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Digitalization and Resilience

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Abstract

This paper investigates the role of digitalization in improving economic resilience. Using balance sheet data from 24,000 firms in 75 countries, and a difference-in-differences approach, we find that firms in industries that are more digitalized experience lower revenue losses following recessions. Early data since the outbreak of the COVID-19 pandemic suggest an even larger effect during the resulting recessions. These results are robust across a wide range of digitalization measures—such as ICT input and employment shares, robot usage, online sales, intangible assets and digital skills listed on online profiles—and several alternative specifications.

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