

**THE IMPACT OF MULTINATIONAL ENTERPRISE CORPORATE
ANTI-CORRUPTION POLICY ON LOCATION STRATEGY:
THE CONTINGENT ROLE OF INVESTMENT MOTIVE**

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This study examines the impact of corporate anti-corruption policies on multinational enterprises' (MNEs') foreign investment strategy. We propose that self-regulatory measures against corruption will reduce the propensity of a firm investing in countries with high levels of corruption. We also propose that the differences in foreign investment motives and firms' operating experience will moderate the deterrent effect of anti-corruption policies. Our analysis of overseas production investments by Japanese firms (2011–2017) supports our main theoretical predictions. We find that firms that had implemented policies to curtail corruption and bribery were less likely to enter countries where corruption was prevalent. However, the deterrent effect diminished when a new subsidiary had an efficiency-seeking purpose or when the parent firm had accumulated extensive operating experience in other corrupt markets. In contrast, the deterrent effect was more prominent when a new subsidiary had a competence-creating purpose. These results not only directly contribute to the research on control of corruption in international business, but also have implications for research on corporate self-regulation more generally.

Keywords: Foreign market corruption; corporate anti-corruption policy; self-regulation; multinational enterprises; location strategy; investment motive; foreign direct investment.