

Name

Abstract 4

Title: Rauterberg, G. (2019). The essential roles of agency law. *Mich. L. Rev.*, 118, 609.

Purpose: The article highlights the underestimated significance of agency law in firms. The analysis entails the law's actual application in facilitating asset partitioning, as this cannot be achieved under other contracts. As such, the law is essential as it helps in the proper application of commercial and corporate strategies in an enterprise. The article also points out how the law can be applied effectively in an organization to minimize costs. Consequently, the article aims to shift traditional assumptions regarding the roles of agency law.

Problem: The article points out that many US firms do not understand agency law's unique application. As such, the requirements under the law are applied to other contracts. Nevertheless, this approach is ineffective as certain functions of the law cannot be replicated by related policies. Besides, firms that do not apply this law efficiently fail to maintain an appropriate relationship between firms, managers, and third parties. Therefore, this challenge points out a need for a clear interpretation of the agency law to improve delegation of commerce-related duties in an organization.

Procedure: Agency law aims to guide commercial processes in a firm. This law is crucial in firms that require to shield their assets from personal creditors, who may be the insiders. The law is implemented by agents who aim to separate assets of the firms and their managers. This approach is significant, and other contracts cannot fulfill all its roles. Besides, effective use of the law enables the monitoring of the firm's assets.

Results: Firms need to appreciate the agency law as this will help differentiate personal and the entity's assets. This approach will help protect the creditor's rights in case of financial challenges, as many business owners may opt to use personal assets to finance the firm. Also, the law helps to shield the company's assets from personal use by owners.

Conclusion: The agency law is a crucial regulation that can benefit many organizations as it helps coordinate the use of different assets in an organization. This approach is also economical as it reduces the costs used to monitor the firm's assets. As such, firms need to implement the law to receive benefits that may result from asset partitioning, as highlighted in the policy.