority shareholders; maintain limited liability while providing remedies against fraud and deliberate evasion; permit managerial discretion while imposing meaningful accountability; and respect share transferability while regulating unfair market conduct. In this sense, the principal requirement is not abandonment of jurisprudential foundations but their systematic application to the legal realities of contemporary corporate organization.

Conclusion

The comparison between jurisprudential foundations and the structure of modern commercial companies demonstrates that the perceived conflict between the two is substantially more limited than a superficial comparison of classical partnership forms and contemporary corporations might suggest. Modern commercial companies undoubtedly possess characteristics that did not exist in their present institutional form when traditional jurisprudential doctrines of partnership were developed. Independent legal personality, separate corporate patrimony, limited shareholder liability, transferable shares, professional management, separation of ownership from control, corporate groups, and even single-member companies cannot be fully described through the ordinary model of a traditional partnership among identifiable persons. Nevertheless, historical novelty does not itself establish jurisprudential incompatibility. The appropriate question is whether the legal consequences generated by these institutions can be justified through general jurisprudential principles and whether their operation remains within substantive limits imposed by justice, lawful ownership, fulfillment of obligations, prevention of harm, and responsibility for wrongful conduct.

Independent legal personality represents the conceptual foundation of the contemporary corporate structure. Its acceptance does not require treating the company as a natural human person or attributing to it every form of capacity possessed by individuals. It can be understood more narrowly and realistically as the legal recognition of an organized entity capable of holding defined rights and obligations. This institutional recognition reflects the practical need to organize continuing economic activity independently from constant changes among investors and managers. Once the company is accepted as a distinct juridical center, several other features of modern company law become easier to explain. Corporate assets may belong to the entity rather than to shareholders directly; contracts entered into through authorized organs may bind the company; and corporate obligations may primarily be satisfied from corporate property.

The separation of corporate property from shareholder property is similarly reconcilable with jurisprudential principles when the legal effect of capital contribution is properly understood. A shareholder who contributes capital to a company does not necessarily remain the direct owner of the specific assets acquired by the company. Instead, the shareholder receives a legally recognized interest represented through shares and the rights attached to them. This distinction enables corporate property to remain stable despite continual changes in membership and makes large-scale commercial organization practically possible. The proprietary interest of shareholders is therefore preserved, but its object and legal form differ from direct common ownership of each corporate asset.

Limited liability constitutes a more sensitive issue but does not necessarily contradict the principle of responsibility for obligations. The decisive matter is the identification of the debtor. Where a company enters an obligation in its own name and possesses independent legal personality and assets, the corporate debt is not automatically the personal debt of every shareholder. Limited liability can therefore be understood as a consequence of organizational separation rather than a general exemption from obligations. Shareholders remain responsible for their own commitments, unpaid contributions, guarantees, and wrongful conduct. The legitimacy of limited liability is strongest where creditors know that they are dealing with a limited-liability entity and can evaluate corporate assets and contractual protections accordingly.

At the same time, limited liability and corporate personality cannot be treated as absolute protections. Their legitimacy depends partly upon their use for the purposes for which they are recognized. When corporate form is deliberately manipulated to commit fraud, conceal assets, defeat established creditor rights, or externalize losses through sham arrangements, strict reliance on organizational separation may produce consequences inconsistent with the principles underlying legitimate private rights. The legal system must therefore retain mechanisms capable of imposing personal responsibility in exceptional circumstances. Such mechanisms should be carefully defined so that they prevent abuse without destroying the predictability and economic function of corporate separation.

The distinction between direct liability and disregard of corporate personality is particularly important in this regard. Many cases involving wrongful behavior do not require denial of the company's existence at all. Directors, shareholders, or controlling persons who personally commit wrongful acts can be held accountable for those acts under ordinary principles of liability. Only where the separate personality itself is being used as an instrument of abuse should exceptional disregard of that separation become necessary. This approach is more consistent with both juridical coherence and the jurisprudential principle that responsibility should attach to the person whose conduct legally produces the relevant obligation or injury.

Professional management can likewise be reconciled with jurisprudential foundations when corporate authority is understood institutionally. Shareholders lawfully enter an organizational arrangement in which managerial powers are allocated to directors and executives. Directors therefore do not exercise authority over corporate property without legal basis; their authority derives from the corporate structure, applicable law, and the organizational arrangements accepted through membership. Nevertheless, managerial power must remain accompanied by responsibility. Directors should exercise their authority for legitimate corporate purposes, respect legal limitations, avoid undisclosed conflicts of interest, and compensate damage resulting from conduct that meets the applicable standards of liability.

The separation of ownership from management makes governance safeguards essential. Modern companies often involve dispersed shareholders who cannot monitor every managerial decision directly. Effective procedures concerning disclosure, approval of conflicted transactions, internal oversight, accountability, and protection of

minority interests therefore serve a function that traditional personal partnerships may not have required to the same extent. These mechanisms should not be regarded as external to jurisprudential reasoning. They are contemporary legal instruments for protecting property, preventing abuse, ensuring faithful exercise of delegated authority, and reducing the possibility of unjustified harm.

Shares and their transferability also do not create an inherent jurisprudential contradiction. Once a share is understood as a recognized proprietary and membership interest rather than direct ownership of specific corporate assets, its transfer can be evaluated through general rules governing lawful property transactions. What requires regulation is not the existence of the share itself but particular transactions that involve fraud, deception, prohibited information advantages, or other unlawful conduct. The distinction between the legitimacy of an institution and the legality of specific uses of that institution is fundamental throughout the analysis of modern company law.

The emergence of single-member companies further demonstrates the limitations of attempting to assimilate every modern company to classical partnership. If a corporation is regarded only as a contract of partnership, the existence of a company with one shareholder appears conceptually contradictory. If, however, incorporation is understood as creating a distinct legal organization, no such contradiction necessarily exists. This does not mean that classical partnership doctrine becomes irrelevant. Rather, it means that partnership is one jurisprudential source for understanding economic cooperation but should not be treated as the exclusive category through which every contemporary corporate institution must be defined.

Corporate groups present a particularly important area for future legal development. The existence of parent companies and subsidiaries requires a legal framework capable of distinguishing genuine organizational separation from artificial fragmentation used to escape responsibility. Formal ownership and registration should remain legally significant, but they should not be permitted to conceal conduct through which one entity deliberately exploits another to prejudice creditors, minority shareholders, or third parties. The solution should not be automatic consolidation of all group liabilities. Instead, responsibility should depend upon carefully defined factors such as actual control, wrongful intervention, causation, abuse, asset manipulation, and legitimate reliance.

The broader analysis also shows that corporate organization cannot be explained solely through contractual freedom. Contracts remain essential to company formation and operation, but the company acquires institutional effects extending beyond the express agreement of its original founders. Separate personality, continuity, entity ownership, mandatory managerial duties, creditor protection, and rules binding future shareholders depend upon the legal order's recognition of the corporation as an organized institution. A coherent jurisprudential understanding should therefore combine contractual foundations with institutional recognition. This approach is more capable of explaining the actual structure of commercial companies than an attempt to classify every corporate consequence under a single traditional contract.

The principal jurisprudential resources required for this task already exist. Lawful contractual autonomy permits economic actors to establish new organizational arrangements. The obligation to honor valid commitments supports stability in commercial relationships. Protection of ownership provides a foundation for capital contribution and shareholder rights. Rational practice and accepted custom enable the legal system to recognize commercial institutions that have developed in response to changing economic conditions. Principles of liability ensure accountability for wrongful conduct, while the prohibition of harmful and abusive exercises of rights prevents corporate protections from being transformed into instruments of injustice. None of these principles requires the commercial environment to remain frozen in the institutional forms known at an earlier historical period.

Accordingly, the major challenge is not the absence of jurisprudential capacity to recognize modern companies. It is the need to formulate that capacity systematically and translate it into coherent company-law rules. Fragmented reasoning creates uncertainty because different corporate features may then be assessed through unrelated analogies without a unified understanding of the company as an institution. A clearer framework should first recognize the legitimacy of creating new commercial organizational forms under general jurisprudential principles and then evaluate the particular effects of each form according to rules of property, obligation, authority, liability, and prevention of abuse.

Legal reform should therefore focus on clarification rather than on attempting to reconstruct modern companies as exact equivalents of historical partnership forms. The legal basis and effects of corporate personality should be stated clearly. The distinction between corporate and shareholder property should be protected. Limited liability should remain the general rule where applicable, while exceptions should be defined with sufficient precision to address fraud and abuse. Directors' authority and liability should be formulated coherently across different forms of commercial company. Conflicts of interest and related-party transactions should be subject to effective procedural controls. The legal position of holding companies, subsidiaries, and corporate groups requires more detailed treatment, particularly where control and formal legal separation diverge. Such reforms would reduce the interpretive uncertainty that currently encourages disagreement concerning the relationship between jurisprudential principles and contemporary corporate institutions.

The analysis ultimately supports a dynamic rather than static understanding of jurisprudential compatibility. Fidelity to jurisprudential foundations does not require replication of historical economic forms. It requires preservation of the normative purposes embodied in rules concerning lawful property, valid consent, binding obligations, justice, accountability, and prevention of harm while applying those principles to new legal and economic realities. Modern commercial companies can largely be accommodated within such an approach because their defining structural characteristics perform legitimate organizational functions and do not inherently negate those underlying values.

The remaining tensions arise primarily when corporate techniques are used beyond their legitimate organizational purposes or when existing legal rules fail to regulate new forms of economic power adequately. These problems call for jurisprudentially informed regulation rather than rejection of the corporate form. A legal system capable of distinguishing legitimate innovation from abusive exploitation can preserve both the normative integrity of Imami jurisprudence and the functional requirements of contemporary commerce. The relationship between jurisprudential foundations and modern commercial companies should therefore be conceived not as an unavoidable confrontation between tradition and modernity, but as an ongoing process of legal interpretation through which enduring principles are applied to changing institutional forms. Such an approach provides the most coherent basis for developing a modern company law that remains jurisprudentially defensible, legally predictable, economically functional, and capable of responding to future transformations in commercial organization.

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