

# Firm Efficiency, Foreign Ownership and CEO Gender in Corrupt Environments

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## Abstract

We study the effects of corruption on firm efficiency using a unique dataset of private firms from 14 Central and Eastern European countries from 2000 to 2013. We find that an environment characterized by a high level of corruption has an adverse effect on firm efficiency. This effect is stronger for firms with a lower propensity to behave corruptly, such as foreign-controlled firms and firms managed by female CEOs, while local firms and firms with male CEOs are not disadvantaged. We also find that an environment characterized by considerable heterogeneity in the perception of corruption is associated with an increase in firm efficiency. This effect is particularly strong for foreign-controlled firms from low corruption countries, while no effect is observed for firms managed by a female CEO.

*Keywords:* efficiency; corruption; ownership structure; foreign ownership; CEO gender; firms; panel data; stochastic frontier; Europe

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