

**HOW REGION REACT TO COVID SHOCK:
THE ROLE OF STRUCTURAL CHANGE ON REGIONAL ECONOMIC
RESILIENCE**

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ABSTRACT

A recent significant shock has affected the global economy in the last ten years is the Covid19 shock. Depending on regional resiliency, the effect might vary between regions. This study aims to investigate how structural change affects regional resilience both before and after Covid19. We discover two distinct circumstances (before and during the Covid19 shock) that influence whether structural restructuring enhances regional resilience. The results demonstrate that Covid19 has a variety of deleterious consequences on regional resilience. Furthermore, improving a sector's productivity considerably benefits resilience under normal circumstances (prior to Covid19). However, regional resilience is highly positively affected if a sector has increased productivity and concurrent employee migration to other sectors with higher productivity during the Covid19 shock. Therefore, when the circumstance is stable, production becomes more crucial. However, amid a shock, the company and its employees' flexibility and agility are more crucial.

Keywords: Structural Change, Regional Resilience, Covid19, Shock, Transformation