LIFE AFTER THE PANDEMIC: BUSINESS RELATIONS IN THE POST-COVID-19 WORLD

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ABSTRACT: *The paper approaches the COVID-19 pandemic from a social, cultural and economic perspective, in an attempt to show that this global health emergency brought about a paradigm shift on every level of contemporary society, changing it irreversibly. In this context, the paper analyzes the immediate and long-term response of our 'network society' to the 2020 world crisis, as well as the impact of the new social dynamics on the economic environment and business relations.*

KEY-WORDS: *COVID-19, pandemic, business relations, network society, post-COVID-19 world*

JEL CLASSIFICATION: *Z13*

1. THE 'NETWORK SOCIETY' AND THE COVID-19 PANDEMIC

1.1. The 'network Society'. Social and economic dimensions

The concept of **network society** was set forth by Spanish sociologist Manuel Castells in his trilogy *The Information Age: Economy, Society and Culture,* where he integrates it in his theory regarding the impact of information technology on the evolution of contemporary society. In the first volume of the trilogy, entitled *The Rise of the Network Society* (1st ed.1996), he shows that the unprecedented information flow due to the surge of communication technologies in the last three decades of the XXth century had deep ontological implications, such as the need to reconsider time and space, values and human relations, which, in turn, supported a paradigm shift in the dynamics of social organization, marking the transition from the industrial society to the informational society.

According to Castells, the driving force of the network society is the informational flow, which redefines space-time dynamics and reconsiders the

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traditional perception of the two concepts. Thus, the possibility to establish instantaneous connection with virtually any point of the planet annihilates the traditional concept of space as well-defined geographic entity with a separating function and proclaims the supremacy of the virtual *space of flows*, whose function is to unite in synchronous, real-time communication. On the other hand, since instantaneous connection is incompatible with traditional chronological sequence, linear time is necessarily replaced by the more volatile concept of *timeless time* (Castells, 2010, p. 146).

Social and economic dimensions of the network society

Ultimately, the paradigm shifts from the industrial era to the informational age redefined every aspect of human existence from social interaction to business relations and models. In this sense, Castells points out two major implications of the network society dynamics regarding the evolution of human society. The first, defined as *the dominance of the Net over the Self* refers to the psychological mechanisms driving virtual communication, as well as to the responses and behaviors pertaining to it. The increasing predominance of the virtual over the real in the past decades has taken its toll on people's capacity to distinguish between the two. At the same time, the shift from real to virtual communities involved new perspectives on identity and interpersonal relations, as well as specific power relations between people with different degrees of IT literacy. The second is what he called *the informational economy*, based on „a new mode of development, informationalism, of which networking is a critical attribute" (Castells, 2010, p. 162). This statement is meant to emphasize that, in the information era, every aspect of economy, from competitiveness to employment standards, and from organizational structure to communication and labor patterns is redefined from the perspective of networking.

The tendency identified by Castells in the 1990's has evolved exponentially over the past two decades, as direct human interaction has lost so much ground in favor of virtual communication that we can safely state that most of contemporary social life unfolds within the virtual space, whose volatility shapes new patterns of thought and behavior, fosters new perceptions of reality and social relations, ultimately leading to the dissolution of social cohesion. The emergence of the synchronous and the instantaneous shattered chronological sequence and fundamentally changed the way in which people experience reality. Thus, under the pressure of the overwhelming flow of information, comprehension by gradual construction of meaning was dispersed into fragmentary experience, based on the struggle to extract sense from a series of disparate moments and perspectives. Ultimately, this fragmentation of experience erodes the very structure of society, since it generates in the individual a sense of uncertainty, ambiguity and alienation.

In this context, it becomes obvious that information technology plays a paradoxical role in the contemporary world, being the motor of its development and destruction at the same time. The most relevant argument in this sense is the way in which people's patterns of thought and behavior have evolved in the first two decades of the 21st century, shaping their response to the natural and social environment. Thus, a phenomenon with crucial impact on the evolution of contemporary society is the so-called *Reverse Flynn effect*, a term set forth in recent research dedicated to the

evolution of IQ as a result of environmental and technological changes (Bratsberg & Rogeberg, 2018). In their research article entitled *Flynn Effect and Its Reversal Are Both Environmentally Caused*, the two Norwegian authors start from a 1984 study conducted by American philosopher and intelligence researcher James Flynn, who documents a constant rise in the standardized intelligence test scores throughout the twentieth century, attributing the phenomenon to such environmental factors as better nutrition, improved education, and increased complexity of the social environment (Flynn, 1984, pp. 29-51). The research conducted by the two Norwegian scholars on subjects from developed countries such as Norway, Finland, Denmark, France, and the US, reveals a decline in the average IQ scores starting in the 1990s, reversing the tendency of the previous five decades shown in Flynn's studies.

At this point, it is interesting to notice that, although they present a reverse tendency, the authors point to the same causes as their predecessor and emphasize the importance of cognitive changes pertaining to it. By noticing that intelligence standards themselves are historically determined, so that earlier generations would display a different IQ level if tested with modern norms, Flynn actually suggests that, in order to explain its impact on the development of society, the evolution of human intelligence should be approached not from the perspective of its measured level variations, but from the more subtle perspective of the quality changes in its underlying cognitive processes. Similarly, the Norwegian study points out how a number of environmental changes specific to the digital age (the surge of smart gadgets and the internet, the decreased focus on traditional cognitive skills in curricula) create a comfort zone that favors rapid interactions and eliminates intellectual effort, with such long-term effects as: reduced attention span and lack of deep, abstract thinking; dropping levels of verbal and mathematical reasoning; the decline of problem-solving abilities and pattern recognition. (Bratsberg & Rogeberg, 2018).

Based on the above, we can summarize the **social dimensions** of the network society as it follows:

- Volatile social relations fostered by the virtual space that provides an unstable communication environment, adequate for short term interaction, and polarized by unrestrained expression of opinion;
- The disconnection and alienation of individuals, supported by the social media that enable rapid, but illusive, and even hazardous interaction;
- Undiscerning management of information and vulnerability to manipulation, in the absence of critical filtering and analysis of sources;
- Fading social skills and low level of emotional intelligence, manifest through irresponsible, and often aggressive expression of personal opinion and intolerance to contradiction;
- Power relations established on grounds of IT related skills.

These dimensions made a crucial contribution to the emergence of new economic models, generically called the *digital*, or the *informational economy*. As the material foundations of society are reorganized around the space of flows and timeless time, economy follows the lead and breaks free from geographical borders, plunging irreversibly into the virtual space, with the following consequences:

- The growing impact of IT on the way in which goods are produced, consumed and traded, given the rise smart production technologies, on-line marketing, and e-commerce;
- Data flows and IT know-how become key production factors that ensure competitiveness on an increasingly global market;
- The globalization of economy through cross-border movement of goods, capital, and workforce;
- A new division of labor between developed and developing countries, to the obvious advantage of the former, which consolidate their position as advanced producers to the detriment of the former, which lag behind as providers of cheap resources and work force;
- Increasing inequality between developed and developing economies on the global market, as a direct consequence of the above;
- Dramatic changes in the skills and competences of employees, under the pressure of technological progress, and the increasing need for IT literacy;
- Increasing vulnerability of national economies in the unfair competition between developed and developing countries on the global market, as the relationship between capital and labor is shaped by the degree of investment in new technologies and the level of know-how (Castells, 2010, pp. 501-502, 505-506).

As it follows from the above, the network society has brought about deep quality changes in human experience, primarily determined by the computer-mediated communication systems. In the global society, the flow of information becomes the foundation of social organization and technological connectivity acts as the motor that drives the development of a world that tends to 'shrink' geographical boundaries and elude and historical time, with consequences impossible to assess in the long run. However, in the uncertainty generated by the fragmentariness of the contemporary world, we should be prepared for the moment when "we shall have to look at ourselves in the mirror of historical reality. And we may not like the vision." (Castells, 2010, pp. 508-509)

1.2. The impact of the COVID-19 pandemic on the network society

Such a moment of self-analysis in the history of contemporary world was the COVID-19 pandemic, which represented the ultimate challenge of the postmodern society, putting to test its capacity to respond to crisis and magnifying its vulnerabilities. Between its outbreak in China in December 2019 and its official end declared by the WHO on May 5, 2023, the COVID-19 pandemic shocked the contemporary society into chaos and changed irreversibly every aspect of human life, from mentality and behavior patterns to economic relations, health policies and education models. systems. The speed of social and economic change far exceeded people's coping capacity, throwing mankind into a state of perplexity with long-term psychological and emotional consequences.

From a larger perspective, the whole contemporary world was forced out from its familiar environment into a space of confusion and uncertainty, where the established social system was severely challenged, calling for the reassessment of its

underlying mechanisms. At the same time, the panic induced by the uncontrollable spread the virus fostered a sense of vulnerability and panic, eroding social trust and acting as a catalyst for deep transformations in every aspect of the network society, with both immediate and long-term effects.

Ultimately, the crisis acted as a magnifying glass, showing the deep fault lines in the operation of the network society as a whole.

The **immediate effects of the COVID-19 pandemic** on the network society are the following:

- **Psychological and behavioral changes** emerged under the pressure of social restrictions meant to disrupt daily life. The restrictions of the lockdown period, for instance, exacerbated the sense of isolation and uncertainty, inducing high levels of stress, confusion and anxiety. Constantly fueled by an unprecedented level of misinformation in mass media and social media, these psychological distortions elicited compulsive behaviors such as exaggerate use of hand sanitizer and hysteric shopping of food and other staple items. Ultimately, the dissolution of trust in the community and institutions threw people's everyday life was into a state of permanent suspicion and irrepressible fear of the other, of being infected or of being hospitalized.
- **Changes in communication** followed as a result of adaptive behaviors, in the sense that all human interaction moved into the virtual space, where digital communication platforms and social media replaced face-to-face communication in every type of social relations (Drake, 2022, www.medicalnewstoday.com)
- **The disruption of the educational system** in the aftermath of world-wide school closures, which deepened social isolation with irreversible social and emotional impact on the young, and sharpened the inequality between developed and developing societies in terms of education accessibility (www.nationalacademies.org/projects/DBASSE-BCYF-21-02).
- **Changes of work models** as a result of lockdown, in fields where activities were already confined to the virtual space (accounting, sales, marketing) or in traditionally face-to-face encounters (briefings, meetings, conferences, presentations, etc.). Thus, the pandemic period generalized the use of already existing specific meeting platforms and led to the emergence of new ones, alongside with the concept of telework, common for white-collar employees (Hyderally, 2023).
- **Changes in consumer behavior** under the form of new spending patterns related with the social isolation imposed by the lockdown, such as: a dramatic increase in online shopping; the surge of household spending on IT equipment and smart home appliances for communication, comfort and entertainment; excessive buying of staple items under the pressure of the collective panic of shortage.
- **Misinformation and disinformation** through social media and mass media, facilitated by the volatility and intransparency specific to communication in the virtual space, where expression of opinion is incontrollable and source verification is more difficult.

- **Exacerbation of pre-existing social inequalities** between developed and developing nations in terms of access to quality healthcare, education, and computer-based communication (Magesh, et al., 2021).

2. THE BUSINESS ENVIRONMENT IN THE POST-PANDEMIC WORLD

As it follows from the above the COVID-19 pandemic acted as a powerful catalyst for dramatic changes in the contemporary society shaping the world as we know it today. The already existing force lines of the network society were reinforced in the context of the world crisis with major impact on the global economy, compelled to respond to the new challenges alongside with all the other fields of social life.

The major responses to the new environment were the following:

The accelerated digital transformation of industry by integrating IT into all business areas in order to increase productivity, to ensure informed decision-making, as well as to enhance competitiveness on the global market and adaptability to higher customer demands. Apart from the advanced automation that optimizes manufacturing processes, companies started to invest in staff education and training meant to improve IT literacy and to shape a mentality open to progress.

Massive changes in workforce dynamics, with the transition towards remote and hybrid work models, which call for new approaches to staff management and organizational culture. Moreover, the transition to remote work seems to be irreversible, since the lockdown period during the world health crisis seems to have redefined the concept of 'workplace' from the perspective of the space of flows and timeless time, turning it from fixed physical location to a flexible, limitless environment. The long-term effects of this shift are still to be discovered, but a survey carried out by the Stanford Institute for Economic Policy Research in 2022 already reveals the development of massive resistance to returning to work on the business premises after two years of lockdown, as less than half of the interviewed employees (48.5%) stated that they had accepted to resume on-site work if their employer required them to do so for a full week (https://siepr.stanford.edu/publications/work/great-resistance-getting-employees-back-office).

Companies reorient their marketing strategies as a result of the unprecedented alterations in consumer behavior and expectations due to the so-called 'digital shift' in communication brought about by the pandemic. During the lockdown period, customer interactions migrated massively to the virtual space, with "many companies reporting that over 80% of their customer interactions became digital in nature" (Vranica & Robinson, 2023, https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/emerging-consumer-trends-in-a-post-covid-19-world). The rise of digital platforms as predominant spaces of interaction, have fostered higher customer expectations, which reach beyond the mere digital access of traditional e-commerce and cover more sophisticated needs such as highly interactive services and personalized experiences.

The integration of AI into the economic environment, which fundamentally upgraded business operations, from product design and manufacturing to marketing and decision-making. During the pandemic period, AI pervaded all the business fields

and triggered the most far-reaching paradigm shift of the 21st century, namely the transition from human-centered to AI-augmented operations (Bharati, 2020). The long-term consequences of this shift regarding contemporary and future business models are yet to be discovered. At this moment, it becomes obvious that AI's ability to process massive data volumes instantaneously and respond to changing conditions with unprecedented speed will make certain occupations and jobs redundant creating entirely different organizational structures in the near future. Consequently, there will be an ever-growing pressure exerted by the rapidly changing work environment on the individual, whose employability depends more and more on the so called 'growth mindset', a generic term for the openness to continuous education and training in order to keep up with the transformations of the labor market.

3. CONCLUSION

The post-COVID-19 displays an irreversibly altered landscape of business relations, shaped by the widespread adoption of advanced technologies and profound shifts in consumer behavior. As if follows from the previous sections, the COVID-19 pandemic appears to have exacerbated the two fundamental dimensions of the network society - the space of flows and timeless time - irreversibly shaping the contemporary world and the way in which we experience it.

Thus, the world health crisis determined a profound change on the level of global economy due to its impact on company structure and dynamics. The network society provided an adequate environment for the reinterpretation of the concept of workplace and for the transition from traditional on-site to remote and hybrid work models, which seem to consolidate their position in the post-pandemic world. The rapidly changing business environment, where professional skills become obsolete in a matter of a few years, influences workforce dynamics by putting pressure on the employees in terms of job security and the need for upskilling as part of the of lifelong learning culture.

Finally, Artificial Intelligence catalyzed dramatic transformations in business operation models and decision-making processes. On the other hand, AI's capacities, such as natural language processing, performing complex automated tasks, processing huge amount of data and, the most awe-inspiring of all, learning through analysis of information from vast data bases in order to improve its own performance accelerate the shrinking of human-centered operations and, implicitly, generate the need for further workforce adaptation and the development of new business models.

All this enhances the volatility of the global environment, promoting such attributes of long-term business success as adaptability, resilience, proactive attitude towards change, and responsible use of advanced technologies, especially AI.

Ultimately, the effects of the COVID-19 pandemic should be seen as a magnifying mirror in front of which the network society was forced to confront its fragility in spite of its unprecedented technological progress. At this point, it is obvious that the rapid development triggered by the world crisis was inherently beneficial, but its long-term effects depend on the lessons we learned from the challenge.

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