

The Chair of Corporate Finance and Governance organizes a research seminar in finance on

Tuesday, October 19, 2021, 5:15pm-6.45pm, room C230

**Jean-Philippe WEISSKOPF**  
(Ecole Hôtelière de Lausanne)

## **"Online Reputation and Debt Capacity"**

Abstract: This paper explores the effects of online customer ratings on financial policy. Using a large sample of Parisian restaurants, we find a positive and economically significant relation between customer ratings and restaurant debt. We use the locally exogenous variations in customer ratings resulting from the rounding of scores in regression discontinuity tests to establish causality. Customer ratings have a stronger impact on debt when information asymmetry is higher. They affect financial policy through a reduction in cash flow risk and greater resilience to demand shocks. Restaurants with good ratings use their extra debt to invest in tangible assets.

**The research seminar is open to all interested persons**