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Edited by Phyllis Schiller Myers
Virginia Commonwealth University

BARGAINING THEORY

An Evolutionary Model of Bargaining, by H. P. Young (University of Maryland)

Individuals from two populations of bargainers are randomly matched to play the Nash demand game. They make their demands by choosing best replies based on an incomplete knowledge of the precedents, and occasionally they choose randomly. There is no common knowledge. Over the long run, typically one division will be observed almost all of the time. This "stochastically stable" division is close to the Nash solution when all agents in the same population are alike. When the populations are heterogeneous, a generalization of the Nash solution results. If there is some mixing between the two populations, the stable division is fifty-fifty. *Journal of Economic Theory*, February 1993, 59(1): 145-168. (Reprinted with permission of Academic Press, Inc.)

AGENCY THEORY

The Ethical Implications of the Straight-Commission Compensation System—An Agency Perspective, by Nancy B. Kurland (University of Pittsburgh)

This paper examines the role of the straight-commissioned salesperson in the context of agency theory and asserts that because the agent acts to benefit two principals, potential conflicts of interest arise. Temporal differences in receipt of rewards create a major conflict, while the firm's exhibition of both espoused and actual behaviors and information asymmetries intensify this conflict. Finally, in light of these inconsistencies, the ethical implications of the straight-commission compensation system are examined. *Journal of Business Ethics*, October 1991, 10(10): 757-766. (Reprinted with permission of Kluwer Academic Publishers.)

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