Whistleblowing Allegations and Payout Policy[1]

Abu Amin[a] Hasibul Chowdhury[b] Timothy Estreich[b,†] Nicolas Eugster[b]

[a] *Central Michigan University, Mt Pleasant, USA*
[b] *The University of Queensland, Brisbane, Australia*

Abstract

This paper examines the impact of whistleblowing allegations on a firm's payout policy decisions. Using 1,329 whistleblowing incidents reported to the Occupational Safety and Health Administration from 2002-2023, we observe a significant 19.2% reduction in dividend payments following such allegations. This decline is attributed to higher litigation risk and greater financial uncertainty suggesting that firms prioritise payout flexibility. Moreover, our study reveals that better corporate governance can mitigate these effects by improving fraud detection and response. Additionally, we find that repurchases increase following allegations as firms seek greater payout flexibility. Finally, using the 2011 Dodd-Frank whistleblower provisions as a quasi-natural experiment, our findings corroborate that heightened whistleblowing risks lead to reduced dividend payouts, particularly impacting firms previously unprotected by whistleblower laws.

Keywords: Whistleblowing; Payout policy; Dividends; Dodd-Frank Act.

JEL Codes: G32, G35, G38, K22.

[1] The authors appreciate the comments of Leo Luong, Suman Neupane-Joshi, and Elizabeth Zhu. All errors are the authors' own.
[†] Corresponding author.
Emails: amin1a@cmich.edu (A. Amin); h.chowdhury@business.uq.edu.au (H. Chowdhury); t.estreich@student.uq.edu.au (T. Estreich); n.eugster@business.uq.edu.au (N. Eugster)

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Abstract

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Whistleblowing Allegations and Payout Policy

1. Introduction

Whistleblowing has emerged as a leading mechanism for uncovering corporate fraud, accounting for up to 43% of all detected cases (ACFE, 2024). While such disclosures promote transparency and accountability, they also expose firms to significant reputational and financial risks. Public revelations of whistleblowing allegations can disrupt operations, alter investor perceptions, and spur policy changes. Indeed, research shows that these revelations often result in a 2.3% to 7.8% decline in profitability (Bowen et al., 2010) and a 9.3% increase in audit fees (Kuang et al., 2020). The sudden exposure of corporate misconduct introduces a layer of uncertainty for both firms and investors, potentially influencing decisions related to corporate payout policies, especially dividends. Given that allegations can result in potential legal fees or negative investor sentiment, managers might adjust their dividend policies to mitigate the fallout from fraud allegations. This adjustment to payout policies, particularly under conditions of whistleblowing, remains underexplored in the existing literature, making this research both novel and crucial for a deeper understanding of corporate financial strategies in response to crises.

Employee whistleblowing plays a crucial role in exposing corporate malpractice, including earnings management, tax fraud, securities law violations, accounting irregularities, and insider trading (Bowen et al., 2010). While employees voluntarily participate in whistleblowing, legislative measures such as the False Claims Act and the Dodd-Frank whistleblower program provide both retaliation protection and financial incentives, contributing to a notable increase in whistleblowing allegations in recent years (Butler et al., 2020; Dey et al., 2021). These allegations have both immediate and long-term repercussions. In the short run, whistleblowing can trigger negative market reactions; over the longer term,

firms face higher shareholder lawsuits and diminished future operating returns (Bowen et al., 2010). They may also be subject to substantial monetary penalties, while directors or employees risk extended prison sentences (Call et al., 2014). At the same time, whistleblowing serves as a deterrent: Berger and Lee (2022) find that a sudden rise in whistleblowing risk reduces accounting fraud for firms and employees previously unprotected by existing legislation, and Wilde (2017) observes that firms reduce financial misreporting and tax aggressiveness for at least two years following whistleblower allegations.

Whistleblowing is distinct from other forms of litigation or regulatory scrutiny due to its basis in insider knowledge and direct evidence, which expedite investigations and intensify reputational repercussions. This credibility often results in more extensive scrutiny and harsher penalties from enforcement agencies. Consequently, the direct and severe impact of whistleblower-driven cases prompts managers to reassess and adjust payout policies more swiftly and decisively than they might with broader litigation or legislative risks. As these legal and reputational risks escalate, firms are compelled to modify their financial strategies to preserve liquidity and mitigate the broader market implications of such allegations.

Prior research finds that adverse market conditions or future uncertainties often compel firms to curtail dividend payouts to safeguard their financial health (Chay & Suh, 2009). Since stable cash flows are crucial for consistent dividends, perceived future risk poses a challenge to dividend payouts. External factors such as regulation or legislative risk can have a significant impact on payouts. Notably, firms facing increased litigation risks have been shown to reduce dividends while increasing repurchasing rates (Arena & Julio, 2022). This strategy allows firms to maintain more flexible cash holdings, an advantage in managing the costs associated with anticipated litigation.

Considering that whistleblowing can increase litigation costs and necessitate strategic shifts within firms, we expect that whistleblowing allegations have a significant impact on

dividend payouts. We present two competing hypotheses that elucidate the relationship between whistleblowing and dividend payments (WB-DIV). On one hand, allegations may be detrimental to dividend payouts as firms face higher litigation risk, reduced profitability, and greater volatility in the post-whistleblowing (post-WB) period. Previous research indicates that higher litigation costs (Arena & Julio, 2022) and greater cash-flow uncertainty (Chay & Suh, 2009) contribute to reduced dividends. Whistleblowing allegations not only intensify legal challenges, leading to increased future litigation costs and uncertainty, but may also uncover systemic issues necessitating extensive operational revisions (Heese et al., 2021). These adjustments can lead firms to reallocate financial resources, prompting them to suspend or reduce dividend payments. Consequently, we posit that following the whistleblowing allegations firms may decrease dividend payouts.

On the other hand, these allegations may undermine investor confidence, prompting firms to utilize their available cash reserves to increase payouts as a means to affirm their financial stability and reassure investors. Indeed, signalling theory suggests that dividends act as a credible mechanism for management to convey future profitability and confidence to external stakeholders (Bhattacharya, 1979). In times of reputational or operational strain, firms often rely on dividend increases to demonstrate resilience and mitigate market concerns (Amihud & Li, 2009; Deangelo et al., 2006). This strategic use of dividends as a reassurance tool can not only help restore investor trust, support the firm's stock price, and foster stability in the aftermath of adverse events but also serve as a tool for corporate governance and stakeholder reassurance (La Porta et al., 2000). Consequently, depending on the severity of the allegations and the initial investor reaction**,** we anticipate an increase in dividend payouts following a whistleblowing incident.

To test our hypotheses, we use all US companies with data available in Compustat from 2002 to 2023—totalling 99,349 firm-year observations—and a total of 1,329 Occupational

Safety and Health Administration (OSHA) reported allegations. Our main independent variable is a dummy indicating whether a firm has a reported whistleblowing case in a given year (Bowen et al., 2010; Kuang et al., 2020), while our main dependent variable is the ratio of dividends to total assets (Dang et al., 2021; Hasan & Habib, 2020). Our baseline findings from the OLS estimation—including firm controls and industry and year fixed effects—suggest that total dividend payouts decrease by 19.2% when firms face whistleblowing allegations. This would mean that firms decrease dividends following the uncovering of fraud which is consistent with expectations from the first hypothesis.

To add further robustness to the baseline, we use additional measures for dividend payouts, different estimation methods (Fama-Macbeth, Newey-West, Weighted Least Squares, and Generalised Linear Models), a multiple allegations variable, and quarterly data, finding similar results. To address concerns of omitted variable bias from firm-specific factors or uncontrolled variables, we conduct two additional regressions using firm fixed effects and industry-by-year fixed effects, which reduce the impact of unobserved firm factors on the WB-DIV relationship. These regressions yield similar results to the baseline. Finally, we apply the omitted variable bias method from Oster (2019) and find a low risk of omitted variable bias in the regression.

In addition, we test the impact of whistleblowing risk related to legislation changes in a difference-in-difference (DiD) analysis. Specifically, we use the 2011 Dodd-Frank whistleblower provision to analyse the dividend effect for firms that had no whistleblower provisions offered under the state False Claim Acts (FCA) prior to Dodd-Frank (Berger & Lee, 2022). It is expected that an increase in whistleblower protection for FCA unexposed firms will lead to a decrease in dividend payouts. The greater risk of whistleblowing following Dodd-Frank is likely to contribute to higher litigation risk which further decreases dividends. We find that FCA unexposed firms have lower dividend payouts following the Dodd-Frank enactment

suggesting that the larger positive shock on whistleblowing risk is negatively related to dividends. This is consistent with our baseline findings and adds nuance to the WB-DIV relationship.

We also conduct a placebo test for both the baseline and the DiD analysis to reduce the possibility that findings are driven by spurious relationships in the dataset. Specifically, we generate 1,000 random replications of the main dependent variable for both models that are equal in mean but are randomly assigned. Using these placebo variables, we re-estimate the regressions for both tests and find that it is unlikely that these variables are a result of random chance adding further robustness to our findings.

We then explore the reasons for the alleged firms to reduce their dividends. First, we conduct a cross-sectional analysis by grouping firms based on cash flow and profit volatility. We find that firms with higher volatility experience a larger reduction in dividends following the allegations. This may be due to the greater perceived risk and higher cost of capital faced by firms with more volatility, which further constrain resources following fraud allegations. Financing limitations resulting from higher volatility, coupled with the burden from whistleblowing, contribute to the negative WB-DIV relationship, which is more pronounced in more volatile firms. Second, using class action lawsuits as a proxy for litigation risk, we find that whistleblowing-alleged firms are more likely to face lawsuits. We also observe that litigation risk leads to reduced dividends, as firms prefer to maintain liquidity in the wake of future litigation uncertainty (Arena & Julio, 2022). These tests suggest that whistleblowing allegations increase litigation risk and decrease dividends, indicating that reputational, regulatory, and legal costs associated with litigation risk and lawsuits may limit financial flexibility, driving dividend reductions. Lastly, we test the impact of corporate governance using institutional ownership and the number of analysts. We find that firms with stronger corporate governance characteristics have higher payouts post-WB compared to firms with

weaker governance. This suggests that firms with better monitoring and greater transparency are better equipped to handle fraudulent activity, leading to less impact on payouts.

Finally, we conduct additional tests on repurchases, payout flexibility and total payouts. We find that financial flexibility increases post-allegations, as do total repurchases and the likelihood of repurchasing. This is beneficial for firms, as it allows them to reduce ongoing commitments to shareholders by decreasing outstanding shares. Additionally, share repurchases serve as a positive signal to the market and may help protect the firm from hostile takeover attempts during volatile periods. We further examine the impact on total payouts and find no significant relationship between whistleblowing and total payouts, suggesting that firms transfer dividend payouts into share repurchases.

This paper contributes to the literature in the following ways. First, it explores another avenue in which whistleblowing allegations can affect firm behaviour. Previous studies have found that whistleblowing-alleged firms have prolonged negative stock price reactions (Wilde, 2017) and higher ongoing auditing fees (Kuang et al., 2020). This paper expands on the previous literature by proposing that a firm's payout policy decisions are also affected by external whistleblowing pressure. Furthermore, this paper examines how the negative consequences of whistleblowing can be more detrimental for firms with weak corporate governance. This adds to the existing literature which shows how stronger corporate governance can foster more ethical leadership practices (Cheng et al., 2017) and reduce exposure to government fines (Stubben & Welch, 2020). While these papers typically focus on internal whistleblowing programs, our paper provides evidence on how corporate governance can mitigate external whistleblowing-related effects. To our knowledge, this is the first research that examines the negative impact of whistleblowing on a firm's payout policy.

Second, this paper adds to the whistleblowing legislation literature by exploring how shocks to the threat of whistleblowing can affect payout policy. It adopts a methodology similar

to Berger and Lee (2022), which demonstrates how the Dodd-Frank whistleblower program can reduce accounting fraud, particularly for firms without existing state-level whistleblowing legislation. Similarly, Wiedman and Zhu (2023) document a decrease in financial reporting fraud following the Dodd-Frank enactment. Our paper finds that the increase in whistleblowing likelihood, triggered by the Dodd-Frank Act, can deter dividend payments, particularly for firms that were previously unexposed to whistleblowing legislation. We also provide further evidence on how whistleblower protection laws can influence firm behaviour at the state level.

Third, this paper contributes to the existing dividend literature by finding another factor that can affect payout policies. We find that disruptions to firm operations and an increase in litigation risk can reduce dividends. The literature has found that future litigation costs can decrease dividends and increase repurchases (Arena & Julio, 2022) while cash-flow uncertainty (Chay & Suh, 2009) and firm flexibility (Chen & Wang, 2012; Kulchania, 2016) can also determine payout policies. This paper specifically examines the impact of flexibility, uncertainty and litigation risk on dividends and finds evidence that is consistent with the literature while in the context of whistleblowing allegations. Furthermore, existing literature has also found that dividends are affected by state corruption (Hossain et al., 2021), changes to state legislation (Hail et al., 2014; Ni et al., 2020), and Wrongful Discharge Laws (Dang et al., 2021). However, to our knowledge, no paper has analysed how whistleblowing-related legislation can significantly impact payouts. Our paper bridges this gap by exploring how whistleblowing allegations and legislation can affect payouts and supports previous findings on factors that may impact payouts such as uncertainty, litigation risk, and inflexibility.

Finally, this paper can have important implications for investors and regulators who may benefit from possessing a greater understanding of the impact of whistleblowing. This research is useful for investors as it shows how dividend payouts can be negatively impacted by whistleblowing allegations or risk of whistleblowing, while also demonstrating how firms

may use repurchases as an alternate strategy to improve flexibility and share prices. This is beneficial for investors as it highlights the risks and consequences of investing in firms that face whistleblowing allegations. Similarly, this paper explores how whistleblower-protection legislation can affect payouts as firms are more wary of the threat of fraud being reported. This may be useful to regulators as novel evidence of how firms respond to whistleblowing laws and how protection programs increased the perceived threat of whistleblowing.

The remainder of this paper is as follows. In Section 2, we discuss the existing literature on whistleblowing and corporate payout policies and present the hypothesis. In Section 3, we discuss the methodology and the research design. In Section 4, we report the empirical results and discuss the findings of the baseline regressions. In Section 5, we report additional mechanism tests. Finally, Section 6 concludes.

2. Literature Review & Hypothesis Development

In this section, we review the literature on whistleblowing and dividend-related topics. First, we examine the impact of whistleblowing and the threat of whistleblowing. Next, we explore the corporate payout policy literature, focusing on the influence of external factors on payout policies especially dividends.

2.1 Whistleblowing Allegations and Corporate Conduct

Whistleblowing has emerged as a critical mechanism for detecting and deterring corporate misconduct. Although employees are often the primary source of whistleblower reports, external agents such as the media and regulators also play a vital role (Dyck et al., 2010). Evidence suggests that even the threat of whistleblowing prompts firms to revise their risk management strategies, potentially curbing unethical practices before they escalate. Legislative developments, including increased rewards and stronger safeguards for

whistleblowers, have further amplified these effects (Berger & Lee, 2022; Butler et al., 2020; Wiedman & Zhu, 2017). Against this backdrop, a deeper understanding of the interplay between whistleblower incentives, regulatory frameworks, and firm-level decisions is essential for assessing the broader implications of whistleblowing on corporate conduct.

Whistleblowing allegations can substantially affect firm behaviour, particularly in larger, more successful companies. Bowen et al. (2010) found that firms targeted by whistleblowers typically have weaker corporate governance structures before the allegations. Immediately after the whistleblowing event, these firms experience an average five-day abnormal market-adjusted return of -2.84%. Over the longer term, these companies also tend to report lower stock returns. The study also notes that firms implicated in whistleblowing are more likely to issue financial restatements and face legal challenges. They argue that managers often adopt defensive measures—such as directing funds away from strategic investments—to mitigate negative publicity, which can distract from normal profit-seeking activities.

Kuang et al. (2020) investigate the influence of whistleblowing on auditing practices. Their research shows that firms subject to whistleblowing allegations incur considerably higher auditing fees. Moreover, when allegations are substantiated, auditors are more likely to issue adverse opinions on internal controls. Reinforcing these insights, Wilde (2017) notes that firms also reduce financial misreporting and tax aggressiveness for at least two years following whistleblower allegations, further substantiating the long-term impact of whistleblowing on corporate practices.

Overall, the evidence suggests that whistleblowing allegations are not only credible but also impose tangible financial and legal consequences on targeted firms, reinforcing their potential impact on corporate practices and performance.

Building on the understanding that whistleblowing allegations have direct and significant effects on targeted firms, it is also essential to consider the broader implications of

the threat of whistleblowing, fostered by legislative enhancements. The establishment of robust whistleblowing frameworks through federal and state laws not only simplifies the whistleblowing process but also makes it financially more appealing to informants, thereby amplifying the threat of whistleblowing.

For instance, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 significantly bolstered the whistleblower program by increasing potential rewards and reducing the risks of retaliation for whistleblowers. This enhancement in incentives encourages more whistleblowers to come forward, influencing corporate decisions, especially in firms that might be more impacted by such regulations (Butler et al., 2020). Following events that suggested the likely passage of this legislation, firms that actively lobbied against the Dodd-Frank provisions exhibited positive market reactions (Baloria et al., 2017). In a difference-in-difference analysis, firms lobbying against the legislation were presumed to act in their private interests and were particularly vulnerable to the deterrent effects of an enhanced whistleblower program due to concerns of increasing whistleblower activity. This dynamic illustrates how the mere threat of whistleblowing, intensified by legislative improvements, can significantly influence firm behavior and policy.

The Dodd-Frank whistleblower program exemplifies how such laws effectively deter corporate misconduct. Following the enactment of this legislation, firms have shifted towards more conservative financial practices, adopting less aggressive reporting tactics due to heightened risks of non-compliance. Wiedman and Zhu (2017) observe this significant behavioral change post-implementation. Raleigh (2023) highlights that this deterrent effect is not limited to financial reporting but extends to broader areas of corporate malfeasance.

Beyond federal initiatives, state False Claims Acts further expand whistleblower protections and incentives, resulting in more fraud allegations. FCAs offer substantial rewards and anti-retaliation safeguards, with some specifically targeting tax violations (Lee et al.,

2022). Currently, 29 U.S. states have enacted FCAs, many containing *qui tam* provisions that allow whistleblowers to file claims on the government's behalf (Huang et al., 2023). Empirical evidence shows these programs effectively expose corporate fraud and boost whistleblower participation, leading to more lawsuits and higher success rates (Dey et al., 2021). The anti-retaliation *qui tam* provision has been shown to deter corporate fraud as private employee protection is vital in harbouring effective whistleblowing (Cordis & Lambert, 2019).

Since the deterrent effect of FCAs predates the enactment of the Dodd-Frank Reform in many states, Berger and Lee (2022) examine whether prior FCA exposure reduces the impact of Dodd-Frank. They find that treated firms in states without enacted FCAs report a greater reduction in accounting fraud following the passage of Dodd-Frank compared to firms in states with enacted FCAs. This suggests that an increase in monetary rewards can incentivize whistleblowers to come forward, particularly when the change in state whistleblowing rewards is more significant.

Overall, the threat of whistleblowing significantly influences firm behavior and decision-making. Regulatory changes that enhance incentives for whistleblowing while reducing disincentives make firms more vigilant about potential financial misconduct being reported. This deterrent effect of whistleblowing regulations plays a crucial role in guiding the actions of firms, protecting employees, and aiding regulators in enforcement.

2.2 Internal and External Factors Impacting Corporate Payout Policy

Corporate payout decisions—whether in the form of dividends or share repurchases—are central to a firm's efforts to reward shareholders for their equity investments. In efficient capital markets, payout policy might be viewed as irrelevant under the classic assumptions of Miller and Modigliani (1961); however, once market imperfections enter the picture, these decisions can carry significant informational and strategic value (Easterbrook, 1984; Farre-

Mensa et al., 2014). Indeed, a firm's dividend and repurchase policies can signal its financial health and future prospects to investors (Bhattacharya, 1979). For example, a reduction in dividend payments often signals to the market that the firm anticipates lower future performance, whereas an increase might suggest that its shares are undervalued (Farre-Mensa et al., 2014). Yet, in all cases, payout policy is ultimately constrained by a firm's ability to generate the earnings needed to fund those distributions (Farre-Mensa et al., 2014).

Beyond signaling motives, firms must also balance payout decisions against cash-flow variability and ongoing business needs. Chay and Suh (2009) show that uncertainty in cash flows reduces both the level and likelihood of dividend payments, suggesting that managers strategically cut dividends to preserve cash. By contrast, greater financial flexibility—reflected in robust cash balances or easier access to external funding—can increase payouts. For instance, Kumar and Vergara-Alert (2018) find that firms with higher financial flexibility tend to pay higher dividends, repurchase more shares, and maintain flexibility in how they distribute excess cash. Meanwhile, Chen and Wang (2012) highlight how financially constrained firms experience greater distress risk and lower abnormal returns after repurchase announcements, indicating that financial constraints can temper the positive market reaction to buybacks.

External legal and regulatory factors also influence payout decisions. Ni et al. (2020) document that legislative shifts at the state level can shape corporate payout behavior, while Hail et al. (2014) note that insider trading laws can lower dividends by mitigating information asymmetry. Similarly, Dang et al. (2021) find that the adoption of state-level "wrongful discharge laws" increases share repurchases, particularly for firms with stronger governance structures and more resources. These studies suggest that when legal or regulatory environments change, firms adjust payout policies to maintain an optimal mix of signaling, liquidity management, and shareholder returns.

Lawsuits and the anticipation of litigation costs also exert a direct influence on payout strategies. Unsal and Brodmann (2019) observe that firms involved in lawsuits reduce their payout ratios, presumably to preserve cash for potential legal expenses. Moreover, Arena and Julio (2022) show that higher litigation risk leads to lower dividends but higher share repurchases, as firms favor the flexibility of buybacks over fixed dividend commitments. Do (2021) further confirms that decreasing a firm's litigation risk corresponds with higher dividend payouts. Together, these findings underscore that the legal environment—particularly litigation risk—can be pivotal in determining whether firms allocate cash toward dividends or use more flexible buyback programs.

In summary, corporate payout decisions reflect a complex interplay between internal constraints and external pressures. Firms respond strategically to these factors by adjusting both the type and amount of payouts. As a result, dividends and share repurchases serve not only as mechanisms to return value to shareholders but also as levers through which management navigates and signals around uncertainty, risk, and shifting legal landscapes.

2.3 Hypothesis Development

Whistleblowing allegations, particularly those involving financial misconduct, can profoundly influence firm behavior and outcomes. A growing body of research demonstrates that firms subject to whistleblowing often encounter heightened legal and regulatory scrutiny, and experience adverse performance consequences (Bowen et al., 2010; Call et al., 2014; Kuang et al., 2020; Wilde, 2017). These pressures may, in turn, shape decisions related to dividend policy. However, the direction of this effect remains ambiguous. Firms might respond to whistleblowing allegations by reducing dividends to preserve cash for legal contingencies and avoid further financial strain, or they may instead raise dividends to signal stability and restore shareholder confidence. Below, we delineate the rationale for each scenario.

Whistleblowing allegations can trigger immediate reputational damage, as evidenced by significant short-term market-adjusted return declines (Bowen et al., 2010). Beyond this initial market reaction, whistleblowing often leads to protracted legal battles, stiffer penalties, and heightened scrutiny of firms' internal controls (Call et al., 2017; Kuang et al., 2020) Increased exposure to lawsuits or regulatory investigations can raise litigation costs (Arena & Julio, 2022), compelling firms to conserve cash rather than distribute it as dividends. This logic parallels findings that firms facing lawsuits tend to decrease payouts to fortify their liquidity position (Unsal & Brodmann, 2019).

As Bowen et al. (2010) and Kuang et al. (2020) note, whistleblowing allegations can uncover deeper governance flaws or systemic issues, necessitating resource-intensive remedial actions (e.g., revised compliance structures, updated reporting systems). Since these measures are costly, managers may reduce dividend payments to ensure sufficient cash reserves (Chay & Suh, 2009). Moreover, anticipating subsequent legal or regulatory penalties, a firm may adopt a cautious financial rather than committing to fixed dividend obligations (Arena & Julio, 2022).

Firms targeted by whistleblowers frequently show deteriorating fundamentals—such as lower return on assets or reduced market valuations in the years following allegations—largely due to the distraction and costs associated with litigation and reputational repair (Bowen et al., 2010; Wilde, 2017). Decreasing profitability constrains a company's ability to sustain historical dividend levels (Farre-Mensa et al., 2014). In such contexts, cutting dividends not only mitigates the risk of financial distress but also gives management flexibility to address the operational disruptions that whistleblowing may expose.

In summary, the financial strategies of a firm's post-whistleblowing are influenced by a complex mix of reduced profitability, legal liabilities, and strategic redirection, all of which can significantly alter dividend policies. This leads to the following hypothesis:

H1: *Whistleblowing allegations decrease corporate dividend payouts for firms.*

Alternatively, in response to whistleblowing incidents, a strategic approach firms may adopt is to increase dividend payouts. Firms might instead counter negative perceptions by affirming their financial strength through higher dividend payouts (Bhattacharya, 1979). Because dividends can serve as a credible signal of an entity's underlying health (Farre-Mensa et al., 2014), increasing dividends may reassure shareholders that the firm remains fundamentally sound, even in the face of reputational challenges.

Whistleblowing allegations can erode investor trust and raise concerns about future misconduct or poor oversight (Bowen et al., 2010). To mitigate this uncertainty, management may opt to bolster dividends as a form of "damage control," thereby demonstrating commitment to shareholder value. Indeed, in turbulent periods or following negative events, higher dividends can offset downward pressure on the stock price, promote investor loyalty, and reduce the risk of activist intervention (Do, 2021).

Some firms have a substantial base of dividend-seeking or "yield" investors for whom stable or growing dividends are paramount. Sometimes, activist investors or a significant portion of the shareholder base might pressure the firm to increase dividends, regardless of the whistleblowing allegations (Barros et al., 2021). Consequently, the firm could respond by elevating its dividend payout to signal resilience and maintain alignment with investor preferences (Arena & Julio, 2022). It acts not only as a reassurance of the firm's commitment to its shareholders but also as a practical measure to deliver immediate returns during periods of market instability. This leads to the following competing hypothesis:

H2: *Whistleblowing allegations increase corporate dividend payouts for firms.*

3. Data & Methodology

In this section, we detail the methodology of the data used in subsequent analysis. First, we describe the background of the sample data and then we present the collection process for the whistleblowing and the dividend data, respectively. Finally, we detail the model used in the baseline regression and provide the descriptive statistics.

3.1 Sample Construct

The initial data set consists of all the firms listed in the U.S. between 2000 and 2023 with available data in Compustat. The sample is then merged with the Whistleblowing data collected from the OSHA sample, which encompasses 1,329 cases. These observations were collected under The Freedom of Information Act (FOIA) from written requests to OSHA between 2002 and 2023 (Kuang et al., 2020).

Observations with missing variable data are excluded as well as observations outside the 2002-2023 OSHA Whistleblowing report range. As reported in Panel A of Appendix A.2, the final merged sample consists of a total of 99,349 firm-year observations from 2002 to 2023 across a total of 12,323 unique firms.

3.2 Whistleblowing Variable

The process for collecting whistleblowing data follows the extant literature (Bowen et al., 2010; Kuang et al., 2020) and uses OSHA data from 2002 to 2023. The whistleblowing events gathered by OSHA occur when an employee, acting as a whistleblower, believes that they have been unfairly treated by their employer for reporting allegations of financial fraud or misconduct. The whistleblower reports the incident to OSHA, as retaliation against an internal employee voicing concerns of misconduct violates the Sarbanes-Oxley Act (SOX) or the

Consumer Financial Protection Act (CFPA). All data used in the whistleblowing sample pertain to violations of SOX or CFPA regulations and are obtained through a FOIA request.

To use the whistleblowing data, we first convert the initial FOIA documents from OSHA into a usable format. For each firm-year, we manually match each company name with the corresponding company name from Compustat to determine the GVKEY. The whistleblowing sample is then merged with the Compustat observations by GVKEY, excluding any observations without GVKEY. We also drop duplicate whistleblowing events to ensure no firm-year has multiple reported allegations, resulting in the removal of 2,581.[2] After these adjustments, the final sample includes 1,329 whistleblowing reports between 2002 and 2023. Finally, we create the whistleblowing indicator variable (*WBDUM*), which is equal to 1 if a firm has a whistleblowing event in a given firm-year and 0 otherwise. The sample construction for the whistleblowing data is detailed in Panel B of Appendix A.2.

3.3 Dividend Variables

Following the extant literature, we use dividends to total assets (*DIV/TA*) as our primary measure of dividend payout (Dang et al., 2021; Harakeh, 2020; Hoberg et al., 2014; Zadeh, 2020). As a robustness check, we also use a few other alternative dividend payout ratios: (i) dividends to income before extraordinary items (*DIV/IB*), (ii) dividends to earnings before interest and taxes (*DIV/EBIT*), (iii) dividends to market value (*DIV/MV*), (iv) dividends to sales (*DIV/SALE*), (v) a dividend indicator variable (*DIVDUM*) equal to 1 if a firm pays a dividend in the given financial year, and 0 otherwise, and (vi) a dividend cut indicator (*DIVCUT*) equal to 1 if a firm reduces dividends from the previous year, and 0 otherwise. (Chay & Suh, 2009; Dang et al., 2021; Hasan & Habib, 2020; Hasan & Uddin, 2022; Hossain et al., 2021).

[2] In a robustness test, we use these multiple reported allegations to create a continuous variable representing the number of allegations per firm-year, rather than an indicator variable.

3.4 Empirical Model

To estimate the impact of whistleblowing on dividend payouts, we use the following baseline OLS regressions:

$$DividendPayout_t = \alpha + \beta\, WBDUM_t + \gamma_1 SIZE_t + \gamma_2 ROA_t + \gamma_3 SALEGR_t + \gamma_4 CASH_t + \gamma_5 R\&D_t + \gamma_6 STOCK_t + \gamma_7 DEBT_t + \gamma_8 CAPEX_t + \gamma_9 TANGIBILITY_t + \gamma_{10} LEVERAGE_t + \gamma_{11} ASSETGR_t + \gamma_{12} BM_t + \gamma_{13} RE/TE_t + \gamma_{14} TE/TA_t + \gamma_{15} SALEVOL_t + YearFE + Industry\ FE + \epsilon$$

where *DividendPayout* is one of the six measures for dividend payouts, *WBDUM* is the indicator variable for whistleblowing, and the remaining variables are control variables commonly used in the literature and known to explain corporate payout policy (Hossain et al., 2021; Ni et al., 2020). *SIZE* is the natural log of total assets for each firm-year. *ROA* is the return on assets. *SALEGR* is the natural log of the yearly change in revenue. *CASH* represents cash holdings. *R&D* is research and development expenses divided by total assets. *CAPEX* is capital expenditure divided by total assets. *TANGIBILITY* refers to property, plant and equipment scaled by total assets. *STOCK* and *DEBT* refer to the respective issuance of shares and debts, scaled by total assets. *LEVERAGE* is the proportion of long-term debt relative to the sum of debt and equity. *ASSETGR* is the yearly change in assets. *BM* represents the book value of equity to the market value of equity. *SALEVOL* is the standard deviation of sales divided by the average total assets over the previous 4 years. *RE/TE* represents the firm's retained earnings to stockholders' equity. Finally, *TE/TA* is the ratio of stockholders' equity to total assets. All continuous variables are winsorized at the 1st and 99th percentiles to mitigate the impact of outliers on the regression. Variable definitions and sources are presented in Appendix A.1.

Consistent with the literature, we conduct an entropy balancing technique to ensure that there is no covariate imbalance in the sample (Hainmueller, 2017; Kuang et al., 2020). The entropy balancing approach is required to ensure that the mean, variance and skewness of both the treatment and control groups are equivalent where the treatment is whistleblowing-alleged firms, and the control is non-whistleblowing-alleged firms. Given that whistleblowing allegations are not random to firms, entropy balancing ensures that the treatment and controls groups are comparable in all analyses. Appendix A.3 presents the mean, variance, and skewness for the main variables of the treatment and control groups before and after the balancing. The treatment and control groups have similar moments following the entropy balancing. In all further analyses, we use the entropy-matched sample to reduce covariate imbalance and to isolate the impact of whistleblowing on payout policy.

Finally, the baseline regressions include both financial year and industry fixed effects, based on the Fama-French 48 firm classifications, which control for time-specific and industry-specific characteristics. Additionally, standard errors are clustered at the firm level.

3.5 Descriptive Statistics

The descriptive statistics for variables associated with the baseline regressions are presented in Table 1. The mean for the *WBDUM* variable is 0.013 indicating that a whistleblowing event happens for 1.3% of all firm-year observations. The main dependent variable *DIV/TA* is multiplied by 100 to increase the readiness in regression analysis and has a mean of 0.952 with a standard deviation of 2.501. The indicator variable for dividends *DIVDUM* has a mean of 0.376 indicating that 37.6% of firm-year observations had reported a paid dividend. The variables presented in Table 1 are similar to other corporate payout policy studies. In particular, the main dependent variable *DIV/TA* has a similar mean and standard deviation to comparable papers (Dang et al., 2021; Hossain et al., 2021).

[Insert Table 1]

In addition, we report the correlation matrix of all baseline variables in Table 2. We observe a correlation coefficient of 0.01 between *WBDUM* and *DIV/TA*, suggesting a positive association between our two main variables. Furthermore, except for the correlation between *ROA* and *RE/TE*, all other pairs exhibit low correlations. To assess multicollinearity, we calculate the Variance Inflation Factors (VIF) and find the highest VIF value to be 2.99. This suggests that multicollinearity is not a significant concern, further reducing the likelihood of it affecting our model.

[Insert Table 2]

4. Empirical Results

This section presents the findings of the paper. First, we show the results for the main baseline OLS regression. Then, we focus on endogeneity concerns by presenting results using additional specifications and methods that address omitted variable bias, respectively. Moreover, we use a difference-in-difference method to examine the impact of whistleblowing legislation on payouts. Finally, we use a placebo test to add further robustness to the baseline and difference-in-difference regressions.

4.1 Dividend Payouts

Table 3 presents the baseline results for the impact of whistleblowing allegations on the different dividend variables. In Column (1), the coefficient for *WBDUM* is -0.183 and significant at the 1% level, suggesting that firms reduce dividend payouts after a whistleblowing event. Particularly, this negative coefficient indicates a decrease in dividends of 19.2% following a whistleblowing allegation. In Columns (2) – (7), we report the regressions

for the alternative measures of dividend payouts and find highly significant negative coefficients. Collectively, these results suggest that whistleblowing allegations decrease the likelihood of a firm paying a dividend to shareholders and increase the likelihood of cutting dividends. This finding adds nuance to the whistleblowing and corporate payout policy relationship as it suggests that firms may cease dividend payments in response to allegations. This result further supports the prior findings that show the importance of the impact of whistleblowing on corporate policies.

[Insert Table 3]

Taken altogether, the results from Table 3 show that firms are more likely to both decrease dividends and scale back dividend policies following whistleblowing allegations. All the results in the table support the first hypothesis that whistleblowing allegations significantly and negatively impact dividend payouts for firms. The coefficients of the control variables are also generally consistent across the models and with the directional expectations.

4.2 Alternative Estimation Methods

To support our baseline results, we re-run our initial OLS regression with *DIV/TA* using alternative estimation methods. Results are presented in Table 4.

[Insert Table 4]

In Column (1), we use a Fama-Macbeth regression model to address concerns of cross-sectional dependence and find *WBDUM* impacts dividend payouts with a highly significant coefficient of -0.158. In Column (2), we apply a Newey-West correction to reduce the threat of heteroskedasticity and autocorrelation in the model. The coefficient is -0.132, significant at the 5% level. Column (3) reports the results of a weighted-least-squares (WLS) model to account for heteroskedasticity by assigning greater weight for observations with smaller

variance to increase precision. We find a negative coefficient of -0.139, significant at the 5% level. In Column (4), we use a generalised-linear model (GLM), which assumes non-normal correlations in the residuals, and reports a coefficient of -0.132, significant at the 5% level. In Column (5), we use a continuous whistleblowing variable that measures the number of allegations per firm-year to capture the frequency and severity of allegations. We find a negative coefficient of -0.055, significant at the 5% level. Finally, in Column (6), we use quarterly data to capture the more immediate impact of whistleblowing on dividend payouts. This approach reduces concerns about delayed effects from allegations that occur at the start of each firm-year, which may weaken the initial measured impact. The results remain similar, with a coefficient of -0.102, significant at the 5% level, further supporting our existing finding.

All these results support the baseline regression from Table 3, providing further evidence of a negative relationship between whistleblowing allegations and dividend payouts. Therefore, the main regression results are robust to different estimation methods.

4.3 Omitted Variable Bias Analysis

To ensure that our initial results are not affected by a risk of omitted variable bias due to relevant variables not being considered, we re-run our baseline regression by expanding the set of fixed effects and conducting Oster (2019) omitted variable test. Panel A of Table 5 reports the baseline regression by using firm fixed effects to control for unobserved firm characteristics that may better isolate the effect of whistleblowing on dividends. In Column (1), we report the regression with firm and year fixed effects and find a 5%-significant coefficient of -0.089. In Column (2), we use industry-by-year fixed effects in addition to firm fixed effects and find a coefficient of -0.060 significant at the 5% level. These two tests add further robustness to the baseline and support the conclusion that whistleblowing allegations reduce dividend payouts.

[Insert Table 5]

In Panel B, we conduct the Oster (2019) omitted variable test. We use the *R-squared* and *Beta* for *DIV/TA* from both the main baseline regression and an uncontrolled regression between *DIV/TA* and *WBDUM*. More specifically, we use a maximum R_{max} value of 1 and a fixed *Delta* value of 1 to test the possibility of omitted variable bias under extreme conditions. The findings show that none of the identified sets contain zero suggesting that it is unlikely that omitted variable bias is present. This finding adds further robustness to the initial results, supporting the negative relationship between whistleblowing allegations and dividend payouts.

4.4 Difference-in-differences Analysis

To add further insight into the WB-DIV relationship, we conduct a difference-in-differences analysis using the 2011 Dodd-Frank Whistleblower Act. This test uses state False Claim Acts to determine whether shifts in whistleblowing risk can affect dividend payouts for firms thus supporting the causality of our prior results of whistleblowing allegations. State FCAs incentivise individuals to report fraudulent behaviour by offering greater financial rewards and providing enhanced protection against employer retaliation; as of the 2011 Dodd-Frank decision, 28 states plus Washington D.C. had enacted state FCAs.[3] If a change in whistleblowing risk leads to a change in dividend payouts, then it suggests that a firm's payout policy may also change due to the risk of allegations, not just reported allegations.

Following Berger and Lee (2022), the control group for this test includes firms that were exposed to a state general FCA during the years 2002-2010 for at least one year. Firms that were never exposed to a state FCA are, therefore, included in the treatment group (*NOFCA_G*). We use the 2011 Dodd-Frank as the external shock to whistleblowing legislation

[3] We only use state general FCAs and not Medicaid FCAs, which apply only to cases of Medicaid fraud. In contrast, general FCAs pose a whistleblowing risk for financial and accounting fraud due to the *qui tam* provision. As of 2011, 18 states had general FCAs, while 11 had Medicaid-only FCAs.

such that *Post* equals 1 if a firm-year is 2011 or later. In summary, *NOFCA_G_POST* equals 1 for unexposed treatment firms in the post-Dodd-Frank period of the sample. Given that state pension funds may be selective of firms to invest in, we entropy balance the sample using *NOFCA_G* to ensure that covariates are balanced for the treatment and control groups.

To determine exposure to a state general FCA, we use investment from a state pension fund. If a firm was invested in by a state pension fund with a general state FCA in effect, then the firm is exposed to a state FCA and is in the control group. By being invested in a state pension fund in an FCA state, firms are more at risk of whistleblowing in the pre-Dodd-Frank period of 2002-2010. In comparison, treatment firms that were never exposed to any whistleblowing risk from state FCAs will have likely adapted to the Dodd-Frank laws more significantly than FCA-exposed firms. We expect that treatment firms will have a greater decrease in dividends following the Dodd-Frank whistleblowing law as they seek to take effective action to reduce the risk of whistleblowing. Managers would likely scale back dividends to focus on addressing the likelihood of fraud being uncovered.

As a prerequisite of the difference-in-difference analysis, we conduct a dynamic treatment test for the impact of prior whistleblowing legislation exposure on dividend payouts. Specifically, we estimate the difference between dividend payouts for exposed and unexposed FCA firms before and after the Dodd-Frank Act using the prior *NOFCA_G* variable to determine treatment. This ensures that any change in payouts between both groups can be attributed to the increase in whistleblower protection granted by the Dodd-Frank Act and not pre-treatment differences between the treatment and control groups. We use indicator variables from over a period of 8 years prior to and following the treatment in order to capture pre-treatment lags and post-treatment leads. By doing so, we can examine the difference between the treatment and control group year-by-year and thus evaluate any trend between the groups.

Figure 1 graphically displays the estimated time-varying treatment effect of the 2011 Dodd-Frank Act with 95% confidence intervals clustered at firm level. All years prior to 2011 have insignificant coefficients which suggests the control and treatment groups have little pre-treatment differences. Following 2011, all years but one are significantly negative and there is an evident divergence as treatment firms show a decrease in dividends relative to the control group. This supports the parallel trend assumption and aligns with expectations that FCA unexposed firms would change payout policies in response to the whistleblower protection granted by the Dodd-Frank Act.

[Insert Figure 1]

We then conduct the difference-in-differences test using dividends to total assets in line with the baseline regression, and *NOFCA_G_POST* to indicate the impact of the treatment post-2011. We report the results of this test in Table 6. There is a highly significant and negative coefficient for *NOFCA_G_POST* of -0.187. This supports the prior expectations that firms never exposed to a state general FCA will be more responsive following the enactment of the Dodd-Frank whistleblower law. Furthermore, the findings show that dividend payouts decrease following an increase in whistleblowing risk which further demonstrates the causal link between corporate payout policy and whistleblowing.

[Insert Table 6]

4.5 Placebo Test

To further evaluate the robustness of our findings, we conduct a placebo test designed to ensure the observed relationship between whistleblowing and dividends is not driven by chance or unobserved factors. Specifically, we conduct a placebo test for both the baseline regression and the difference-in-difference test from Section 4.4.

For the whistleblowing allegations placebo test, we randomly assign *WBDUM* while maintaining the same number of whistleblowing cases in the sample. This ensures that the new variable *WBDUM_PLACEBO* is equal in mean to *WBDUM* but is independent of actual whistleblowing events. This enables us to test whether the relationship between *WBDUM* and *DIV/TA* is driven by chance or spurious correlations in the data. For consistency with the baseline test, we entropy balance the placebo variable to ensure covariates are balanced and then estimate the regression with fixed effects. In Figure 2, we show the results for 1,000 replications of *WBDUM_PLACEBO* and find that our baseline coefficient (vertical line in the graph) is unlikely to be caused by random chance which adds further robustness to our findings.

[Insert Figure 2]

For the Difference-in-Difference test, we construct *NO_FCA_G_POST_PLACEBO* by randomly assigning treatment status to firms while maintaining the same proportion of treated and control firms as the initial test. This test would show whether the observed decrease in dividends post-2011 for firms unexposed to FCA could be a result of unobserved factors or randomness. We then entropy balance based on the treatment and use the same regression and fixed effects as the original DiD test. In Figure 3, we find that our DiD coefficient is far outside the range of possible observed effects that would be expected from random assignment of treatment.

[Insert Figure 3]

These tests demonstrate that our results are unlikely driven by random chance or correlation within the data. It provides additional evidence to the robustness of our findings that whistleblowing allegations and the risk of whistleblowing decrease dividend payouts.

5. Mechanisms

This section investigates the underlying mechanisms that influence the whistleblowing and dividend relationship and seeks to provide a deeper understanding of how firms respond to allegations. First, we explore how financial volatility impacts dividend decisions, particularly for firms facing heightened uncertainty and financial constraints. Second, we expand on the impact of financial uncertainty and examine the role of litigation risk to ascertain whether legal costs may be a mediator between *WBDUM* and a decrease in payouts. Third, we investigate corporate governance factors, specifically how governance structures and policies may shape post-WB responses. Finally, we explore how dividend flexibility, repurchases, and total payouts are impacted by whistleblowing allegations.

5.1 Effects of Financial Inflexibility

Volatility can reduce a firm's financial flexibility which may strain the ability to pay consistent payouts. Coupled with the additional shock of whistleblowing allegations aggravating this uncertain balance, firms with more volatile cash flows may be more impacted by whistleblowing allegations. Given that fraud allegations bring about future legal costs, this future uncertainty may negatively impact a firm's cash reserves and financial planning leading to a more negative shift in dividends as firms seek to reallocate resources. As cash-flow uncertainty is related to a reduction in total dividends and the likelihood of dividends, the added instability from a WB shock may further enhance this relationship (Chay & Suh, 2009). Similarly, alleged firms with higher volatility may have heightened perceptions of risk from investors leading to further instability. This may carry through to a higher cost of capital as investors demand higher premiums for the greater perceived risk of cash flow post-whistleblowing. As the cost of capital increases, firms may find raising capital even more difficult which further limits dividend payouts (Chen & Wang, 2012). As such, we expect firms with higher than median values for volatility metrics to have relatively lower dividends due to greater uncertainty and additional strain on financial resources.

To analyse financial instability and volatility, we use cash flow volatility and profit volatility as measures. *HIGH CFVOL* and *HIGH PROFVOL* are calculated as equal to 1 if a firm has above yearly median cash flow or profit volatility value, respectively, and 0 otherwise. It is expected that *HIGH CFVOL* and *HIGH PROFVOL* will have a negative relationship with *DIV/TA* as more volatility will bring about less consistent and lower dividends. Similarly, we expect that whistleblowing allegations will further exacerbate this relationship and expect the interaction between the volatility variables and *WBDUM* to be negative. This would indicate that firms with more volatility in cash flows or profits have a larger decrease in dividends following allegations.

In Column (1) of Table 7, we report an interaction coefficient for *WBDUM* and *HIGH CFVOL* of -0. which is significant at the 5% level. Furthermore, in Column (2), we report an interaction for *HIGH PROFVOL* of -0.274 which is significant at the 5% level. Further, in line with expectations, we report significant negative coefficients for *HIGH CFVOL* and *HIGH PROFVOL*. These results suggest that firms with higher volatility have larger dividend decreases following whistleblowing allegations. This suggests that greater volatility and financial inflexibility are significant determinants of payout policy response following whistleblowing allegations. Additionally, since decreasing dividends increases financial flexibility, firms with more inflexibility and volatility would be more inclined to decrease dividends to better manage financial resources.

[Insert Table 7]

5.2 Effects of Litigation Risk

While both strategic redirection and constraints to capital may result in firms decreasing dividend payouts following a whistleblowing allegation, litigation risks and costs may also play a role. For example, whistleblowing allegations may lead to an increase in litigation risk which has been shown to decrease dividend payouts (Arena & Julio, 2022; Do, 2021; Unsal & Brodmann, 2019). In this scenario, litigation risk acts as a mediator variable between whistleblowing and dividends such that firms decrease dividends in response to rising litigation costs. To examine litigation risk, we use Securities Class Action (SCA) lawsuits reported from the Standard Securities Class Action Clearinghouse.[4] By using SCA lawsuits, we can examine both the relationship that lawsuits have with dividend payouts and whether whistleblowing

[4] Federal Securities Class Action Litigation taken from Standard Law School in collaboration with Cornerstone Research. Source: https://securities.stanford.edu/

allegations affect the likelihood of a lawsuit. Therefore, we would be able to link dividend payouts and whistleblowing via a litigation risk channel.

First, the relationship between whistleblowing allegations and lawsuit probability needs to be established to represent a potential causal link between *WBDUM* and litigation risk. For the measure of litigation risk, we use a dummy variable (*SUED*), which equals 1 if a firm has a lawsuit in that firm-year, and 0 otherwise. This variable aims to identify the probability of an SCA lawsuit and is used in the literature as a proxy for litigation risk (Brogaard et al., 2023; Chakraborty et al., 2022; Ettredge et al., 2015). If *WBDUM* and *SUED* are positively related, it would suggest that whistleblowing allegations increase the likelihood of a class action lawsuit. This would be expected as whistleblowing suggests the firm has engaged in fraudulent activity and a subsequent lawsuit is more likely.

We use a logit model for *WBDUM* on *SUED* to determine if there is a significant relationship using the same controls and entropy-matched sample as previously to isolate the effect of whistleblowing on lawsuits. In Column (1) of Table 8, we show that the coefficient for *WBDUM* is 0.592, which is significant at the 1% level. This suggests that whistleblowing allegations increase the likelihood of lawsuits and, thus, litigation risk for firms. We then investigate if an increase in litigation risk leads to a shift in dividend payouts. It is expected that lawsuits will reduce payouts as firms are forced to manage reputational, legal, and regulatory costs which may inhibit the ability for dividend payments for firms. For this test, we regress *SUED* on dividend payouts to find whether firms that face SCA lawsuits decrease dividends. In Column (2), we report a statistically significant coefficient of -0.166 which signifies that SCA lawsuits lead to a decrease in dividend payouts. This result is directionally consistent with expectations and the *WBDUM* baseline regression.

[Insert Table 8]

Taken together, Column (1) and Column (2) show the effect of whistleblowing on lawsuit probability and the impact of lawsuits on dividends. We conjecture that these tests highlight litigation risk as a mechanism linking *WBDUM* and dividend payouts. As firms face whistleblowing allegations, there is an immediate increase in litigation risk, or the chance of being sued, which leads to increases in potential legal and reputational costs. Higher costs from lawsuits reduce the availability of cash to pay dividends which decreases payouts. Via this litigation risk channel, we show that whistleblowing allegations increase lawsuit probability, leading to lower dividend payouts, which supports the decrease explanation proposed in the first hypothesis.

5.3 Effects of Corporate Governance

Corporate governance may play an important role in the *WBDUM-DIV* relationship and provide insight into factors that mitigate the impact of whistleblowing allegations on firms. It is expected that improved corporate governance lessens the negative effect on dividend payouts. This may be due to firms with better monitoring having better internal practices to prevent subsequent litigation or fraud in future which enables dividends to remain more consistent post-WB. Similarly, is it expected that better transparency may lead to earlier detection of fraud which may assist in reducing the prolonged effects of litigation as firms are more prepared. Finally, firms with better governance and monitoring may make more informed strategic decisions and thus are able to optimise potential litigation expenses and more quickly repair reputational damage caused by fraud detection.

We conduct two cross-sectional tests using the percentage of institutional shareholders and the number of analysts following at a firm. A greater proportion of institutional shareholders improves the governance of a firm as these shareholders closely monitor the firm (Gillan & Starks, 2000). The greater governance provided by institutional investors may reduce

the threat of fraud occurring and then subsequently being publicly reported. To measure institutional shareholders, we use the percentage of institutional shareholders for each firm-year from Thomson-Reuters 13F database, where a higher percentage is likely to indicate stronger governance. Similarly, more analysts following a firm both increase the scrutiny on the firm and enhance firm transparency, enabling less asymmetric information and better monitoring capabilities (Lang et al., 2004). An increased presence of analysts is expected to improve oversight of a firm's operations and, therefore, represent stronger corporate governance. For this metric, we use the number of analysts as reported in the Thomson-Reuters IBES database. Both metrics measure corporate governance and are therefore useful at exploring how governance affects post-WB payouts.

We construct two cross-sectional variables that equal 1 if the firm-year observation is above the yearly median value, and 0 otherwise. In Column (1) of Table 9, we report the interaction variable coefficient between *WBDUM* and above median institutional ownership (*HIGH INSTI*) as 0.267, which is significant at the 10% level. Consistent with the baseline, the coefficient for *WBDUM* is -0.335 and significant at the 1% level. This implies that while whistleblowing decreases dividends, having higher relative institutional ownership lessens this effect on alleged firms. Similarly, in Column (2), we report a coefficient of 0.230 for the interaction between *WBDUM* and *HIGH ANALYSTS* which is significant at the 5% level. This adds further support to the expectation that higher corporate governance results in relatively higher dividends post-WB. Both high institutional ownership and number of analysts as measures for corporate governance show that firms with these characteristics have less affected payouts following whistleblowing. This demonstrates that stronger corporate governance and more effective monitoring can be determining factors in payout policy decisions following whistleblowing.

[Insert Table 9]

5.4 Dividend Flexibility, Repurchases and Total Payout

While previous results show that firms decrease dividends following allegations, whether firms adjust repurchasing remains uncertain. On one hand, whistleblowing allegations decrease a firm's market value by introducing additional uncertainty, which may lead firms to increase repurchasing in an effort to artificially inflate the stock price. Repurchasing signals to the market that the firm believes its shares are undervalued, potentially restoring investor confidence that may have been tarnished post-fraud (Bhattacharya, 1979). Furthermore, a scaling back of dividends and a shift towards repurchasing will increase the payout flexibility of the firm as repurchases are more flexible to manage. Therefore, firms may prefer repurchasing strategies to mitigate reputational and investor damage while increase flexibility. However, on the other hand, firms may decrease repurchases following whistleblowing in response to heightened uncertainty. As litigation risk increases, firms may opt to preserve cash by cutting back repurchasing initiatives to prepare for legal expenses. This would be similar to a firm's rationale for reducing dividend payouts, which is to restore financial stability and reduce uncertainty.

To analyse the impact on payout policy and flexibility, we first use the ratio of firm repurchases to total payout (Kulchania, 2016). This variable captures payout flexibility, such that an increase in repurchases relative to total payout suggests firms are shifting from dividends to repurchases, a more flexible payout mechanism. This shift allows firms to preserve cash and manage potential financial distress following whistleblowing allegations (Bonaimé et al., 2014). In Column (1) of Table 10, we report the results of the baseline regression on *REP/PAYOUT*, which shows that whistleblowing alleged-firms increase dividend flexibility following an allegation. *WBDUM* has a positive coefficient of 0.083 which is significant at the 1% level. This result suggests that firms increase repurchases to enhance payout flexibility,

allowing them to conserve cash and better manage financial distress following whistleblowing allegations.

[Insert Table 10]

However, while the ratio of repurchases to total payouts increases, it may be possible that repurchases are unaffected by allegations and that greater flexibility is driven by dividend cuts. We conduct two additional tests which use repurchases as a ratio to total assets and an indicator variable to validate whether repurchases are also impacted by whistleblowing allegations (Chen & Wang, 2012; Dang et al., 2021; Hasan & Habib, 2020; Ni et al., 2020). The expectation is that firms increase repurchasing and are more likely to adopt repurchasing strategies.

In Column (2), we use the ratio of repurchases to total assets (*REP/TA*) and find that whistleblowing allegations are associated with an increase in repurchases. The reported coefficient is 0.289, which is significant at the 5% level. Additionally, we use an indicator variable (*REPDUM*) equal to 1 if a firm repurchases shares in a given year, and 0 otherwise. In Column (3), the coefficient for *REPDUM* is 0.067, significant at the 1% level. Both repurchasing tests suggest that firms increase their repurchases and the likelihood of repurchasing following whistleblowing allegations.

While we show that dividends decrease and repurchases increase leading to an increase in payout flexibility, it is still uncertain whether this leads to a net change in total payout. On the one hand, the total payout may decrease from the reduction in dividends; however, a move towards repurchases may lead to a net increase in payouts. On the other hand, it may be possible that the respective shifts to both dividends and repurchases will result in no overall impact on total payouts for whistleblowing-alleged firms. Firms may redistribute dividends to repurchases to be able to cut back share repurchases when litigation settlement costs are incurred. This way firms can generate additional cash needed for settlement costs without

needing to scale back payouts to shareholders. Given that whistleblowing increases litigation risk to firms, it is expected that total payouts are unaffected by allegations. In Column (4), we find an insignificant coefficient between *WBDUM* and *DIV/TA* suggesting that firms redistribute payouts from dividends to repurchases while not changing the firm's total payout. These findings are supported by Arena and Julio (2022) who find that litigation risk has no significant impact on total payouts.

These findings add further nuance to the post-WB payout policy response that firms adopt. While firms have been shown to decrease dividends, this decrease is met with an increase in repurchases, which leads to a net increase in payout flexibility. By improving payout flexibility, firms are better able to manage future litigation costs and financial uncertainty while also improving the firm's share price which seeks to restore investor confidence. Additionally, firms have no significant change in total payouts and likely redistribute dividend payouts to repurchases. This may be due to both payout flexibility preferences, but also to be able to cut repurchases and leave dividends unimpacted when the whistleblowing settlement costs are incurred. The choice of repurchases over dividends adds greater insight into payout policy decision-making following whistleblowing allegations and further highlights how allegations can disrupt payouts.

6. Conclusion

Using a sample of 99,349 firm-year observations and 1,329 unique whistleblowing events from 2002-2023, we examine the impact of whistleblowing allegations on corporate payout policies. Our results show that whistleblowing allegations are negatively related with dividend payouts and that this relationship holds for multiple dividend ratios and additional specifications, adding further validity to the main findings. Furthermore, additional robustness checks show that this relationship is unlikely affected by omitted variable bias, is stronger for

firms never exposed to state general FCA following the 2011-Dodd-Frank Act, and unlikely driven by random chance or correlation within the data. Overall, these findings suggest that whistleblowing allegations are associated with a decrease in dividend payouts.

We then conduct several tests on the effect of financial inflexibility and find that firms with greater financial volatility—as measured by higher cash flow and profit volatility—decrease dividends more. Similarly, using SCA lawsuits as a proxy for litigation risk, we examine the impact of litigation risk on payouts and show that whistleblowing allegations increase the likelihood of firm lawsuits which decrease dividend payouts. This result suggests that via this litigation risk channel, whistleblowing allegations can increase anticipated litigation costs leading to dividend decreases to conserve capital. Additionally, we find that firms with more institutional investors and a greater number of analysts following have less impacted dividend payouts post-WB. These factors, which proxy for stronger corporate governance, suggest that improved governance and better monitoring can reduce negative exposure to whistleblowing allegations and limit decreases in dividends.

Finally, we examine the impact of allegations on stock repurchases and payout flexibility and find that firms increase repurchases and flexibility post-WB. This is likely done to artificially inflate the firm's stock price by reducing available shares and to manage future shareholder commitments. These payout decisions add important insight into the rationale for firms following whistleblowing allegations by suggesting that firms prefer greater flexibility.

Our findings contribute to whistleblowing literature by discussing how allegations of fraud can affect payout policies. While previous literature has examined how allegations may affect audit fees or profitability, this paper presents evidence that payout decisions are similarly impacted. We also show that whistleblowing legislation may also be a determining factor in payout decisions due to increases in the perceived risk of whistleblowing. Furthermore, this paper contributes to the dividend literature by finding that firms may prioritise flexibility by

lowering dividends and increasing repurchases in the wake of litigation risk and increases in uncertainty. Finally, this paper provides important insight to both regulators and investors. For investors, these findings show how shareholders may be impacted by allegations or legislative changes. Similarly, for regulators, we show that whistleblowing legislation can affect payout decisions, which may be useful for future legislation or changes to whistleblower incentives.

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Figure 1

Dynamic Treatment Effect of the Dodd-Frank Act

This figure displays the dynamic treatment effect of the 2011 Dodd-Frank Whistleblower Program decision on dividend payouts. The figure presents the coefficient estimates of the dynamic difference-in-difference analysis and shows the treatment effect that the Dodd-Frank Act had on dividends to total assets (*DIV/TA*) for firms exposed to a state FCA relative to unexposed firms (*NOFCA*). The estimates are plotted with 95% confidence intervals over the time period of 2003-2019 where year 0 represents the 2011 decision year. Variable definitions and sources are presented in Appendix A.1.

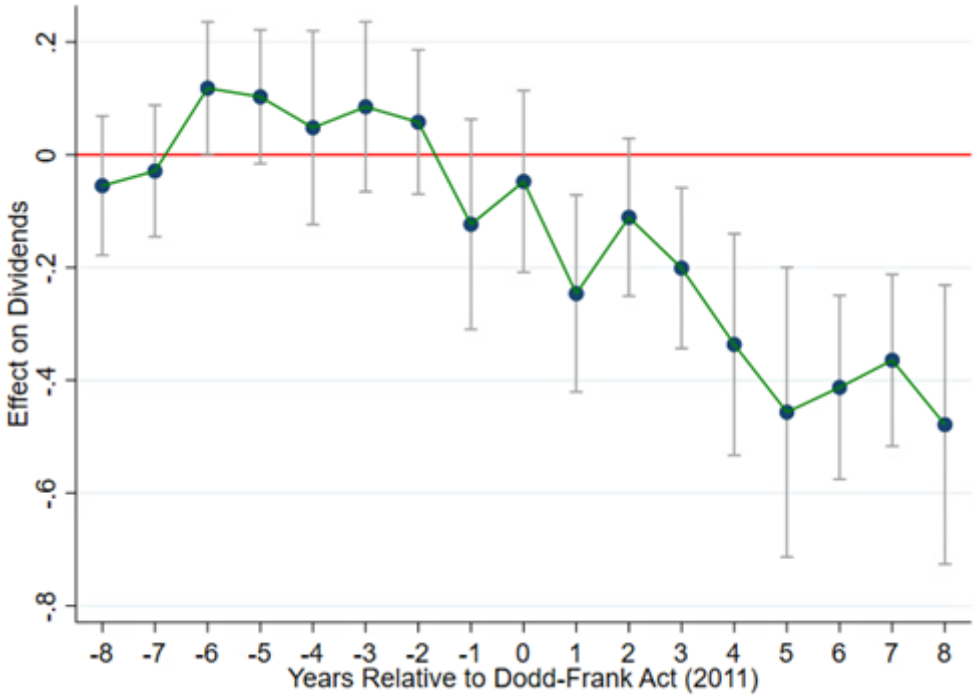

Figure 2

Placebo Effect for Whistleblowing Allegations

This figure displays the distribution of the coefficients for 1,000 placebo regressions of *WBDUM_PLACEBO*. The main dependent variable (*WBDUM_PLACEBO*) has equal mean as the baseline *WBDUM* but firm-years are randomly assigned to assess if the baseline could be attributed to chance. *WBDUM_PLACEBO* is assigned randomly then entropy balanced and regressed with *DIV/TA* similar to the baseline model. This process is simulated for 1,000 iterations and the coefficients between *DIV/TA* and *WBDUM_PLACEBO* are graphically reported in the histogram below. The vertical line represents the coefficient from the baseline regression of *WBDUM* reported in Table 3. Variable definitions and sources are provided in Appendix A.1.

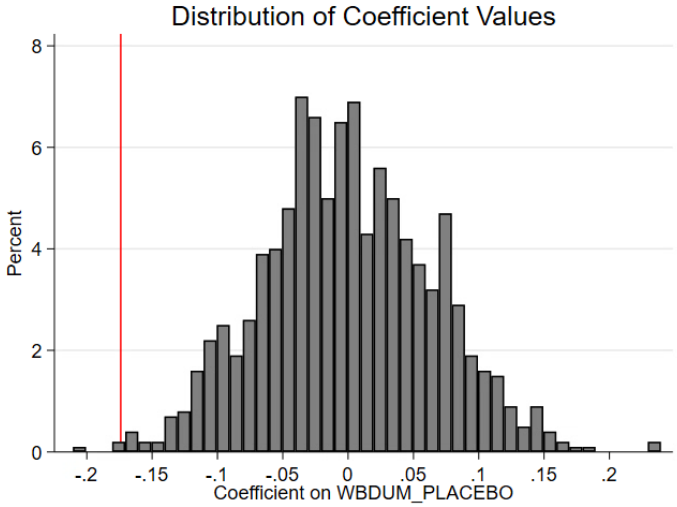

Figure 3

Placebo Effect on Difference-in-difference Analysis

This figure displays the distribution of the coefficients for 1,000 placebo regressions of *NO_FCA_G_POST_PLACEBO*. The main dependent variable (*NO_FCA_G_ PLACEBO)* has an equal mean as the difference-in-difference variable, but firm-years are randomly assigned. First, *NO_FCA_G_PLACEBO* is assigned randomly then entropy balanced similar to the method in Section 4.4. *NO_FCA_G_PLACEBO* is then multiplied by *POST* and then regressed with *DIV/TA* to determine the coefficient of random assignment on dividends. This process is simulated for 1,000 iterations and the coefficients between *DIV/TA* and *NO_FCA_G_POST_PLACEBO* are graphically reported in the histogram below. The vertical line represents the coefficient from the baseline regression of *NO_FCA_G_POST_PLACEBO* reported in Table 5. Variable definitions and sources are provided in Appendix A.1.

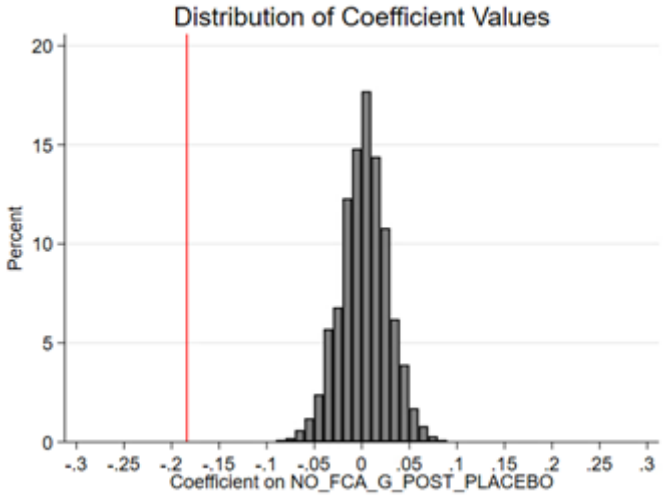

Table 1

Descriptive Statistics

This table presents the descriptive statistics of the variables in the baseline regression. The sample consists of data between 2002-2023 and contains a total of 99,349 firm-year observations. Observations with missing values for the baseline *DIV/TA* regression are removed from the dataset. Variable definitions and sources are presented in Appendix A.1. All continuous variables are winsorized at the 1% and 99% levels.

Variable	N	Mean	S.D.	Q1	Median	Q3
Main Variables						
WBDUM	99,349	0.013	0.115	0.000	0.000	0.000
DIV/TA	99,349	0.952	2.501	0.000	0.000	0.715
DIV/IB	99,342	0.169	0.545	0.000	0.000	0.214
DIV/EBIT	98,103	0.112	0.296	0.000	0.000	0.112
DIV/MV	98,215	0.013	0.028	0.000	0.000	0.017
DIV/SALE	98,216	0.027	0.074	0.000	0.000	0.022
DIVDUM	99,349	0.376	0.484	0.000	0.000	1.000
DIVCUT	99,349	0.308	0.462	0.000	0.000	1.000
Control Variables						
SIZE	99,349	6.067	2.744	4.296	6.252	7.929
ROA	99,349	-0.264	1.597	-0.073	0.012	0.060
SALEGR	99,349	0.079	0.443	-0.046	0.065	0.194
CASH	99,349	0.202	0.226	0.038	0.110	0.285
R&D	99,349	0.06	0.155	0.000	0.000	0.047
STOCK	99,349	0.072	0.253	0.000	0.002	0.016
DEBT	99,349	0.11	0.243	0.000	0.006	0.109
CAPEX	99,349	0.04	0.057	0.005	0.021	0.049
TANGIBILITY	99,349	0.218	0.243	0.031	0.117	0.328
LEVERAGE	99,349	0.257	0.257	0.028	0.181	0.414
ASSETGR	99,349	1.168	0.804	0.950	1.045	1.170
BM	99,349	0.501	1.165	0.210	0.465	0.825
RE/TE	99,349	-0.533	12.67	-0.653	0.310	0.801
TE/TA	99,349	0.092	2.443	0.157	0.411	0.635
SALEVOL	99,349	1.087	0.452	1.109	1.124	1.328
Additional Variables						
NOFCA_G_POST	89,994	0.259	0.438	0.000	0.000	1.000
SUED	99,349	0.018	0.132	0.000	0.000	0.000
REP/PAYOUT	93,752	0.334	0.429	0.000	0.000	0.851
REP/TA	93,752	1.501	3.827	0.000	0.000	0.793
REPDUM	93,752	0.474	0.499	0.000	0.000	1.000
PAYOUT/TA	93,752	0.026	0.055	0.000	0.313	2.572

Table 2

Correlation Matrix

This table reports the correlation matrix for the variables used in the baseline analysis. Variable definitions and sources are presented in Appendix A.1.

	(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*	*(12)*	*(13)*	*(14)*	*(15)*	*(16)*	*(17)*
(1) DIV/TA	1.00																
(2) WBDUM	0.01	1.00															
(3) SIZE	0.15	0.13	1.00														
(4) ROA	0.08	0.02	0.38	1.00													
(5) SALEGR	-0.03	0.00	0.03	0.08	1.00												
(6) CASH	-0.01	-0.03	-0.29	-0.08	0.01	1.00											
(7) R&D	-0.10	-0.02	-0.33	-0.33	-0.02	0.42	1.00										
(8) STOCK	-0.09	-0.02	-0.34	-0.44	0.04	0.28	0.43	1.00									
(9) DEBT	-0.02	-0.01	-0.04	-0.17	0.01	-0.15	0.02	0.02	1.00								
(10) CAPEX	0.01	-0.01	0.02	-0.02	0.08	-0.14	-0.06	0.02	0.10	1.00							
(11) TANGIBILITY	0.05	-0.01	0.12	0.03	0.00	-0.30	-0.16	-0.07	0.06	0.62	1.00						
(12) LEVERAGE	-0.12	0.02	0.18	-0.02	-0.08	-0.42	-0.19	-0.15	0.22	-0.01	0.18	1.00					
(13) ASSETGR	-0.04	-0.01	-0.05	0.02	0.29	0.07	-0.04	0.18	0.05	0.03	-0.05	-0.07	1.00				
(14) BM	-0.01	-0.01	0.15	0.19	-0.03	-0.07	-0.13	-0.14	-0.09	-0.03	0.04	-0.02	-0.1	1.00			
(15) RE/TE	0.03	0.01	0.04	-0.1	0.00	-0.10	-0.03	0.00	0.06	0.03	0.03	0.07	0.00	-0.08	1.00		
(16) TE/TA	0.06	0.01	0.31	0.75	0.08	0.02	-0.21	-0.24	-0.19	0.01	0.02	-0.17	0.03	0.34	-0.12	1.00	
(17) SALEVOL	-0.01	0.01	-0.08	-0.01	0.00	-0.06	-0.02	-0.02	0.00	0.06	-0.02	-0.02	0.01	0.00	0.02	-0.01	1.00

Table 3

Main Results – The Effect of Whistleblowing on Dividend Payouts

This table presents the effect of whistleblowing events (*WBDUM*) on dividend payouts. Column (1) shows the main baseline regression model using *DIV/TA* as the dependent variable. Column (2) to Column (5) report alternative dividend payout measures: dividends to income (*DIV/IB*), dividends to EBIT (*DIV/EBIT*), dividends to market value (*DIV/MV*), and dividends to sales (*DIV/SALE*). In Column (6), we use dividend dummy (*DIVDUM*), which equals 1 if a firm pays dividends and 0 otherwise, as the dependent variable. In Column (7) we use a dividend cut indicator (*DIVCUT*), which equals 1 if a firm decreases dividends, and 0 otherwise. All models include Fama-French 48 industry fixed effects and year fixed effects. The t-statistics presented in parentheses below the variable coefficients are calculated based on robust standard errors clustered at the firm level. Variable definitions and sources are presented in Appendix A.1. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Variable	(1) *DIV/TA*	(2) *DIV/IB*	(3) *DIV/EBIT*	(4) *DIV/MV*	(5) *DIV/SALE*	(6) *DIVDUM*	(7) *DIVCUT*
WBDUM	-0.183***	-0.072***	-0.035***	-0.004***	-0.009***	-0.030**	-0.031**
	(-3.234)	(-4.634)	(-4.956)	(-4.581)	(-6.586)	(-2.430)	(-2.350)
SIZE	0.158***	0.036***	0.020***	0.002***	0.003***	0.091***	0.021***
	(6.705)	(8.445)	(7.715)	(8.516)	(6.345)	(22.696)	(6.345)
ROA	0.855***	0.058***	0.014	-0.005**	0.002	0.080***	0.011
	(4.793)	(3.484)	(1.336)	(-2.044)	(0.991)	(2.899)	(0.613)
SALEGR	-0.525***	-0.056**	-0.056***	-0.006**	-0.009***	-0.129***	-0.006
	(-5.344)	(-2.196)	(-3.587)	(-2.528)	(-3.924)	(-5.880)	(-0.248)
CASH	0.288	-0.173***	-0.124***	-0.005*	-0.018**	-0.298***	-0.030
	(0.751)	(-3.070)	(-4.027)	(-1.664)	(-2.191)	(-5.064)	(-0.577)
R&D	-1.950***	-0.254**	-0.144**	-0.014***	-0.038***	-0.283*	-0.099
	(-2.673)	(-2.394)	(-2.410)	(-2.853)	(-3.514)	(-1.956)	(-1.180)
STOCK	-0.186	0.050	0.003	0.001	0.006	0.083*	0.011
	(-0.775)	(1.286)	(0.153)	(0.436)	(1.229)	(1.750)	(0.186)
DEBT	0.116	0.005	0.006	0.001	0.014*	-0.046	-0.016
	(1.149)	(0.143)	(0.367)	(0.275)	(1.811)	(-1.179)	(-0.518)
CAPEX	-1.150	-0.362	-0.326**	-0.041***	-0.060***	-0.856***	0.084
	(-1.209)	(-1.610)	(-2.527)	(-3.357)	(-2.942)	(-3.550)	(0.349)
TANGIBILITY	1.068***	0.121*	0.050	0.003	0.011**	0.156**	-0.103*
	(4.015)	(1.864)	(1.429)	(0.883)	(1.975)	(2.452)	(-1.784)
LEVERAGE	-2.935***	-0.300***	-0.169***	0.015***	-0.036***	-0.474***	-0.011
	(-17.113)	(-7.234)	(-6.723)	(4.440)	(-7.123)	(-11.621)	(-0.339)
ASSETGR	-0.078**	0.008	-0.002	-0.001	-0.000	0.001	0.054***
	(-1.982)	(0.859)	(-0.531)	(-1.275)	(-0.518)	(0.102)	(4.328)
BM	-0.089***	0.020***	-0.004	-0.007**	-0.006***	0.053***	0.024***
	(-3.679)	(3.444)	(-0.952)	(-2.163)	(-2.754)	(3.916)	(3.817)
RE/TE	0.013***	0.001*	0.001***	-0.000	0.000	0.001	-0.001
	(4.012)	(1.742)	(2.835)	(-0.699)	(1.362)	(1.623)	(-1.333)
TE/TA	-0.584***	-0.049***	-0.011*	0.004**	-0.000	-0.083***	-0.012
	(-5.450)	(-4.760)	(-1.717)	(2.295)	(-0.194)	(-4.680)	(-1.077)
SALEVOL	-1.275	0.655	-0.219	0.017	0.013	0.258	0.596
	(-0.445)	(0.882)	(-0.604)	(0.579)	(0.257)	(0.511)	(1.163)
Constant	2.509	-0.671	0.334	-0.017	0.008	-0.265	-0.552
	(0.765)	(-0.791)	(0.807)	(-0.506)	(0.139)	(-0.458)	(-0.934)
Industry FE	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES
Observations	99,349	99,342	98,103	98,215	98,216	99,349	99,349
R-squared/Pseudo *R*-squared	0.245	0.089	0.120	0.270	0.208	0.411	0.158

Table 4

Alternative Specifications

This table reports alternate model specifications of the effects of whistleblowing events (*WBDUM*) on dividend payouts. In all models, the dependent variable is *DIV/TA*. Column (1) presents a Fama-MacBeth model. Column (2) shows a Newey-West regression. Column (3) reports a Weighted Least Squares regression. Column (4) presents a Generalised Linear Model regression. Column (5) uses the number of whistleblowing allegations in each firm-year as a continuous variable. Column (6) uses quarterly Compustat data. All models account for Fama-French 48 industry fixed effects and year fixed effects. The t-statistics presented in the parentheses below the variable coefficients are calculated based on robust standard errors clustered at the firm level. Variable definitions and sources are presented in Appendix A.1. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Variable	**(1)** ***Fama-Macbeth***	**(2)** ***Newey-West***	**(3)** ***WLS***	**(4)** ***GLM***	**(5)** ***Multiple Allegations***	**(6)** ***Quarterly***
WBDUM	-0.158**	-0.132**	-0.139***	-0.132**	-0.055***	-0.102**
	(-2.803)	(-2.408)	(-2.621)	(-2.509)	(-3.423)	(-2.506)
SIZE	0.136***	0.131***	0.126***	0.131***	0.160***	0.051**
	(27.485)	(31.621)	(38.396)	(40.145)	(6.799)	(2.541)
ROA	0.076***	0.065***	0.061***	0.065***	0.854***	1.445***
	(7.915)	(9.295)	(9.280)	(9.983)	(4.802)	(5.918)
SALEGR	-0.179***	-0.176***	-0.173***	-0.176***	-0.530***	-0.047
	(-8.850)	(-10.890)	(-10.624)	(-10.865)	(-5.428)	(-0.843)
CASH	0.337***	0.262***	0.243***	0.262***	0.286	0.194
	(6.450)	(3.822)	(4.341)	(4.715)	(0.753)	(0.746)
R&D	-0.973***	-0.921***	-0.930***	-0.921***	-1.943***	-4.619***
	(-13.008)	(-17.258)	(-20.800)	(-20.898)	(-2.671)	(-3.672)
STOCK	-1.469***	-1.385***	-1.422***	-1.385***	-0.192	-0.004
	(-9.905)	(-7.110)	(-8.095)	(-7.977)	(-0.790)	(-1.347)
DEBT	0.562***	0.504***	0.527***	0.504***	0.118	0.038
	(5.226)	(7.690)	(9.707)	(9.378)	(1.171)	(0.195)
CAPEX	-0.169***	-0.192***	-0.170***	-0.192***	-1.192	-1.128
	(-5.508)	(-7.213)	(-7.097)	(-7.929)	(-1.249)	(-1.410)
TANGIBILITY	0.265***	0.278***	0.261***	0.278***	1.062***	0.658***
	(6.051)	(7.785)	(8.291)	(8.511)	(4.005)	(4.511)
LEVERAGE	-2.088***	-2.060***	-1.991***	-2.060***	-2.935***	-1.738***
	(-27.394)	(-49.955)	(-59.443)	(-61.929)	(-17.142)	(-13.868)
ASSETGR	-0.142***	-0.128***	-0.124***	-0.128***	-0.078**	-0.650***
	(-10.024)	(-13.907)	(-13.134)	(-14.143)	(-1.994)	(-4.156)
BM	-0.098***	-0.097***	-0.096***	-0.097***	-0.092***	-0.026**
	(-13.338)	(-18.799)	(-20.884)	(-21.603)	(-3.681)	(-2.247)
RE/TE	-2.695	-1.940*	-1.748*	-1.940**	0.013***	0.006***
	(-1.168)	(-1.902)	(-1.954)	(-2.178)	(4.016)	(3.743)
TE/TA	0.005***	0.005***	0.005***	0.005***	-0.584***	-0.311***
	(10.316)	(11.960)	(13.313)	(12.772)	(-5.471)	(-4.842)
SALEVOL	-0.057***	-0.048***	-0.045***	-0.048***	-0.715	0.336***
	(-12.498)	(-12.925)	(-13.261)	(-14.215)	(-0.252)	(3.145)
Constant	8.956***	3.098**	2.804**	3.098**	1.802	1.431***
	(2.929)	(2.167)	(2.240)	(2.484)	(0.553)	(5.135)
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES
Observations	99,349	99,349	99,349	99,349	99,349	407,646
R-squared	0.139	0.126	0.113	0.126	0.244	0.253

Table 5

Omitted Variables Biases

This table presents tests that address the impact of omitted variable bias. In Panel A, we report the impact of *WBDUM* on *DIV/TA* using both firm fixed effects in Column (1) and Fama-French 48 industry-by-year fixed effects in Column (2). The t-statistics presented in parentheses below the variable coefficients are calculated based on robust standard errors clustered at the firm level. Panel B uses Oster (2019) analysis from the main relationship between *WBDUM* and *DIV/TA*. Below are the reported bounds for the two variables using δ=1 and RMAX=min(2.2$\tilde{R}$, 1). Column (1) reports the lower bound of the identified set, Column (2) reports the upper bound, and Column (3) reports whether the identified set contains zero. Variable definitions and sources are presented in Appendix A.1. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Panel A: Firm Fixed Effects

Variable	(1) *Firm FE*	(2) *Firm FE and Industry-by-Year FE*
WBDUM	-0.089***	-0.060**
	(-2.625)	(-2.007)
SIZE	-0.101	-0.089***
	(-1.354)	(-2.830)
ROA	0.677***	0.532***
	(5.599)	(6.003)
SALEGR	-0.142***	-0.139***
	(-3.086)	(-3.211)
CASH	0.205	0.425*
	(0.728)	(1.916)
R&D	0.961*	0.512
	(1.840)	(1.537)
STOCK	0.044	0.028
	(0.418)	(0.281)
DEBT	0.087	0.155**
	(0.725)	(2.369)
CAPEX	0.628	0.972*
	(0.774)	(1.739)
TANGIBILITY	-0.077	0.325
	(-0.151)	(0.979)
LEVERAGE	-1.420***	-1.603***
	(-11.080)	(-14.891)
ASSETGR	-0.105***	-0.101***
	(-4.723)	(-5.951)
BM	-0.009	-0.009
	(-0.550)	(-0.846)
RE/TE	0.004**	0.004***
	(2.236)	(2.583)
TE/TA	-0.401***	-0.302***
	(-5.724)	(-5.529)
SALEVOL	-0.127	-0.167
	(-0.074)	(-0.094)
Constant	3.027	2.854
	(1.395)	(1.367)
Firm FE	YES	YES
Industry FE	NO	NO
Year FE	YES	NO
Industry-by-Year FE	NO	YES
Observations	99,349	99,349
R-squared	0.753	0.784

Panel B: Oster (2019) Test for Omitted Variable Analysis

Oster Condition	(1) Lower Bound	(2) Upper Bound	(3) Includes Zero?
Assume δ=1; $R_{max} = min(1.25\tilde{R}, 1)$	-0.1831	-0.2890	No
Assume δ=1; $R_{max} = min(1.5\tilde{R}, 1)$	-0.1831	-0.3949	No
Assume δ=1; $R_{max} = min(1.8\tilde{R}, 1)$	-0.1831	-0.5219	No
Assume δ=1; $R_{max} = min(2.0\tilde{R}, 1)$	-0.1831	-0.6066	No
Assume δ=1; $R_{max} = min(2.2\tilde{R}, 1)$	-0.1831	-0.6913	No
Assume δ=1; $R_{max} = 1$	-0.1831	-1.4910	No

Table 6

Difference-in-Differences Analysis

This table presents the results of the difference-in-differences analysis using the 2011 Dodd-Frank Whistleblower Program decision as the event. The main variable *NOFCA_G_POST* equals 1 when a firm is in a state with a state False Claim Act in any year prior to 2011 and the year is post-2011. *NOFCA_G_POST* measures unexposed firms (no FCA) following the Dodd-Frank Shock. This regression is adapted from Berger and Lee (2022) and uses firm and year fixed effects over a time period of 2002-2019. Column (1) reports the results of the difference-in-differences regression. The t-statistics presented in the parentheses below the variable coefficients are calculated based on robust standard errors clustered at the firm level. Variable definitions and sources are presented in Appendix A.1. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Variable	**(1)** ***DIV/TA***
NOFCA_G_POST	**-0.187*****
	(-3.050)
SIZE	-0.055
	(-1.491)
ROA	0.026***
	(3.492)
SALEGR	-0.048***
	(-2.899)
CASH	0.483***
	(4.112)
R&D	-0.199***
	(-2.701)
STOCK	0.249
	(1.175)
DEBT	-0.000
	(-0.000)
CAPEX	-0.132***
	(-3.492)
TANGIBILITY	0.153***
	(3.959)
LEVERAGE	-0.990***
	(-11.539)
ASSETGR	-0.028**
	(-2.061)
BM	1.034
	(1.180)
RE/TE	-0.020
	(-1.441)
TE/TA	0.001***
	(3.137)
SALEVOL	-0.007
	(-1.158)
Constant	-0.025
	(-0.022)
Firm FE	YES
Year FE	YES
Observations	89,944
R-squared	0.584

Table 7

Effects of Financial Inflexibility

This table presents the impact of financial uncertainty and inflexibility whistleblowing events on the dependent variable *DIV/TA*. Column (1) and (2) reports the impact of cash flow volatility and profit volatility, respectively. *HIGH CFVOL* and *HIGH PROFVOL* are the cross-sectional variables which equal 1 if the volatility is above the yearly median variable and 0 otherwise. All models account for Fama-French 48 industry fixed effects and year fixed effects. The t-statistics presented in the parentheses below the variable coefficients are calculated based on robust standard errors clustered at the firm level. Variable definitions and sources are presented in Appendix A.1. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Variable	**(1)** ***DIV/TA***	**(2)** ***DIV/TA***
WBDUM	-0.013	-0.074
	(-0.139)	(-1.052)
HIGH CFVOL	-0.335***	
	(-5.739)	
WBDUM # HIGH CFVOL	**-0.363****	
	(-2.529)	
HIGH PROFVOL		-0.316***
		(-4.211)
WBDUM # HIGH PROFVOL		**-0.274****
		(-2.270)
SIZE	0.118***	0.143***
	(11.878)	(5.820)
ROA	0.060***	0.268***
	(6.399)	(2.731)
SALEGR	-0.175***	-0.479***
	(-9.635)	(-4.745)
CASH	0.372**	0.361
	(2.519)	(0.960)
R&D	-0.860***	-1.948***
	(-8.065)	(-3.265)
STOCK	-0.159***	-0.241
	(-4.020)	(-0.916)
DEBT	0.283***	0.139
	(4.864)	(1.348)
CAPEX	-1.254***	-0.541
	(-4.150)	(-0.570)
TANGIBILITY	0.478***	0.987***
	(3.670)	(3.576)
LEVERAGE	-2.007***	-2.703***
	(-23.826)	(-15.884)
ASSETGR	-0.127***	-0.174*
	(-9.951)	(-1.952)
BM	-0.102***	-0.106***
	(-11.194)	(-5.226)
RE/TE	0.004***	0.013***
	(8.776)	(3.965)
TE/TA	-0.046***	-0.264***
	(-8.510)	(-3.824)
SALEVOL	-1.850	-1.074
	(-1.615)	(-0.354)
Constant	3.048**	2.396
	(2.472)	(0.696)
Industry FE	YES	YES
Year FE	YES	YES
Observations	93,062	93,122
R-squared	0.126	0.234

Table 8

Effects of Litigation Risk

This table presents the impact of litigation risk on whistleblowing allegations and dividends. We examine the impact of State Class Action lawsuits (SCA) on both *DIV/TA* and *WBDUM*. The SCA variable (*SUED*) equals 1 if the firm has a reported SCA in that year and 0 otherwise. Column (1) uses *SUED* as the independent variable and *DIV/TA* as the dependent variable. Column (2) uses *WBDUM* as the independent variable and *SUED* as the dependent variable. All models account for Fama-French 48 industry fixed effects and year fixed effects. The t-statistics presented in the parentheses below the variable coefficients are calculated based on robust standard errors clustered at the firm level. Variable definitions and sources are presented in Appendix A.1. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Dependent Variable:	**SCA Lawsuits**	**Dividends to Total Assets**
	(1)	**(2)**
Variable	***SUED***	***DIV/TA***
WBDUM	**0.592*** **	
	(4.369)	
SUED		**-0.166*** **
		(-3.136)
SIZE	0.280***	0.160***
	(22.954)	(7.738)
ROA	-0.192***	0.081
	(-7.694)	(1.147)
SALEGR	-0.126**	-0.195***
	(-2.002)	(-5.200)
CASH	1.499***	-0.596***
	(9.920)	(-3.078)
R&D	0.361	-1.124***
	(1.454)	(-5.437)
STOCK	-0.497***	-0.146
	(-3.165)	(-1.119)
DEBT	-0.048	0.305**
	(-0.344)	(2.070)
CAPEX	3.884***	-2.017***
	(5.615)	(-3.341)
TANGIBILITY	-0.716***	0.672**
	(-3.066)	(2.556)
LEVERAGE	0.799***	-2.088***
	(4.828)	(-13.213)
ASSETGR	-0.157*	-0.137***
	(-1.887)	(-4.217)
BM	-0.066**	-0.127***
	(-2.541)	(-4.159)
RE/TE	0.000	0.004**
	(0.134)	(2.296)
TE/TA	0.271**	-0.105**
	(2.033)	(-2.030)
SALEVOL	-0.390	1.217
	(-0.176)	(0.732)
Constant	-5.868*	-0.410
	(-1.865)	(-0.253)
Industry FE	YES	YES
Year FE	YES	YES
Observations	99,349	99349
R-squared	0.046	0.154

Table 9

Effects of Monitoring and Governance

This table presents the effects of monitoring and governance on the relationship between *WBDUM* and *DIV/TA*. For all cross-sectional tests, the samples were divided along the median value for each year. In Column (1) we present a test on institutional ownership where *HIGH INSTI* equals 1 if a firm has an above median percentage of institutional ownership and 0 if below. Column (2) uses number of analysts with *HIGH ANALYSTS* for the above median value. All models account for Fama-French 48 industry fixed effects and year fixed effects. The t-statistics presented in the parentheses below the variable coefficients are calculated based on robust standard errors clustered at the firm level. Variable definitions and sources are presented in Appendix A.1. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Variable	**(1)** ***DIV/TA***	**(2)** ***DIV/TA***
WBDUM	-0.311**	-0.301***
	(-2.259)	(-3.469)
HIGH INSTI	-0.335***	
	(-4.600)	
WBDUM # HIGH INSTI	**0.267***	
	(1.716)	
HIGH ANALYSTS		0.102**
		(2.210)
WBDUM # HIGH ANALYSTS		**0.230****
		(2.050)
SIZE	0.110***	0.147***
	(3.866)	(5.218)
ROA	4.055***	0.520*
	(8.160)	(1.950)
SALEGR	-0.681***	-0.438***
	(-5.603)	(-3.986)
CASH	0.734*	0.383
	(1.684)	(0.937)
R&D	-1.462	-3.246***
	(-1.308)	(-3.861)
STOCK	0.257	-0.324
	(0.672)	(-0.792)
DEBT	0.075	0.103
	(0.756)	(0.996)
CAPEX	-1.184	-1.251
	(-1.017)	(-1.220)
TANGIBILITY	1.143***	1.057***
	(3.957)	(3.753)
LEVERAGE	-2.660***	-2.939***
	(-13.119)	(-13.925)
ASSETGR	-0.179**	-0.224*
	(-2.424)	(-1.677)
BM	-0.087***	-0.085***
	(-3.110)	(-3.589)
RE/TE	0.012**	0.011***
	(2.225)	(2.781)
TE/TA	-0.958***	-0.667***
	(-4.275)	(-2.641)
SALEVOL	-1.012	-1.635
	(-0.365)	(-0.532)
Constant	2.876	3.151
	(0.891)	(0.895)
Industry FE	YES	YES
Year FE	YES	YES
Observations	73,726	77,960
R-squared	0.293	0.238

Table 10

Effects of Whistleblowing on Payout Flexibility

This table presents the impact of *WBDUM* on repurchases and payout flexibility. All variables use the same specification as the main baseline regression but different dependent variables. Column (1) presents a regression using *REP/PAYOUT* which is repurchases divided by dividends plus repurchases. Column (2) analyses *REP/TA* which is a similar specification to *DIV/TA*. Column (3) reports the impact of *WBDUM* on *REPDUM* which equals 1 if a firm repurchases and 0 otherwise. All model account for industry fixed effects (Fama-French 48) and year fixed effects. The t-statistics are presented in brackets below the variable coefficients. Variable definitions and sources are presented in Appendix A.1. *, **, and *** indicate to 10%, 5%, and 1% level of significance.

Dependent Variable:	**Repurchases**			**Total Payout**
Variable	**(1)** ***REP/PAYOUT***	**(2)** ***REP/TA***	**(3)** ***REPDUM***	**(4)** ***PAYOUT/TA***
WBDUM	0.083***	0.289**	0.067***	0.139
	(6.818)	(2.418)	(5.089)	(0.909)
SIZE	0.017***	0.232***	0.053***	0.365***
	(4.768)	(6.240)	(14.006)	(6.980)
ROA	0.089***	3.120***	0.116***	4.705***
	(4.363)	(7.336)	(4.737)	(6.813)
SALEGR	0.007	-0.390**	-0.047*	-1.019***
	(0.290)	(-2.072)	(-1.797)	(-3.720)
CASH	0.052	0.698	-0.098*	1.756**
	(0.921)	(1.229)	(-1.742)	(2.190)
R&D	-0.271**	1.768	-0.434***	-0.355
	(-2.367)	(1.027)	(-3.623)	(-0.158)
STOCK	0.038	3.107***	0.026	3.619***
	(0.600)	(3.406)	(0.439)	(2.764)
DEBT	0.049	1.046***	-0.006	1.170***
	(1.301)	(3.444)	(-0.167)	(3.665)
CAPEX	0.448*	4.325*	-0.051	4.405
	(1.943)	(1.691)	(-0.201)	(1.393)
TANGIBILITY	-0.223***	-0.261	-0.164**	0.684
	(-3.878)	(-0.376)	(-2.387)	(0.831)
LEVERAGE	-0.197***	-5.255***	-0.388***	-8.485***
	(-4.913)	(-16.798)	(-10.086)	(-19.989)
ASSETGR	-0.033***	-0.441***	-0.031***	-0.592***
	(-4.448)	(-4.361)	(-3.568)	(-3.854)
BM	0.019**	-0.157***	0.037***	-0.230***
	(2.291)	(-3.469)	(2.729)	(-3.540)
RE/TE	-0.000	0.025***	0.000	0.037***
	(-0.106)	(3.743)	(0.139)	(4.185)
TE/TA	-0.043***	-1.801***	-0.077***	-2.775***
	(-3.347)	(-7.048)	(-4.742)	(-6.814)
SALEVOL	0.841	9.275*	0.596	7.887
	(1.521)	(1.712)	(0.913)	(1.349)
Constant	-0.610	-8.275	-0.308	-5.132
	(-0.950)	(-1.322)	(-0.407)	(-0.754)
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Observations	93,752	93,752	93,752	93,752
R-squared	0.158	0.225	0.207	0.274

Appendix

Table A.1.

Variable Definitions

This table reports the definition and sources of the variables employed in the study. Variables are separated into main dependent variables used in the baseline regression, additional variables used in mechanism tests, and control variables. Variable names from Compustat are provided in parentheses.

Variable	Description
Main dependent variables	
WBDUM	Indicator variable which equals to 1 if a firm has a reported whistleblowing case, and 0 otherwise. Source: OSHA
DIV/TA	Cash dividends to total assets measured by (DVC/AT) multiplied by 100. Source: Compustat
DIV/IB	Cash dividends to income before extraordinary items measured by (DVC/IB). Source: Compustat
DIV/EBIT	Cash dividends to earnings before interest and taxes measured by (DVC/EBIT). Source: Compustat
DIV/MV	Cash dividends to market value using common shares outstanding and share price measured by (DVC/(CSHO x PRCC_F)). Source: Compustat
DIV/SALE	Cash dividends to net sales turnover measured by (DVC/SALE). Source: Compustat
DIVDUM	Indicator variable which equals to 1 if a firm has paid a dividend, and 0 otherwise (DVC). Source: Compustat
DIVCUT	Indicator variable equal to 1 if a firm reduces overall dividends from the previous year ($DIV/TA_{t-1} > DIV/TA_t$). Source: Compustat
NOFCA_G_POST	Indicator variable equal to 1 if a firm is unexposed to a state FCA and if firm-year is 2011 or onward and 0 otherwise.
WBDUM_PLACEBO	Randomly assigned indicator variable equal in mean to *WBDUM*.
NO_FCA_G_POST_PLACEBO	Randomly assigned indicator variable equal in mean to *NO_FCA_G* multiplied by *POST* if firm-year is 2011 or onward and 0 otherwise.
Additional variables used in mechanism tests	
HIGH CFVOL	Indicator variable equal to 1 if a firm-year has a cash flow volatility (OANCF/SALE) higher than the annual median. Source: Compustat
HIGH PROFVOL	Indicator variable equal to 1 if a firm-year has a profit margin volatility (NI/SALE) higher than the annual median. Source: Compustat
SUED	Indicator variable equal to 1 if a firm has a reported SCA lawsuit in given firm-year. Source: Stanford Law School, Securities Class Action Clearinghouse
HIGH INSTI	Indicator variable equal to 1 if a firm-year has institutional ownership percentage higher than the annual median and 0 otherwise. Source: Thomson-Reuters Institutional Holdings (13F) database.
HIGH ANALYSTS	Indicator variable equal to 1 if a firm-year has a reported number of total analysts higher than the annual median. Source: IBES

REP/PAYOUT	Share repurchases divided by total payout of repurchases and dividends (DVC/(DVC+PRSTKC)). Source: Compustat
REP/TA	Share repurchases to total assets measured by (PRSTKC/AT) multiplied by 100. Source: Compustat
REPDUM	Indicator variable which equals to 1 if *PRSTKC* is positive, and 0 otherwise. Source: Compustat
PAYOUT/TA	Total payout of repurchases and dividends divided by total assets (DVC+PRSTKC)/AT) multiplied by 100. Source: Compustat. Source: Compustat
Control Variables	
SIZE	Size of a firm measured by the natural log of total assets (AT). Source: Compustat
ROA	Return on assets measured by EBITDA (*EBITDA*) divided by lagged total assets (*AT*). Source: Compustat
SALEGR	Natural logarithm of the change in revenue ($REVT/REVT_{t-1}$). Source Compustat
CASH	Current cash holdings (CHE/AT). Source: Compustat
R&D	Research & development costs divided by total assets (XRD/AT). Source: Compustat
CAPEX	Capital expenditure costs divided by total assets (CAPX/AT). Source: Compustat
TANGIBILITY	Property, plant & equipment divided by total assets (PPENT/AT). Source: Compustat
STOCK	Stock issuance for each firm-year scaled by total assets (SSTK/AT). Source: Compustat
DEBT	Debt issuance for each firm-year scaled by total assets (DLTIS/AT). Source: Compustat
LEVERAGE	Ratio of long-term debt (DLTT) and current liabilities (DLC) to long-term debt and current liabilities plus equity (DLC+DLTT)/(DLC+DLTT+PRCC_F*CSHO) Source: Compustat
ASSETGR	Yearly change in total assets (AT/AT_{t-1}). Source: Compustat
BM	Book-to-market ratio (CEQ/(PRCC_F*CSHO)). Source: Compustat
SALEVOL	Standard deviation of sales (SALE) for each firm from the previous 4 years (minimum 3 years) scaled by average total assets over the same period (AT). Source: Compustat.
RE/TE	Ratio of retained earnings to total stockholders' equity (RE/CEQ). Source: Compustat
TE/TA	Ratio of total stockholders' equity to total assets (CEQ/AT). Source: Compustat

Table A.2.

Sample Construct

This table presents the sample construct of the final sample used in the analysis. The final sample consisted of 99,349 firm-year observations including 1,329 whistleblowing allegation cases.

Panel A: Sample selection process for main regression		
Sample Source	Observations	
Number of firm-year observations from 2000-2023		268,309
Less:		
Observations outside of 2002-2023	44,648	
Missing variables from missing controls	124,312	
Total excluded from sample		168,890
Final sample during 2002-2023		**99,349**

Panel B: Sample selection for whistleblowing cases		
Sample Source	Observations	
Whistleblowing cases received from the Occupational Safety and Health Administration		7,057
Less:		
OSHA cases without GVKEY in Compustat	3,147	
Duplicates whistleblowing cases for each firm-year	2,581	
Total excluded from sample		5,864
Final sample of whistleblowing cases 2002-2023		**1,329**

Table A.3.

Proof of Balance in Entropy Balancing Test

This table presents the mean, variance and skewness of the treatment and control group before and after entropy balancing using the *ebalance* function on Stata. Variable definitions and sources are presented in Appendix A.1.

	Before Entropy Balancing					
	Treatment Group			**Control Group**		
Variable	**Mean**	**Variance**	**Skewness**	**Mean**	**Variance**	**Skewness**
SIZE	9.027	6.156	-0.684	6.027	7.426	-0.337
ROA	-0.009	0.327	-29.93	-0.267	2.581	-9.418
SALEGR	0.066	0.073	1.797	0.079	0.198	0.334
CASH	0.149	0.028	2.1	0.202	0.051	1.52
R&D	0.028	0.005	6.12	0.061	0.024	4.514
CAPEX	0.025	0.012	10.86	0.073	0.065	5.897
TANGIBILITY	0.093	0.043	5.118	0.111	0.059	3.945
STOCK	0.036	0.002	3.18	0.04	0.003	3.075
DEBT	0.194	0.044	1.363	0.218	0.059	1.285
LEVERAGE	0.305	0.069	0.879	0.256	0.066	0.961
ASSETGR	1.113	0.388	12.44	1.168	0.65	8.159
BM	0.447	0.836	-5.894	0.502	1.365	-3.073
RE/TE	0.423	41.9	-0.789	-0.546	162.1	-0.308
TE/TA	0.316	0.742	-30.9	0.089	6.04	-9.798
SALEVOL	1.144	0.155	-2.391	1.086	0.205	-1.87
	After Entropy Balancing					
	Treatment Group			**Control Group**		
Variable	**Mean**	**Variance**	**Skewness**	**Mean**	**Variance**	**Skewness**
SIZE	9.027	6.156	-0.684	9.027	6.156	-0.685
ROA	-0.009	0.327	-29.93	-0.009	0.327	-29.92
SALEGR	0.066	0.073	1.797	0.066	0.073	1.797
CASH	0.149	0.028	2.1	0.149	0.028	2.1
R&D	0.028	0.005	6.12	0.028	0.005	6.121
CAPEX	0.025	0.012	10.86	0.025	0.012	10.87
TANGIBILITY	0.093	0.043	5.118	0.093	0.043	5.118
STOCK	0.036	0.002	3.18	0.036	0.002	3.18
DEBT	0.194	0.044	1.363	0.194	0.044	1.363
LEVERAGE	0.305	0.069	0.879	0.305	0.069	0.879
ASSETGR	1.113	0.388	12.44	1.113	0.388	12.44
BM	0.447	0.836	-5.894	0.447	0.836	-5.894
RE/TE	0.423	41.9	-0.789	0.423	41.9	-0.789
TE/TA	0.316	0.742	-30.9	0.316	0.742	-30.88
SALEVOL	1.144	0.155	-2.391	1.144	0.155	-2.391