

The role of embeddedness on regional economic resilience

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We study the role of local industrial embeddedness on economic resilience to the 2008 Great Recession (GR) in 256 NUTS2 regions. The GR had profound effects in regions, which showed divergent experiences based on their capacity to avoid or overcome the shock. Economic resilience has been brought to the centre of attention with several contributions on its determinants. However, the embeddedness of local economic systems in terms of sales and supplies and their effects on economic resilience have been largely unexplored. This paper aims at filling this gap using regional input-output tables to approximate the embeddedness of local economies between 2000 and 2010. Results suggest that during the GR, regional industries opted to change input rather than output markets whilst the embeddedness of their sales had a curvilinear relationship to regional resistance to the recession. These findings differ across sectors.