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## Effects of the Judicial Removal of Mafia Enterprises on Legal Firms<sup>1</sup>

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### Abstract

This study examines the impact of judicial administration (JA) on the technical efficiency and profitability of law-abiding firms operating in industries and regions dominated by mafia-infiltrated enterprises. Utilizing financial data from Italian corporations and employing advanced econometric techniques, this study demonstrates that while law-abiding firms initially experience adverse effects due to the disruption of commercial ties and increased operational costs, significant improvements in profitability and efficiency emerge in the medium-term. These findings underscore the critical role of judicial interventions in enhancing market conditions by eliminating the unfair competitive advantages of criminal organizations, ultimately fostering a more equitable and efficient business environment. This study contributes to the ongoing discourse on the economic effects of organized crime and the efficacy of law enforcement actions in restoring legal competition.

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