

RSAEM

RESEARCH SEMINAR IN APPLIED ECONOMICS AND MANAGEMENT

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ANTI-CORRUPTION REGULATION AND FIRM BEHAVIOUR:

EVIDENCE FROM THE SAPIN II LAW IN FRANCE

This paper investigates the consequences of France's 2016 Sapin II law on firm behaviour. The law imposes mandatory compliance programs to curb corruption within parent companies with strictly more than 500 employees and €100 million in revenue, with obligations cascading to all controlled subsidiaries. Using a multidimensional regression discontinuity design (MRDD), I find that subsidiaries of treated parents experience a 14 percent decline in revenue. This finding is consistent with a reputational mechanism in which stricter anti-corruption measures reshape supplier and client relationships, thereby reducing revenues among exposed subsidiaries.