

# Whistle-Blowing: Target Firm Characteristics and Economic Consequences

Robert M. Bowen; Andrew C. Call; Shiva Rajgopal

+ Author & Article Information

*The Accounting Review* (2010) 85 (4): 1239-1271.

<https://doi.org/10.2308/accr.2010.85.4.1239>

Views 

Share 

Tools 

Cite 

**ABSTRACT:** We document the first systematic evidence on the characteristics and economic consequences of firms subject to employee allegations of corporate financial misdeeds. First, compared to a control group that avoided public whistle-blowing allegations, firms subject to whistle-blowing allegations were characterized by unique firm-specific factors that led employees to expose alleged financial misdeeds. Second, on average, whistle-blowing announcements were associated with a negative 2.8 percent market-adjusted five-day stock price reaction; this reaction was especially negative for allegations involving earnings management (-7.3 percent). Third, compared to a control group that exhibits similar characteristics, firms subject to whistle-blowing allegations were associated with further negative consequences including earnings restatements, shareholder lawsuits, and negative future operating and stock return performance. Finally, whistle-blowing targets exposed by the press were more likely to make subsequent improvements in corporate governance. Our results suggest whistle-blowing is far from a trivial nuisance for targeted firms, and on average, appears to be a useful mechanism for uncovering agency issues.

This content is only available via PDF.

American Accounting Association

You do not currently have access to this content.

**Sign in**

Don't already have an account? [Register](#)

**Member Login**

[Skip to Main Content](#)

[Log in](#)

Pay-Per-View Access

\$25.00

**AAA Members: Please log in for free access to content. Note, Teaching Notes are a full member benefit and are not available to student members.**

 [Buy This Article](#)



[View Metrics](#)

### **Citing Articles Via**

Web Of Science (161)

Google Scholar

CrossRef (234)

### **Email Alerts**

Article Activity Alert

Publish Ahead of Print Alert

New Issue Alert



[Information for Authors](#)

[Authorship Policy](#)

[Plagiarism Policy](#)

[Data Integrity Policy](#)

[Citing Corrected Articles Policy](#)

[Minimizing Overlapping Decision Rights Policy](#)

[Prior Publication Policy](#)



---

[Cookie Policy](#) [Accessibility](#) [Terms & Conditions](#) [Get Adobe Acrobat Reader](#)

© Copyright 1998 - 2025 American Accounting Association. All rights reserved.