COFFERS D4.3 Working Paper on Corporate Forms

Tracing Corporate Forms

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Introduction

In this working paper we outline a way to trace corporate form. Our approach is built through a typology of what we call 'Global Wealth Chains', constructed around a series of ideal types based on assumptions of how actors align meaning and behavior through coordination. These actors are coordinating on "transacted forms of capital operating multi-jurisdictionally for the purposes of wealth creation and protection" (Seabrooke and Wigan 2017: 2). The use of corporate forms is particular important for this coordination, especially for relationships that are more complex. Our use of ideal types in the wealth chains framework has not been made explicit before, but we do here to clarify how tracing corporate form is not a task only for those working on theories of the firm and corporate networks, but also for scholars developing interpretive case studies that are brought into relief against ideal types of behavior. Our claims is that typologies and ideal types are useful for tracing corporate form because it provides us insights into the relations between actors (such as suppliers, clients, and regulators) rather than relying on theories of agency or structure to do the heavy lifting.

This working paper first teases out some of the assumptions to help us understand how corporations act, and then proceeds to apply this logic to understanding how we can trace corporate form through direct types of corporate structures and activity. We locate this approach, identified in the literature as 'global wealth chains', as complementary to other contemporary work that focuses on corporate networks. We maintain that following a typology of ideal typical corporate forms and building a case by case comparison of real behavior against ideal types is an excellent way to understand corporate forms as a mix of agential and structural properties.

How do Corporations Act?

We begin with a crucial question: how can we trace how corporations act if they are both agents and structures? What comprises the formal organization and what is a form of organizing is important for providing a convincing analysis of corporate forms and tracing their activities. Knowing the formal organization of firms' operations is of interest because it tells us about the permanence of activity in various forms (Du Gay and Vikkelsø 2016). Understanding the forms of organizing within corporate structures is equally important if we seek to understand deviations from formal organization and how corporations as organizations are changing shape (Picciotto

2011). In short, if we want to trace corporate forms we have to distinguish some basic principles on what allows us to see how firms and corporations are agents and structures, what claims to actorhood can be made, how claims to authority can be understood, and what basic differences there are in types of formal organization and informal activity.

The first step here is to address a common confusion between the firm and the corporation. This error has been critically important for discussions of the multinational firms as 'decentered' (Desai 2008), as well as how they are financialized (Morgan 2014). What is the firm and what is the corporation is important to clarify. Clearing up this confusion is important in distinguishing what we can understand as 'actorness' in corporate activity as well as to the legal basis for what can be identified as structures. The idea here is that agency belongs in the firm and structure, the corporation.

The conflation of what is the 'firm' and what is the 'corporation' is common in many fields. Jean-Philippe Robé (2011: 3) has perhaps been the clearest on this argument in his dismantling of the role of agency in common theories of the firm. Robé points out that firms and corporations are confused in the literature, leading to the following assumptions. It is worth paraphrasing his key points at length:

1. Shareholders own shares issued by corporations, not firms. They do not own the firm or the corporation, which is legally structured to be owned by no one (see also Ireland 1999).
2. Firm managers control assets owned by the corporation, not by shareholders. The legal personality of the corporation provides walls between asset control, dividends, and liabilities.
3. A firm is an organized economic activity, a corporation is a legal entity and personality that provides the firm with a legal structure. Firms and corporations are different things.
4. Corporations are not a "legal fiction", but important legal structures in societies that conduct business through contracts between legal persons and have property rights assigned to legal personalities.
5. Managers work on behalf of the corporation for the purposes of the firm, they are not agents of shareholders. They are empowered by being officers of the corporation.
6. To make decisions managers rely on the legal structure of the corporation, including the control of assets. Their decisions are unilateral in the interests of their office, not taking into account all externalities affecting the firm.
7. Managers have fiduciary duties to those affected by their decisions, which extend beyond the interests of shareholders because of the legal structures used to compose the corporation.

8. Corporate governance and firm governance are distinct. There is no real shareholder theory of corporate governance since shareholders do not own the corporation and managers are not agents of shareholders. Stakeholder theories of governance are imprecise.
9. The concept of agency has led to the conflation of the firm and the corporation. Concentrating on fiduciary duties is more relevant to understand the firm and the corporation, and how it responds to society's needs.

Given the absence of ownership, and concomitantly the absence of clear causal lines between structure and action, we identify corporate form as a product of actors seeking to meet the requirements established by fiduciary duties and normative principles within the given legal structure. Robé's vital contribution here is that theories of agency should be replaced by analyses of the respective duties between those concerned with the firm, structuring the corporation, as well as those seeking external influence on how firms make decisions and how corporations are governed. His approach helps explain why there is so much 'organized hypocrisy' from firms dealing with issues like corporate social responsibility, accountability reporting, and corporate wrongdoing (Cho et al. 2015; Gabbioneta et al. 2018). In sum, Robé points to the payoff for approaching corporate form as a function of the firm as 'going concern' in the tradition of legal pragmatism and old institutionalism (Commons 1934). Such an approach encourages seeing actors in firm ecologies making interstitial adjustments within legal structures provided by corporate forms that traverse jurisdictions in a process of 'targeted touchdown' and 'partial lift off' (Biggins 2012). This can be seen from a variety of fields.

Figure 1: Fields of Inquiry

Figure 1 illustrates the main fields concerned with studying corporate behavior, which include institutional economics, international political economy, and accounting and organizational sociology. The assumptions, levels of analysis, and ways of working in these fields differ, mainly in addressing questions of rationality and scale rather than quantitative vs. qualitative distinctions. What is common to them is that they all seek to understand how firms and corporations act in the world economy. These fields share assumptions about the actorness of corporations, as well as their claims to authority within the world economy in asserting their power through market positions, production and accumulation footprints, and influence on governance agendas.

Figure 2. Actors and Domains around Corporate Forms

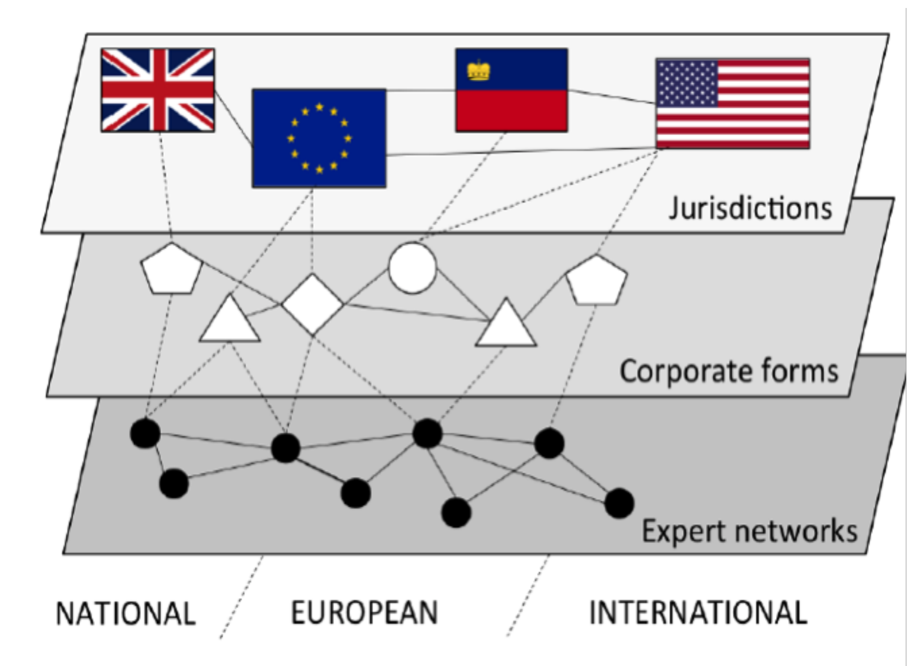


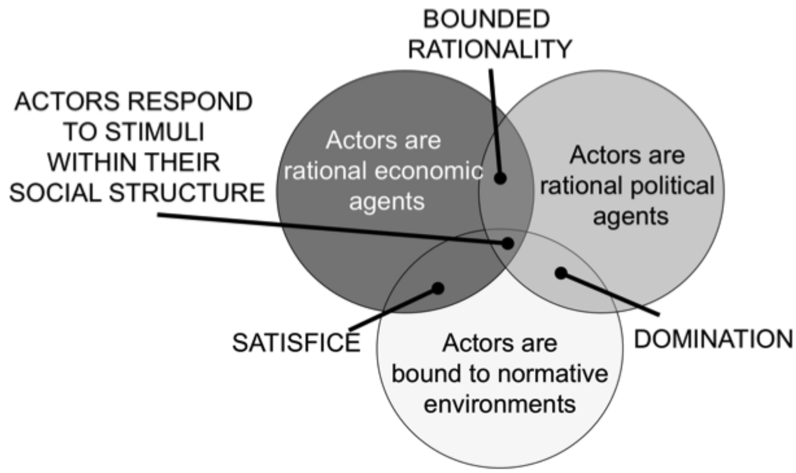
Figure 2 illustrates our basic thinking about the relationships between national legal jurisdictions, corporate forms, and expert networks. The jurisdictions are the macro scale actors, the legal composites that permit particular laws and practices of incorporation and the creation of corporate legal entities. The expert networks are the individuals who are involved in structuring corporate forms through contracts, norm construction and maintenance, and claims to authority. This is the micro-interactionist level. The meso corporate forms level can be understood as an outcome of the macro and micro levels, that individual agents find spaces in the opportunity structures provided by different legal jurisdictions to create corporate contractual structures that best facilitate the functioning of the going concern and are the most exploitative.

This level is where corporate forms exist in what Robé (2009) refers to as the "world wide web of contracts". Researchers tracing legal frameworks of corporate tax avoidance to avoid for global tax losses are right to focus on the structure (Cobham et al 2015; Cobham and Janský 2018; Fichtner 2016), while also needing cases where fiduciary relationships are made clear. This is also true for those looking at regulatory frameworks (Palan and Wigan 2014). Viewing corporate forms as an outcome of activity between legal jurisdictions and expert networks builds on a long line of work on the 'offshore world' (Palan 2002).

Our work on 'global wealth chains' follows a similar idea (Seabrooke and Wigan 2017), but offers a typology to be mixed and matched according to the international legal opportunities provided, the types of capital available, and the interactions among professionals in structuring how wealth is stored across jurisdictions (Sharman 2017; Finér and Ylönen 2017; Quentin and Campling 2017; Christensen 2019; Helgadóttir 2019; Seabrooke and Wigan 2019). We expand on this typology below as a means of tracing corporate form. As we clarify below, the purpose of the typology (market, modular, relational, captive, and hierarchy types of chains) is to provide a means of comparison that pushes the various insights from political economy, law, economics, geography, and sociology into a case study focus. A key element of the wealth chains approach is the implied regulatory liability, assuming that actors involved in coordination activities are knowledgeable about the types of activities taking place and where they have and lack information. This issue raises not only conceptual questions about actorhood but also authority, which we now turn to.

One important issue in tracing corporate forms is the extent to which we can talk about the actorness of firms and corporations. As Robé argues, it is more fruitful to think about duties and obligations from interactions between parties than it is to think of firm's agency, especially the role of shareholders. From the point of view of the disciplines concerned with tracing corporate form outlined in Figure 1 above - institutional economics, international political economy, and accounting and organizational sociology - there are a range of assumptions about actorhood that are important to clarify. The assumptions are presented in Figure 3.

Figure 3: Assumptions about Actorhood

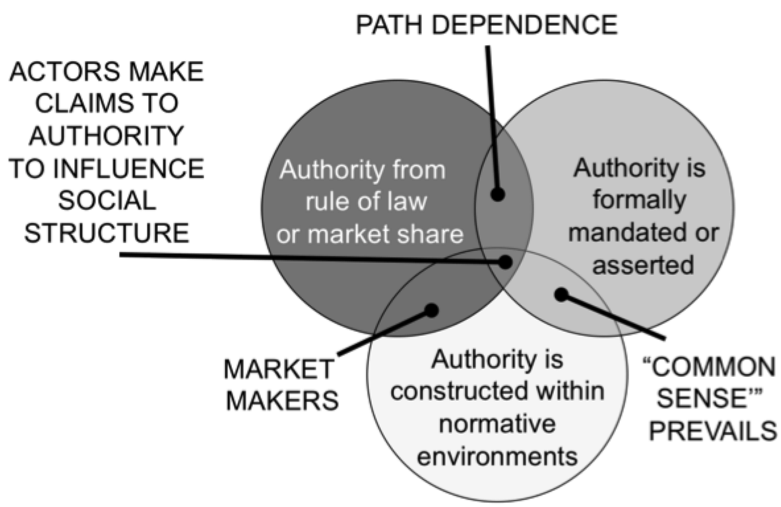


Economics assumes that actors are rational economic actors that seek to make the most of their opportunities. It is common in International Political Economy, certainly its North American and middle European variants (Seabrooke and Young 2017), to assume that actors are rational political agents seeking to maximize their interests. Sociology tells us a great deal about how actors are bound to their normative environments, where social pressures inhibit what other may consider optimally rational behavior.

Applied to corporate form we can see clear differences in how economists treat the firm as a rational agent that is normally indistinct from the corporation. Typical applications of principal-agent and incomplete contracts theories of the firm treat the firm as the rational agent, the brain, making decisions within the firm and between firms (Walker 2015). Recent debates in institutional economics have included complaints that economists tend to anthropomorphize the firm and its personality, when the rational and legal basis for doing so is weak (Gindis 2016). In much work in international political economy the general assumption is that firms and corporations are synonymous. Even when this is not the case the assumption is that actors are rational political agents (Keohane 1984), with managers of firms engaged in battles for control that can differ from owners and workers (best represented in Gourevitch and Shinn 2005). Within organizational sociology the assumption is that actors are bound to normative environments, including non-rational or illegitimate outcomes for firms (Archel et al. 2011; Carter and Spence 2014; Killian and O'Regan 2016; O’Regan and Killian 2014).

In the overlaps we have a range of theories where characteristics of actorhood can be found. ‘Bounded rationality’ spans economics and political science in stating that actors are rational within limits (March 1978; Simon 1979). A similar claims is made in work on how individuals ‘satisfice’ as rational actors, placing more emphasis on the psychological dimensions of choice (Simon 1990). Theories of how actors seek to create forms of domination can be found in sociology and political economy, where Max Weber (1978) is the touchstone, as well as such as Abbott, Bourdieu and others. The point here is that there is overlap and provide points of debate for discussion how actors respond to stimuli in their social structures as they deal with issues. If we treat firms and corporations as synonymous we will find it difficult to unravel who is the rational agent acting and how they seek to structure their environment to respond to stimuli.

Figure 4: Assumptions about Authority



The same can be said for theories of authority. Figure 4 presents these in the same manner as Figures 1 and 2. Assumptions about authority in economics are commonly based on the rule of law to protect and defend contracts and/or claims to dominance over practices and prices from market share. Research in international political economy typically views authority as linked to those actors that have the formal institutional mandate for the issue in question. Accounting and organizational sociology see authority contested between networks of professionals and experts who are more or less positioned to assert validity. The volumes of work on ‘path dependence’, which makes the point that institutions are likely to follow the track established by pacts, agreements, laws, and formal mandates – that institutions are hard to change – is the default position of most contemporary political economy and economics (Pierson 2000; cf. Rixen and Viola 2015). Work in economic sociology demonstrates how actors can make markets through technologies and networks that actively shape the normative environment for their products, their market share, and the law (Muniesa et al. 2007; Healy 2010). Research that overlaps between organizational sociology and international political economy points to how actors actively seek to cultivate a common sense to shape standards and regulations. Such actors are not only from formally mandated institutions but are active in fostering professional networks where the common sense can be transformed (Seabrooke 2014; Henriksen and Seabrooke 2016; Christensen 2017; Seabrooke and Henriksen 2017). What is common to all of these claims to authority is the aim to influence the social structure.

In considering how firms and corporations assert authority scholars like Sol Picciotto (2007, 2011, 2015), who has long demonstrated how authority over firm's activities and their corporate governance structures is constructed by claims to legal position, and political and economic importance. To draw once more on Jean-Philippe Robé's work, he suggests that:

> The decentralization of decisions to the level of the individual, through property rights and contracts, results nowadays in the existence of a corporate economy allowing extraordinary - and potentially external - concentrations of capital and people under one command - in other words, the existence of competing, deterritorialized powers, in an ideal position to make the market operate between states, and thus to limit the states' autonomy (Robé 1997: 57).

Claims to authority from officers of corporate structure rely on contracts within legal structures. As these structures are not only determined by contracts but through standards and regulations, much work on claims to authority over corporate form has looked at how experts networks are important influences on standards and regulations. This has included case such as within the OECD's Base Erosion and Profit Shifting action plans (Christensen 2017, 2019; Büttner and Thiemann 2017), or expert conflicts through international organizations (Eskelinen and Ylönen 2017; Kentikelenis and Seabrooke 2017). Work looking more at claims to authority from market positions have included theories of rhetorical legitimation in how dominant corporate forms claim hyper rents from the world economy (Suddaby and Greenwood 2005; Suddaby et al. 2015; Murphy et al. 2018); as well as forms of professional closure tied to the globalization of corporate forms (most recently, Boussard 2018; Christensen and Seabrooke 2018).

The fiscal consequences of claims to authority are the dynamics that have been studied by scholars of the 'offshore world' (Palan 2002; Palan et al. 2010; Fichtner 2016). The importance of delineating such claims to authority is to establish not only the relationships that need investigation but also the need to imagine how such an order could be unsettled (Genschel and Rixen 2015; Hearson 2018) and recomposed (Rixen 2016).

Tracing Corporate Form via Ideal Types

Tracing corporate forms is a task that can be conducted in a number of ways. Recent advances in network analysis have permitted the mapping of multiple corporate units within network structures via intra-firm ownership stakes (Heemskerk et al. 2016). Here research has found key sink and conduit jurisdictions, and a range of jurisdictional sector specialisations (Garcia-Bernardo et al. 2017). Macroeconomic data has also comprised links in tracing jurisdictional footfall, with research identifying distinct regional agglomerations of foreign direct investment flows (Haberly and Wójcik 2015). Work on changes in the networks of corporations within firms is proceeding under two related projects, CORPLINK and CORPNET, both funded by the European Research Council.

Our work is complementary, adding a focus on corporate forms with focus on interactions that are reflected of relationships and duties among actors in corporate networks. We suggest tracing corporate form through thick case description and an approach informed by classic Weberian sociology as well as drawing from insights on the fields noted above: institutional economics, international political economy, and accounting and organizational sociology.

To trace corporate forms we have present a typology of 'Global Wealth Chains' that has by five ideal types. Before getting into the details and definitions of our wealth chains, it is important to establish how tracing corporate forms can be done by typology, and especially with the use of ideal types.

Our use of ideal types here sticks to the conventional Weberian usage - that ideal types are heuristics to be used to interpret and analyse empirical information. Ideal types are not used here, as in earlier work in management studies, as in principle best systems to be compared to "real types" (Kristensen 1996). Ideal types should not be idealized, they are used as models to be modified and reformed in relief against empirical evidence rather than treated as descriptions of reality (Parker 2013: 136-7).

An ideal type is also not shorthand for the abstraction of a general phenomenon (Swedberg 2018: 195). Ideal types are “emergency safe havens until one has learned to find one’s bearings while navigating the immense sea of empirical facts” (Weber 2012: 133). They are useful for studying how empirical phenomena have a relationship to a meaning. As such, they are constructed by the researcher from elements of observed phenomena, but the ideal types are nowhere to be found in the real world. The ideal type is to provide clarity in what the researcher is observing, where its “unreality and one-sidedness will not only guarantee its sharpness, but should also preserve it from the danger of hypostatization” (Bruun 2001: 156). That is from being treated as a representation of reality that can then be tested. Ideal types are not to be reified, but built up and then broken down as learning progresses.

Weberian ideal types starts from artificial assumptions about meaning and behavior from an actor, that they act rationally, have complete information, is totally aware of what he or she is doing, and does not make mistakes (Weber 1978: 21-22). Recently Richard Swedberg (2018: 189) has provided an excellent assessment of Weber’s use of ideal types, and usefully outlined how social scientists should develop ideal types according to the Weberian model, focussing on the following five steps:

1. Establish the meaning towards which the actor invests in his or her behavior;
2. Check that meanings and actions are aligned to satisfy step 1. If so;
3. Assume that the actor acts in a rational manner, acts with full knowledge of the situation (this is unrealistic but useful to consider), that the actor is aware of what is being done, and that the typical actors does not make mistakes with intended actions;
4. Check that there is causal adequacy, that meaning plus behavior can have the intended effect;
5. Confront the ideal type with a concrete empirical example of the phenomena being investigated.

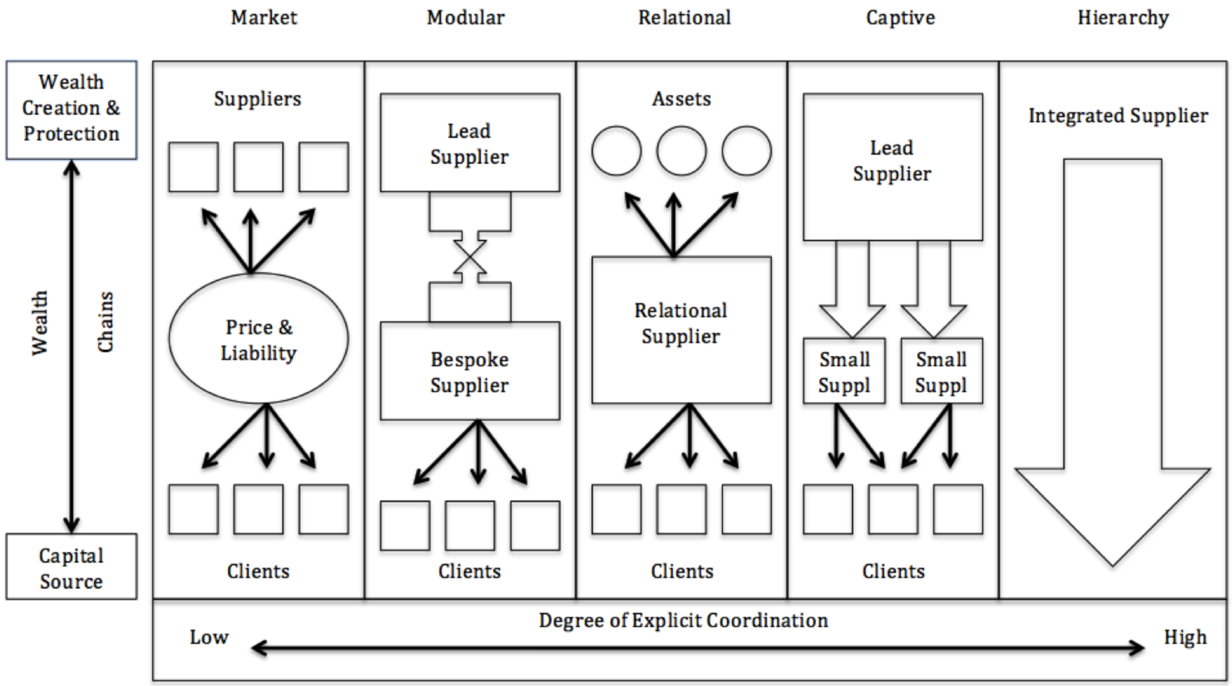
Our conception of types of global wealth chains follows these steps. They are unrealistic theoretical types of how transactions are structured within relationships among suppliers, clients, and regulators, varying in the degree of explicit coordination required by these actors.

Global Wealth Chains as Ideal Types

Our established framework explains how Global Wealth Chains are created, maintained, and governed (Seabrooke and Wigan 2014, 2017). The Global Wealth Chain framework is informed by various literatures located in Figure 1 above, institutional economics, international political economy, and accounting and organizational sociology. We are also informed by research in international political economy and economic geography under the banner Global Value Chains, as well as work from law that helps in identifying asset forms and corporate and firm structures. Just as readers can imagine the production lines and logistics trucks and vans involved in Global Value Chains, we seek to make the movement of assets and the conditioning of corporate form in Global Wealth Chains legible.

In their framework on Global Value Chains, Gereffi, Humphrey and Sturgeon (2005: 83-4) delineate value chain governance to five ideal types; Market, Modular, Relational, Captive, and Hierarchy value chains. Market value chains are characterised by low levels of information and asset complexity. There is little need for complex communication channels between suppliers and clients and asset maintenance is minimal. Modular value chains provide differentiated and modified options to clients on the basis of generic product. Relational value chains are where coordination increases and interactions are repeated, with transactions more tailored to client circumstance and demand. Captive value chains involve large supplier dominance over smaller firms. Hierarchical value chains are vertical and integrated. Here, complexity is heightened and difficulties in codification acute. These types of value chain governance have spurned a huge body of case work which has readily traversed lines between science and policy arenas. The Global Value Chain approach has been picked up by a range of international economic organisations including the World Bank, OECD, UNCTAD and EU. Global Wealth Chain research complements value chain research with added focus on finance, law, accounting and tax and shares its concern with policy relevance. By allusion, value chains follow the commodity and wealth chains follow the money.

Figure 5: Typology of Global Wealth Chains



Source: Seabrooke and Wigan 2017: 12, adapted from Gereffi et al. 2005: 89.

Our conception of Global Wealth Chains (GWCs) deliberately mirrors Gereffi, Humphrey and Sturgeon's (2005) typology of GVCs, but is distinct in ways that matter. Gereffi and co-authors base a theory of value chain governance on three factors: (1) the complexity of information to sustain transactions; (2) the ability to codify transactions, and (3) the capabilities of potential suppliers to meet the requirements of the transaction (Gereffi et al. 2005: 85). However, when identifying wealth chains we follow the value chain framework on two factors, and differ on one. While the capacity to codify a transaction in global value chains determines coordination requirements, in wealth chains, corporate form and asset strategy is often instrumentalized to lower the ability to codify. More important in wealth chains is the regulatory liability attached to form and asset. Suppliers offer products that are variously exposed to the regulator and client and supplier relations differ according the regulatory shield provided. Corporate form and change in Global Wealth Chains are therefore a function of: (1) transaction complexity, (2) regulatory liability and (3) supplier capacity on product offer and development. The variables allow for identification of the range of Global Wealth Chains depicted in Figure 5.

Assets may be relatively simple and readily available. These assets, which include shell companies and simple trust structures are protected from regulators by tax and fiduciary law on one hand and administrative capacity and practice on the other which in these instances may impede the flow of information on ownership (Murphy and Wigan 2018). At the other end of the scale are highly complex products that may be tailor made for clients or developed in house by the firm (Bryan et al. 2017; Rafferty and Wigan 2019). Regulators have low levels of traction on these types of assets, including structured financial assets and the spatio-legal organization of leading multinational firms, where information asymmetries are most in high tech sectors. Between these extremes are products that are relatively simple but modulated according to market and client characteristics, and assets that require carefully cultivated relational work. Expatriate banking services and private wealth management for the ultra wealthy are exemplary in respect to each of these (de Carvalho and Seabrooke 2016; Harrington 2015; Beaverstock and Hall 2016).

Figure 6, above, shows the five types of Global Wealth Chain. We see the input of the source of wealth from clients and its management and augmentation by suppliers before it flows back. There are sometimes lead suppliers who provide services through secondary suppliers who may adapt the service or simply represent a channel to clients. As we proceed from left to right of the figure coordination requirements heighten as transactions become more complex and the management of regulatory liability more exacting.

Our wealth chains are ideal types and should be treated as such. Application requires following the steps from Swedberg outlined above, to relate meaning and behavior based on assumptions that actors behave in rational ways, are informed, that behavior relates to the intended meaning, and that mistakes are not being made. As the wealth chains types are ideal types they are theoretical constructs that should be broken down and reconfigured in the process of investigating cases. For example, regulatory interventions may produce movement from one chain to another (Sharman 2017). Components of one chain may be combined with components of another to create hybrids, understanding that these are not 'real types' but reflected against elements of the ideal types presented. Alternatively, distinct chains may act to reinforce or undermine each other. For clarity we provide definitions of the five ideal typical wealth chains (see Seabrooke and Wigan 2017: 10-11):

1. *Market* linkages occur through arm's length relationships with low complexity in established legal regimes. Products can be accessed from multiple suppliers who compete on price and capacity.

2. *Modular* wealth chains offer more bespoke services and products within well-established financial and legal environments that restrict the supplier and client flexibility. Products involve complex information but can be exchanged with little explicit coordination. Bespoke suppliers are commonly associated with a lead supplier.

3. *Relational* wealth chains involve the exchange of complex tacit information, requiring high levels of explicit coordination. Strong trust relationships managed by prestige and status interactions make switching costs high.

4. *Captive* wealth chains occur when lead suppliers dominate smaller suppliers by dominating the legal apparatus and financial technology. Clients' options are limited by the scope of what can be provided by small suppliers and, in turn, lead suppliers.

5. *Hierarchy* wealth chains are vertically integrated. A high degree of control is exercised by senior management, such as a Chief Financial Officer. Clients and suppliers are highly integrated and coordinate on complex transactions.

Asset management and interaction between suppliers, regulators and clients has been the focus in cases on global wealth chains developed by members of the COFFERS team and related researchers. This work has the aim of highlighting how assets are used in corporate forms be they in the area of financial services (Bryan et al. 2016; 2017) art (Helgadóttir 2019), transparency (Christensen 2019), money laundering (Waris 2018) utilities, labor, and others (Seabrooke and Wigan 2019). It includes the strategic deployment of elite barrister legal opinion (Quentin 2019) the management of family wealth via cultivated control on intergenerational wealth transfers (Santos 2019) and wealth extraction from firms by private equity (Morgan 2019). The work is premised on the ability to delineate the firm as going concern from the corporation as legal corporate form on grounds of ideal types of wealth chains.

Global Wealth Chains and Corporate Forms

This working paper begins with noting a significant distinction between firms and corporations, emphasising that agency is located at the level of the actors within networks composed of regulators, clients and suppliers, rather than in the corporation or the firm. Our approach to mapping corporate forms follows this logic in zooming in on actor networks within and between actor categories. We have proposed that the ideal types of Global Wealth Chains provide a useful heuristic framework for identifying and studying these forms, and providing some order to the interpretative process. We now briefly introduce some examples of corporate form in Global Wealth Chains, drawing on contemporary scholars working within this framework.

In *Hierarchy* wealth chains firms managers, and sometimes large advisory and financial firms, construct elaborate chains of control via networks of corporations, where the wealth accrued is a function of success in extracting cash flows from entities down the chain that may be internal or external to the firm. Adam Leaver (2019) demonstrates that within such hierarchies, and when dealing with seemingly mundane assets such as public utilities, the firm is increasingly being treated as an integrated financial and productive asset. With regulation providing a floor to prices (and clear profit making opportunities) state guarantees for foundational activities are translated into outsized opportunities for private wealth appropriation. In the case of the multinational French firm Veolia and its UK centred wealth chain, the provision of water and waste services has been organized through subsidiaries in such as way as the subsidiary makes little profit but is subject to financial predation from the French parent. This is an accounting story about redistribution where the corporation becomes a rehypothecable financial asset for the firm; a source of collateral to back extended chains of financial engineering. Such hierarchical chains are tightly coordinated and here the supplier and client are only separated by legal boundaries between related corporate entities. The regulator is distant to this extraction process as it relies on accepted corporate and investment law. Any intervention would require not only changes in domestic regulation but multilateral coordination. As an ideal type, al *Hierarchy* chain permits focus on the complexity of the extraction process and its close coordination, specifying the kinds of fiduciary duties highlighted by Robé as important. As stated, the ideal type does not mirror reality, nor does it intend to. The regulator of the water sector in the UK acts as co-creator of the asset by establishing floors to market prices that undergird the process of rehypothecation. At one point in chain formation the regulator is more supplier to the corporate client and at another, later stage, the representative of a construed public interest. Tracing this corporate form tells us the creation complex webs of contracts and the socially constrained enactment of duties.

A further example of *Hierarchy* types is useful in highlighting the relationships between actors in the ideal type, such as between suppliers, clients, and regulators. High tech firms operating in the digital economy construct networks of corporations that disaggregate activities and assets so the legal manifestation of the firm is clearly distinguishable from its economic activity and sources of wealth. As Duncan Wigan and co-authors has demonstrated, firms operating platform economies organise to exploit discrepancies between rules built on concepts of substance and presence more applicable to tangible economies. The clear example here is intellectual property where tax rules based on ready valuation by comparison, accrual concepts of liabilities and assets, and a physical tie between legal jurisdictions and asset have been transcended. Companies such as Apple have been at the forefront of these developments (Bryan et al. 2017). Information asymmetries between the regulator and client/supplier are large as they are a product not only of multi-jurisdictional strategies deployed by firms within corporate structures but also that regulatory tools are based on outmoded concepts.

For example, transfer prices based on the separate entity principle and the arm's length pricing method not only confuse the corporation with the firm, but rest on the existence of a physical comparative asset the value of which is functional to costs of production. The level of information asymmetry is such that coordination between regulators on an agreed way forward is difficult. That, despite the catalytic role of digital tax issues raised by high profile tax planning and corporate tax avoidance in the sector, the OECD’s BEPS Action on the digital economy has been subject to delay and extension and that national regulators are acting unilaterally and on the basis of ad hoc rationalisation bears witness to the disjuncture (see also Christensen 2019). Networks of transfer pricing specialists, national regulators and permanent and temporary staff at international organizations set the norms that guide practice and what is considered to be legitimate. Activists seek to overturn these norms on the basis of public perceptions of injustice and the deployment of expertise to rock the boat (Baker and Wigan 2017; Seabrooke and Wigan 2015; 2016). Interviews with firms, managers and regulators are the basis of analysis.

Recent investigations of wealth chains containing markets for high value art show how ideal types can be mixed to present a more accurate understanding of phenomena. High value art markets are in part *Modular* and in part *Relational* (Helgadottír 2019). Oddný Helgadottír demonstrates how the arrangement art being stored for tax avoidance purposes is a bespoke system of freeports, as in *Modular* wealth chains, while the establishment of trade is from more opaque trust-based networks that we theorize as prominent in *Relational* wealth chains. Since 2000 the market for high value art has witnessed growth of 600% reaching a total value of $1 trillion. While auction prices are known approximately 70% of the market operates privately and no data on sales and prices are available. Further, a 'true value' is difficult to ascertain. This valuation difficulty is the distinctive feature of this asset when deployed in global wealth chains, leaving lots of room for price fixing, tax avoidance, and money laundering. That prices are highly elastic and concertedly contrived in sense-making processes between chain participants means that substantial relational work is required to secure that prices remain high and that confidentiality and shared norms convert into wealth creation and protection. Here suppliers cultivate prestige and status in embedding markets in elaborate non market activities, where strong norms about deportment and standards of behaviour, and even forms of entertainment are maintained. The value of the assets are almost entirely construed in these ways. The wealth associated with the art is in turn protected by legal structure and the use of specialised storage facilities such as the Geneva Free Port, which shield the asset behind a veil of secrecy and Switzerland's network of tax treaties. Close relationships between suppliers and clients ensure effective coordination and stable prices, placing this asset in the relational wealth chain type where status and prestige are decisive. Here the regulator in multijurisdictional space is not unified, with regulators split between criminal activity, such as INTERPOL, and transgovernmental groups working on tax evasion and money laundering issues. Fragmentation inhibits regulatory traction in these markets. Notably, since there is no income stream attached to the asset, ownership is predicated on the effect of increasing inequality on art prices. Ethnographic approaches to market formation and valuation practices involve participant observation at events and a focus on everyday practices in high value art markets.

A further example of *Relational* wealth chains is important to outline, in order to highlight differences in the phenomena. As discussed above, legal opinion is an important source of corporate form in global wealth chains. David Quentin's work specifies how the supply of legal opinion by small coterie of Queen's Counsel to shield declared tax positions from regulator intervention occurs in rarefied markets (Quentin 2019). The resulting corporate form and tax position is achieved by exploiting the potential bifurcation between legal argument and forensic outcome. Queen's Counsel are positioned to offer this bifurcation in more-or-less undiluted form but with utmost authority, essentially selling deliberately false legal opinions at a huge premium.

This position is a function of institutionalised claims to status within the UK legal market and Queen's Counsel collectively enacting norms of distinction to fortify privileged market position. Legal opinion reflects a kind of "virtual offshore", yielding potentially huge tax savings and the opportunity to recognise tax avoidance as a form of 'risk mining'. The magnitude of resulting tax savings are a function of how far the client and supplier are willing to climb the high wire of risk and return. At the extreme end of the deliberately false legal opinion, the key information asymmetry is with regard to the fact that the risk mining is occurring at all, since it will be expected to fail on challenge from the tax authority. In the more vanilla cases the key information asymmetry is with regard to the extent to which tax risk is being successfully managed since the likelihood of regulatory challenge depends on the tax authority's assessment of its own risk in challenging the position. Unravelling activity in this *Relational* wealth chain requires the dissection of legal opinion from close reading and content analysis, as well as elite interviews and participant observation.

Rasmus Corlin Christensen's (2019) work provides a great example of relationship dynamics within *Captive* wealth chains. Christensen investigates how regulatory institutions develop rules governing the taxation of cross border economic activity on ostensible grounds of rational responses to stimuli perceived to exist in the environment. Recent efforts by the OECD to upgrade international rules (nationally adopted) in the Base Erosion and Profit Shifting (BEPS) initiative were premised on a recognition that tax rules had become decreasingly useful in the face of corporate forms that can readily deploy international tax arbitrage. Regulatory responses however are less a function of rational response than shared norms amongst actors in regulatory networks as to what is considered legitimate and which authorities can be considered valid. Leading providers of accounting, tax, and financial expertise have captured both private and public imagination of what is acceptable and possible, especially the Big Four accountancy firms (Suddaby and Greenwood 2005; Murphy et al. 2018). Given the ideas and technologies circulating in expert networks are constrained, efforts to upgrade transfer pricing rules in the OECD BEPS process have followed this logic with transfer pricing experts coalescing on the boundaries of the acceptable in terms of regulatory intervention (Christensen 2019). While concerns as to rule inadequacy had led to the consideration of radical solutions in initial discussions, such as public country by country reporting (and even a shift to a system of unitary taxation), norms corralled these considerations so that eventual rule change stayed within the boundaries set by established practice. The BEPS process brought stakeholders with various levels of investment in GWCs to the table, contesting the proposed regulatory changes.

Christensen's argument is that technicisation of the BEPS policy process constrained the post-crisis political momentum for expanded transparency of corporate form in hierarchy and captive wealth chains. Technicisation is the process of embedding highly political discussions in a specialised, knowledge-intensive policy context. Such settings mask politics as 'technical' or 'neutral', favouring expertise and technical efficiency, as opposed to public politicised policy settings where explicit political interests dominate. Constraints on a broadly established post-crisis political momentum for expansive corporate tax transparency are constructed through three key processes: policy insulation, re-framing and appropriateness judgments. These processes of technicisation influenced the views of experts and policy-makers on key policy issues and solutions, effectively shaping policy outcomes. Evidence for this *Captive* wealth chain is drawn from qualitative content analysis of the policy debates surrounding BEPS, as well as interviews with select informants involved in the policy process.

Conclusion

The vignettes above provide insight on our approach to tracing corporate form. Given the inadequacy of theories of the firm which rely on the agency of the firm or the corporation (often conflated), we have proposed an actor focused approach which complements research seeking to identify structures by directly mapping corporate legal entities and relations between them. Deploying the heuristic device of ideal types of Global Wealth Chains, our work proceeds by exploring the social process of corporate form construction. Our claim here is that tracing corporate form can be done through the articulation of ideal types within a typology, which serve as assumption-based unrealistic ideas of how actors link meaning to behavior. Comparing empirical phenomena against these types is important in illuminating what is important in relationships and how they are managed and sustained. We suggest by analytically distinguishing the firm and the corporate structure the ideal types of wealth chain have the capacity to reveal important information. This includes how corporate form is a function relationships between managers who guide the firm and experts who furnish the required structures, as well as interactions with regulators who seek to influence how corporations and firms are governed.

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