


# Chapter 3

## Patterns of Self-Sufficient Companies' Network Interaction Reorganization Due to COVID-19: Dialectics of Organizational Structures Optimization


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### ABSTRACT

*The self-sufficient companies are dialectically complex formations capable of self-movement through downward and upward causation mechanisms. They become drivers for constructing the future reality. As backbone elements of the economic system, resilient companies change both the internal structure and the external one. Under the influence of the pandemic, the technological revolution 4.0, the downward causation mechanism induces organizational changes within the companies while the upward causation one does the same with their external networking interactions. Thus, they build new structural relationships as the future economic system basis, distinguished by the dialectical interaction of the economy and society with the dominance of social preferences of individuals. Such a transformation occurs as self-sufficient companies build up intangible assets; build corporate ecosystems based on technological platforms; introduce diversity, equity, and inclusion principles into intra-company structures; and include ecological, social, and governance issues in their development strategies.*

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## **BACKGROUND**

The COVID-19 pandemic has radically changed the prevailing ideas about the possibility of extraordinary changes in the economy, society, and companies, which were expressed in the calls of the World Economic Forum for Great Reset. At the same time, many obstacles arose on the way to the New Normal after COVID-19, which are due to the absolute uncertainty of the future reality (Okamoto, 2020). In this regard, there is an urgent need to rethink fundamental changes in the past and present in order to understand the patterns of formation of post-COVID-19 reality. In the chapter of this book titled “Dialectics of self-movement of resilient companies in the economy and society post COVID-19: patterns of organizational transformations of networking interactions” the authors present their vision of the main driver of the processes of system formation of the future reality and justify theoretically their choice of self-sufficient companies in this capacity. They have demonstrated their ability to change their internal structure and participate in the organization of the system’s structure at the macro level. This is explained by the fact that, having become self-sufficient, these companies have acquired the ability to quickly adapt to the changed conditions of their functioning by “destroying” non-working interactions and by “creating” new structural ties. Of great importance is the fact that as a result of “creative destruction”, according to J. Schumpeter (1949), the object, subjective and process components of the processes of system formation change. The object component of the organizational relations of self-sufficient companies is associated with an increase in the variety of new assets in the exchange, the subject component concerns the participants of the exchange, and the process component is represented by the interaction of downward and upward causation mechanisms at the disposal of companies.

With the help of the downward causation mechanism resilient companies structure their internal organization as to object and subject components. In fact, self-sufficient companies do the same in connection with the objective and subjective components of the processes of structure formation through the upward causation mechanism. Based on the developments of such representatives of institutional theory as O.E. Williamson (1985), R.H. Coase (1988), G.M. Hodgson (1988b), the authors identified a dialectical pair of causation mechanisms in the hands of self-sufficient companies that are able to transform both the internal organizational structure of their business and external networking interactions with their help. At the same time, the difference in the operation of these mechanisms at the disposal of these companies lies in the fact that in a static economic system these changes complicate its structure, reproducing the constant relationships, both at its horizontal level and in the formation of a vertical structural hierarchy. In other words, downward and upward causation mechanisms strengthen the integrity of a static economic system, but up to its certain limit state. The dialectical leap of the system from statics to dynamics is also mediated by self-sufficient companies. It only begins with the destruction of the structure of a static economy, when the levels-causes and levels-effects, built in the form of upward vertical structures, change the vector of their movement to the opposite - towards downward causation relationships. As a result, the structure of system integrity is destroyed and it loses the mechanism of its own self-organization. This is how the conditions are formed for the dialectical leap of a static economic system into the complete uncertainty of a future dynamic reality. And the main role in breaking the evolutionary continuity is played by the structure-forming elements of the system, which are self-sufficient companies. The most important moment of such creative transformation by companies of internal and external networking interactions is their role as the demiurge of structuring post-COVID-19 reality both in terms of the object and subjective components, and in the context of the process component of

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