

This thesis explores the effects of contractual incompleteness on the efficiency of an agency relationship with adverse selection and moral hazard when the agent operates in a (imperfectly) competitive market. The first part of this research offers a short review of the existing literature on incomplete contracts to show the differences among analysis perspectives. While, initially, incompleteness was seen like a negative element, that limits the efficiency of the economic transactions, more recent approaches have highlighted other effects deriving from the recourse to not contingent contracts, recognizing the strategic value of such characteristic. The second part of the thesis uses the classic instruments of the incentives theory to isolate the conditions in presence of which the recourse to an incomplete contract guarantees an improvement of transaction efficiency. In particular, both models presented in this work demonstrate that the renunciation to one or more instruments of partner control allows the principal to limit the negative effects deriving from the asymmetric distribution of information and to obtain a better expected profit, thanks to the corrected exploitation of the competitive game that is developed on the downstream market.