

## ABSTRACT

The thesis analyses the effects of the manipulation activities of the information, carried out by managers of corporation, on the efficiency of the firm and the market.

The first part of the thesis consists of a summary of the literature concerning the manipulation activities.

The most important issues related to the empirical evidence of the manipulation activities and their social costs are analyzed, focusing the attention on the informative asymmetry problems that can make such activities advantageous from managers' point of view. Then the different corporate governance mechanisms able to check their extension are presented.

In particular two principal corporate governance mechanisms are analyzed: the optimal contract and the monitoring instruments of the manipulation activities.

In the second part of the thesis a classic principal-agent model with moral hazard and multi-tasking is applied in order to analyze the two following issues: on the one hand, the relationship between variables which define "manipulation opportunities" and incentives of the firms to check the extension of the manipulation through the optimal contract, and on the other hand, the impact that the regulatory changes, aimed to strengthen the efficacy of the monitoring instruments of the manipulation activities (so-called external corporate governance) have on the use of the contractual incentives.

More precisely, it is analyzed the relationship between manipulation opportunities and the power of the contractual incentives in the absence of monitoring systems of the manipulation activities. The existence of equilibriums in which a high intensity of second best incentives is consistent with high manipulation levels is proved.

Furthermore, two important points are highlighted. Firstly, how the second best losses created from informative asymmetries (which, in our model, are inversely proportional to firms' profits ) are not an increasing function of the manipulation opportunities is shown. Secondly, when the internal corporate governance creates high manipulation opportunities for the managers, relatively "small" changes of the governance system , which increase the manipulation costs for the managers, may reduce firm value.

In addition to this, it is analyzed the effect of an improvement of the efficiency of the manipulation monitoring system (which in the model is assumed as external to the firm) on the power of contractual incentives offered by the firm and on the second best losses created by the informative asymmetries.

In particular, it is proved that when the opportunities of manipulation are high, the monetary incentives grow and the firm profits decrease in accordance with the expected penalty associated to the detection of the manipulation. The contrary happens when the manipulation opportunities are not such high.

These results indicate the existence of a non-monotonic relationship between the efficiency of the monitoring system and the surplus generated by the principal-agent relation.

Finally, the results of comparative static with respect to the degree of efficiency of the internal corporate governance and those that analyze the effects of variations of efficiency of the external corporate governance show that, in general, improvements of efficiency of the external governance (respectively internal) increase the surplus of the relationship between firm and the manager only for sufficiently high levels of internal governance (respectively external).