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THE ONTOLOGICAL DISSONANCE OF CORPORATE DEGROWTH: DECONSTRUCTING MULTINATIONAL STRATEGIC CONTRACTION AND SUPPLY CHAIN DEMATERIALIZATION AMIDST MANDATORY GLOBAL CONSUMPTION THRESHOLDS

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ABSTRACT.

Modern management discourse currently faces an existential crisis due to an absolute dependence on economic growth that exceeds the planet's ecological boundaries. This research aims to dissect the narrative of strategic contraction in multinational corporations (MNCs) and explore the application of dematerialization concepts amidst the fundamental contradictions of traditional management logic. The methodology employed is an aporetic and iterable deconstruction model, encompassing a Double Commentary phase to map the internal logic of MNC strategic documents and Disruptive Reading to expose the internal contradictions within corporate narratives. The results indicate that corporations are trapped in ontological dissonance; operational reduction measures are often parasitic to capital accumulation, as they are only implemented in non-competitive units while growth ambitions are maintained in other sectors. Furthermore, dematerialization through servitization schemes faces significant barriers in the form of linear cultural inertia and short-term profitability dilemmas. It is concluded that authentic sustainability demands a radical revision of organizational identity, where planned operational reduction and the adoption of absolute ecological allowance standards become imperative. Strategic recommendations include the use of absolute performance metrics reflecting Earth system boundaries and the redefinition of organizational purpose through ontological diagnostics to achieve systemic resilience in an era of global consumption thresholds

Keywords: *Corporate Degrowth; Dematerialization; Ontological Dissonance; Strategic Contraction; Supply Chain*

INTRODUCTION

Presently, modern management discourse is undergoing an existential crisis triggered by an absolute dependence on economic growth as its primary foundation. For over fifty years, multinational corporations (MNCs) have been entrenched in a mindset that regards the indefinite increase in production volume and capital accumulation as the sole benchmark of organizational success. However, the intensifying global environmental crisis characterized by the transgression of planetary ecological boundaries has created a fundamental conflict between corporate obsession with growth and the reality of Earth's finite physical resources (Talbot, 2024). This gap is not merely a matter of strategic misalignment;

it represents a fundamental contradiction at the level of ontological assumptions regarding the nature of reality, the role of institutions, and the logical relationship between corporations and the natural world (Moleka, 2025).

Efforts to pursue economic growth aligned with environmental preservation, commonly known as 'green expansion' have historically relied on the assumption of an absolute decoupling between economic output and ecological degradation. Nevertheless, empirical findings in recent literature indicate that such decoupling phenomena are often relative and temporal, rendering them insufficient to meet the urgent climate targets mandated by the Paris Agreement. This failure is exacerbated by rebound effects and the externalization of environmental burdens through the relocation of operational impacts to peripheral regions. This practice frequently negates the technological efficiency gains achieved by MNCs in developed nations (Cerkini et al., 2025). Consequently, these conditions necessitate the urgency of a planned operational reduction paradigm, a proposition concerning the strategic contraction of production volumes and resource consumption to achieve ecological equilibrium and sustainable social justice.

In the realm of corporate law and architecture, volume expansion is frequently regarded as an intrinsic imperative to guarantee returns for capital providers. However, contemporary Marxist analysis reveals a paradox: amidst systemic crises, capital may actually necessitate planned operational reduction to mitigate the risk of total value destruction. Within this conceptual framework, scaling down is not perceived as financial failure, but rather as a strategic decision to cease economic activities that degrade the environment (Maier, 2024). This strategy demands a repositioning of multinational corporations (MNCs), transforming them from mere instruments of accumulation into entities operating within the corridors of mandatory global consumption allocation. This refers to a standard of material and energy consumption limits established based on ecological carrying capacity parameters and distributed equitably at a global level.

Efforts to implement supply chain dematerialization constitute a decisive element in this transition process. The concept of dematerialization is not confined to administrative aspects, such as the use of e-invoicing for mere financial efficiency; rather, it encompasses a fundamental transformation toward servitization models. Within this framework, economic value is generated through the provision of functions and services, shifting the focus away from the physical ownership of goods.

Nevertheless, the implementation of these concepts within the manufacturing sector encounters significant obstacles, ranging from the conflict between profit acquisition and sustainability principles to the deeply entrenched nature of linear business cultures. Without a critical dissection of internal corporate logic, dematerialization measures risk becoming superficial adjuncts that reinforce existing power structures rather than catalyzing transformative change. This disharmony is also evident in the manner in which energy sector firms respond to pressures regarding ESG (Environmental, Social, and Governance) principles. Various studies indicate that while ESG performance correlates with financial outcomes, strategic adaptation measures that are excessively drastic or insufficiently developed risk triggering organizational instability due to substantial restructuring costs and internal resistance.

Consequently, corporations are required to align ESG ambitions with empirical realities. A tangible threat of de-industrialization exists if transition processes are conducted without considering energy security and climate justice for the broader society (Wang et al., 2025). In the era of Mandatory Global Consumption Thresholds, multinational corporations (MNCs) are compelled to fundamentally redesign their consumption trajectories. For instance, developing nations currently require emission pathways significantly lower than those historically utilized by developed nations to achieve comparable standards of welfare. This condition necessitates substantial reductions in conventional energy consumption and the adoption of highly efficient clean innovations. Accordingly, this research aims to dissect the narratives surrounding strategic contraction within MNCs. Furthermore, it explores the practical application of dematerialization concepts amidst fundamental logical contradictions,

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employing philosophical and diagnostic approaches that transcend traditional management conventions.

II. LITERATURE REVIEW

Corporate Degrowth Paradigm and Energy Infrastructure Dematerialization

The transition of infrastructure to non-metallic materials is theoretically defined as a technical manifestation of supply chain dematerialization. Within the framework of *The Ontological Dissonance of Corporate Degrowth*, this phenomenon is not merely a cost-efficiency strategy but a form of infrastructural adaptation to global consumption thresholds. The integration of these materials into the hydrocarbon industry serves as a solution to the ontological challenges of providing energy through distribution systems that are cleaner and more materially sustainable (Zubail et al., 2021).

Strategic Contraction: Navigating the Dissonance Between Growth and Ecological Boundaries

Previous research indicates that corporate legal architecture possesses an inherent tendency to initiate planned operational reduction mechanisms. This measure is adopted as a strategic effort to protect shareholder capital, rather than solely pursuing continuous growth acceleration. By applying a Marxist perspective to legal analysis, such studies deconstruct conventional assumptions that have long positioned the corporation as the primary driver of economic expansion. Furthermore, there is a profound emphasis on the urgent need to reorient corporate law toward a more integrated alignment with the principles of sustainability and collective welfare. These findings contribute significantly to broadening the scholarly discourse on the role of law and business entities within the degrowth narrative, which fundamentally dissociates itself from traditional paradigms obsessed exclusively with economic output.

The Politicization of Sustainability and Strategic Contraction in the Tourism Industry

The implementation of the planned operational reduction paradigm is not only crucial for the global manufacturing and service sectors but has also become increasingly urgent within the tourism industry. In this sector, uncontrolled expansion has triggered various social and ecological problems, most notably the phenomenon of overtourism that exceeds the carrying capacity of destinations. Such conditions necessitate a reorientation toward a new model capable of balancing the rate of consumption, production volume, and the integrity of environmental capacity in a sustainable manner. In the context of tourism, this transition requires a shift in focus from merely pursuing visitor quantity toward optimizing local value and ecosystem protection. Without policies that intentionally limit growth, the tourism industry will continue to face the risk of degrading the natural and cultural attractions that constitute its primary assets. Therefore, the application of sufficiency principles serves as a strategic instrument to ensure the resilience of this sector in facing the limited biophysical constraints of the planet (Fletcher et al., 2019).

Systemic Diagnostics: Ontological Strata in Corporate Strategic Contraction

Previous research has presented a systemic diagnostic framework comprising three primary strata: symptomatic, paradigmatic, and ontological. This structure is designed to dissect the foundations of reality that shape the operational mechanisms and transformation of a system (Moleka, 2025). Within the scope of planned operational reduction and corporate strategic contraction, this approach expands the analytical horizon. Rather than focusing solely on surface-level phenomena such as declining production output or the restructuring of legal regulations this framework delves into the most fundamental assumptions regarding the existence and primary purpose of business entities. This philosophical dimension is

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frequently overlooked in conventional management literature and corporate law studies, despite being the key to understanding the shift of entities from growth-seekers to stewards of sustainability.

RESEARCH METHODS

The primary methodology employed in this study is an aporetic and iterable deconstruction model, specifically designed as a research instrument for discourse and management studies. This model does not aim to merely provide negative critique; rather, it seeks to create space for new possibilities that have hitherto been marginalized by the dominance of logocentric mindsets. The research strategy is divided into two phases executed simultaneously and iteratively:

a. Double Commentary : This phase necessitates an intensive engagement with the strategic documents of multinational corporations (MNCs), such as annual reports and sustainability policies. The researcher is tasked with mapping the internal logic and hierarchical structures that constitute the growth narrative. Within this phase, it becomes evident how dominant terms such as efficiency and profit persist by marginalizing or suppressing alternative meanings, specifically biophysical constraints and capacity contraction.
b. Disruptive Reading : This phase applies the concept of différance, a continuous movement that both defers and differentiates meaning. Its objective is to dismantle the internal contradictions and latent tensions embedded within corporate narratives. This reading destabilizes binary oppositions, such as growth versus stasis to demonstrate that the stability of corporate meaning is, in fact, highly fragile and contingent upon the rejection of *aporia*, or logical impasses (Rekret, 2019).

The application of this model yields two forms of openness within management discourse :

a. Supplement : An iterative interpretation that injects new meanings into discourses previously considered established and final.
b. Undecidability : An interpretation that rejects the rigid conclusion of meaning and remains within a space of uncertainty. This allows organizations to maintain flexibility when navigating the continuously shifting dynamics of global thresholds.

RESULTS AND DISCUSSION

The analysis of the research data indicates that multinational corporations are currently ensnared in a transition process characterized by significant tension, where efforts to align with global consumption thresholds frequently conflict with established operational and financial structures. The findings are categorized into three primary domains: the deconstruction of contraction strategies, barriers to supply chain dematerialization, and the implications of ontological dissonance for future governance.

Deconstruction of Strategic Contraction: Between Capital Protection and Ecological Integrity

In recent literature, the concept of strategic contraction is no longer narrowly classified as an expansion failure. Instead, this phenomenon is analyzed as an intentional managerial decision to reduce production volume in order to preserve the long-term existence of organizational value (Talbot, 2024). However, a critical deconstruction of multinational corporate narratives indicates that these reduction measures are often parasitic to the logic of conventional capital accumulation. Corporations demonstrate a tendency to implement operational downsizing only in business units deemed no longer financially

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competitive due to carbon regulatory pressures, while simultaneously maintaining aggressive growth ambitions in other sectoral lines.

This phenomenon is empirically observed in Chinese energy entities listed on the A-share stock market. Data indicate that high ESG performance indeed correlates positively with organizational fiscal stability. However, strategic reorientations implemented excessively aggressively often degrade these benefits (Wang, Qi, & Li, 2025). Conventional energy firms face massive organizational inertia, where significant restructuring costs render the implementation of planned operational reduction a high-risk measure. This condition creates an *aporia*, or a logical impasse: on one hand, corporations are mandated to scale down to maintain ecological integrity; on the other hand, current financial architectures impose economic sanctions on any drastic efforts to reduce production volume.

Table 1: Comparative Analysis of Ontological Dimensions between Traditional Growth and Corporate Degrowth Paradigms

Ontological Dimension	**Traditional Growth Model (Logocentric)**	**Corporate Degrowth Paradigm (Post-Capitalist)**
Nature of Reality	Resources are considered limitless through the intervention of technological innovation.	Recognition of the absolute biophysical boundaries of the planet.
Organizational Purpose	Capital accumulation and maximization of shareholder value.	Preservation of social welfare and ecological integrity within the Earth's carrying capacity.
Relationality	Corporations are positioned as autonomous entities dominating nature.	Radical interdependence between humans, technological systems, and ecosystems.
Success Metrics	GDP growth indicators, sales volume, and Return on Investment (ROI).	Absolute ecological allowance standards, human quality of life, and pure material circularity.
Agency	Multinational corporations act as agents of change through market efficiency.	Collective reorganization toward models of conviviality and care-based resource management.

Source: Data processed by the researcher (2025)

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Empirical findings in Chinese public companies indicate that the involvement of non-actual controllers within the ownership structure serves as an impediment to the effectiveness of organizational green governance. This occurs due to a tendency toward reduced environmental investment allocations and an increase in green agency costs (Tang, Jiang, & Shi, 2025). This phenomenon underscores that, in the absence of coherent ontological leadership at the controlling stakeholder level, planned operational reduction efforts will remain confined to rhetorical spaces without achieving substantive practical manifestation.

Supply Chain Dematerialization: Barriers to Circularity and the Digital Paradox

The concept of dematerialization, pursued through servitization schemes and digital transformation, is regarded as a solution to address ontological dissonance by shifting value orientation from physical ownership toward functional utility. Nevertheless, research within the manufacturing sector has identified twelve crucial challenges that impede dematerialization from achieving authentic circularity (Helgöstam & Lindh, 2023). These barriers are classified into five primary categories:

a. Cultural Legacy: The inertia of perspectives anchored in conventional product-unit sales logic.
b. Profitability vs. Sustainability Dilemma: Pressure on short-term profit margins that is frequently misaligned with long-term investments in service-based models.
c. Business Model Structure: Complexity in designing new revenue stream mechanisms that are no longer dependent on production volume.
d. Collaborative Synergy: A lack of trust and data transparency among partners within the circular supply chain.
e. External Determination: Inconsistent regulations and societal consumption patterns that remain tethered to the paradigm of material ownership.

While the adoption of digital technologies, such as electronic invoicing systems, provides efficiency advantages and transaction cost reductions in supply chain management, these innovations also introduce the risk of digital colonial matrices (Cvar, 2023). Contemporary techno-social networks tend to widen global power disparities through algorithmic control and massive data processing, which frequently disregard ecological boundaries in the pursuit of mere computational efficiency. Consequently, digital dematerialization that lacks philosophical guidance regarding sufficiency principles will merely shift the material burden from physical assets to data center infrastructures, which are equally energy-intensive.

Ontological Dissonance and Adaptation Failure at the Micro Level

The implementation of the degrowth imagined at the micro-organizational scale, as observed in Community Supported Agriculture (CSA) cooperatives, reveals a sharp disconnection between ideological aspirations and practical realities. Although internal actors maintain a commitment to downsizing principles, they frequently encounter a contradiction between means and ends, as they are compelled to operate within a market ecosystem that remains competitive and growth-oriented (Maier, 2024). Cooperatives that adopt a degrowth framework from their inception tend to experience accelerated internal tensions, given that their political visions often conflict with operational demands still shackled by the dominant economic system.

Symptoms of this disharmony are also detected within the tourism sector, where the phenomenon of overtourism triggers critiques of the growth imperative inherent in capitalistic economies. The concept of sustainable tourism often functions merely as a superficial label without altering the industry's metabolism, which remains extractive toward resources. Implementing degrowth in this sector demands

a repoliticization of sustainability discourse and a radical transformation of the underlying political-economic structures of the tourism industry (Fletcher et al., 2019).

Integrated Results: Toward Mandatory Global Consumption Thresholds

Fundamental findings indicate that corporations can no longer rely on the concept of relative decoupling. Instead, it is imperative to adopt absolute ecological allowance standards based on mandatory global consumption allocations. Within this context, corporate environmental performance evaluation must be measured against the Earth's collective regenerative capacity, such as carbon emission quotas assigned to specific industrial sectors. Methodologically, the utilization of carbon productivity indicators and the integration of Earth system biophysical boundaries into sustainability assessments have become a necessity.

In depth analysis demonstrates that for the decoupling of environmental impact from economic growth to become absolute and aligned with the 1.5 °C temperature limitation target, carbon productivity values must escalate at a level significantly exceeding the rate of economic growth (Cerkini, Bajrami, & Bajraktari, 2025). However, empirical reality proves that the majority of multinational corporations still record emission increases that are linear with revenue growth. This fact reinforces the argument that planned reduction of physical activity remains the only pathway coherent with the planet's carrying capacity. Furthermore, transformative measures such as the utilization of additive manufacturing technologies (3D printing) and logistics outsourcing are beginning to demonstrate potential in minimizing the physical footprint of supply chains through the decentralization of production bases. The integration of such technologies can establish a more adaptive and sustainable distribution ecosystem, provided that their implementation is synchronized with the strategic objective of reducing aggregate material consumption (Chen & Kudriavtseva, 2025).

CONCLUSION

The ontological dissonance currently faced by multinational corporations is a clear manifestation of the end of the era of limitless growth. Through the deconstruction of corporate narratives, it is evident that authentic sustainability cannot be achieved solely through superficial technocratic adjustments; instead, it demands a radical revision of the organization’s identity and fundamental purpose. Under these conditions, planned operational reduction and supply chain dematerialization are no longer merely strategic options but have become a necessity for business entities to continue operating within safe and equitable global consumption corridors. Based on this analysis, strategic recommendations for policymakers and regulators include redefining organizational goals through ontological diagnostics, such as employing the Moleka Grid to shift the underlying assumptions of success that have long been anchored in volume.

Furthermore, the adoption of absolute performance metrics must replace relative carbon intensity indicators, ensuring that corporate KPIs truly reflect compliance with Earth system boundaries. The acceleration of dematerialization through servitization models should also be encouraged via regulatory incentives capable of reducing total aggregate material usage. Moreover, the management of planned strategic contraction is crucial to mitigate the risk of stranded assets through gradual divestment in high-carbon intensity sectors. This must be accompanied by the repoliticization of sustainability within governance, where multinational corporations honestly acknowledge the limits to growth for the sake of climate justice. Ultimately, the future of global management will be determined by an organization's ability to downsize proportionally and find meaning within the principle of sufficiency. Corporate degrowth, through philosophical reorientation, stands as the only viable path toward systemic resilience

amidst inevitable global thresholds.

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