WORKING PAPER

The influence of a smoking ban on the profitability of Belgian restaurants

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ABSTRACT

Objective: To examine whether the nationwide smoking ban, imposed in 2007, had an impact on the profitability of Belgian restaurants.

Data and methods: Objective financial reporting data on 1,613 restaurants were analysed with return on assets as the outcome measure. The data were collected from the Belfirst database and cover the period 2004-2009. To assess the impact of the smoking ban, a differences-in-differences estimation method was used, with bars serving as the control group. The regression model was estimated, while controlling for firm-specific characteristics and unobserved firm-level heterogeneity.

Results: The variable of interest is the interaction between the smoking ban dummy and the dummy for the treatment group. The coefficient of this variable is insignificant.

Conclusion: The adoption of the nationwide smoking ban did not affect the profitability of Belgian restaurants.