ISSUES

Pursuit of Organizational and Societal Transformation Starting with Happiness
An Alternative to the 20th-century Growth Scenario

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Recognition of changes in the structure of society and the economy brought about by factors such as aging demographics, falling populations, and ongoing globalization is increasingly prompting a rethink of how companies should organize themselves and their working environments. This is also highlighting how QoL is central to new forms of value as people consider how best to live in the new normal brought about by the global COVID-19 pandemic. Kazuto Ataka, who has argued for a change in mindset to help build a new future, has attracted attention with his latest book, *Shin-Nihon*, where he talks about his Valley of the Wind project as a place where people can enjoy a rich and human life as part of nature. Here, he talks to Kazuo Yano, a Hitachi Fellow who has recently launched a business that focuses on the happiness of both individuals and organizations, about their respective initiatives, addressing the question of what should be done to create a society in which everyone can live happily, in their own way.

Commercializing Organizational Management Based on Happiness Scores

Yano: It is good to see you again. I see that your book, *Shin-Nihon (New Japan)*, published February in 2020 has become a best seller and provoked considerable reaction.

Ataka: Thank you. As I wrote that book out of a desire for all Japanese people to change how they think so that we can build a better future, I hope that as many people as possible will read it. I understand that you have established a new company called Happiness Planet. Did you set it up as part of Hitachi?

Yano: Although it is majority-owned by Hitachi, other companies have also invested money. Rather than being entirely on the inside, it would be better described as *Dejima* (outlying island) of Hitachi. The aim is to use collaborative creation (co-creation) to accelerate new business development by being an organization that has the agility of a venture company but also the ability to leverage the resources of Hitachi itself.

Ataka: I see. What sort of work will this new company be doing?

Yano: In broad terms, its activities will support the achievement of happy organizations and a happy society. What this means in practice is a service business that helps management draw out the motivation and forward-looking initiative of workers, using the Happiness Planet smartphone app as a basis for quantifying their happiness score and the activity level of their organization.

Past organizational management practices have called for treating people like cogs in a machine, instructing them to "produce such and such an output for these inputs." However, people have feelings. I believe that engaging with other people induces such feelings as empathy, trust, gratitude, and altruism, and this makes us happy and productive. The aim is to transform companies and society through measures that support this process on the basis of data. Underpinning all of this is technology for the objective measurement of happiness.

Kazuto Ataka
Joined McKinsey & Company, Inc. after graduating with a master's degree in Biophysics and Biochemistry from The University of Tokyo. After four-and-a-half years at McKinsey, he enrolled in the neuroscience program at Yale University, gaining a Ph.D. in the spring of 2001. Following postdoctoral work, he returned to Japan and a role at McKinsey at the end of 2001. As a leadership member of the Sales and Marketing Practice for the Asia-Pacific region, he was engaged in brand turnaround and product and business development in a variety of industrial sectors. He joined Yahoo Japan Corporation in September 2008, serving as head of the Chief Operating Officer's office and business strategy division before becoming Chief Strategy Officer in July 2012. Along with addressing business strategy challenges and the execution of large joint-venture projects, his work also involved responsibility for company-wide strategy, including the market insight division, Yahoo! big data report, and data and AI utilization. He has been teaching at the Shonan-Fujisawa Campus (SFC) of Keio University since the spring of 2016 and took up his current position in September 2018 (currently a concurrent post). He has served in numerous public capacities, including on the Expert Panel on Basic Policy at the Cabinet Office's Council for Science, Technology and Innovation (CSTI). His publications include "Issue Driven – The Simple Essence of Knowledge Creation" (Eiji Press, Inc.) and *"Shin-Nihon* (New Japan)" (NewsPicks, Inc.).

Ataka: This being the technique you have been studying for using activity monitoring to quantify happiness?

Yano: You are right. As we have talked about before, starting around 15 years ago, the work has involved analyzing data on people's activities, bodily movement, and communication within the organization, correlating it against work and management data. We have been studying how to distinguish the differences between organizations that are happy and productive and those that are not from the ways in which people engage and communicate with one another. In fact, analysis has progressed since then and we have now identified four clear characteristics that are universally present in organizations that have a high happiness score.

Hope for Applications in Urban Development and Healthcare

Yano: The first of these characteristics is that engagement between the people in the organization is flat and has a mesh structure. The second is a high frequency of comparatively short conversations. The third is that the participants in meetings share equal speaking time. In other words, when relationships are such that people feel free to express their opinions and concerns with fellow workers and superiors, it allows them to maintain a sense of psychological security accompanied by a feeling of happiness.

The fourth characteristic is a high degree of synchrony in the bodily movements of the people in the organization. When we humans express rejection or suspicion of another person, or conversely empathy and trust, we tend not to do it using words. Rather, we do so by unconsciously aligning or misaligning the movements of our bodies. This non-verbal communication is something instinctive exhibited even by babies who have yet to acquire the power of speech. We use accelerometers to measure this synchrony and convert it into a social happiness index. As it has been demonstrated that organizations that index highly on this measure are also highly productive, it provides a means to assess an organization's productivity objectively and in real time.

The same applies in sport and it is the availability of objective measurements that enable records to be improved and progress made. While in the past we have lacked objective indicators for assessing organizational productivity, this use of the social happiness index provides a way to verify which measures are effective at boosting productivity. It enables a 21st-century approach to organizational management that thinks in terms of people's feelings and happiness.

Ataka: I expect the app can also find uses outside corporate organizations.

Yano: I think so. One example might be its use for thinking about urban development in terms of happiness, as in a happy city rather than a smart one. Another area with potential is happiness in healthcare, such as a recently published paper that studied the relationship between people's happiness and strength of immunity. We are also looking at co-creation with a wide variety of other partners.

Organizations also Need a Venous System

Ataka: That's fascinating, and definitely something that deserves to be spread more widely. The four common characteristics of happy and productive organizations tell us whether the nature of a particular organization is flat and bidirectional. These are the sort of attributes found in the typical innovative Silicon Valley company.

Yano: That may well be true. It is certainly the case that large companies and companies with a long history tend inevitably to acquire a hierarchical structure. While companies like this may have done well in the 20th century when external factors were favorable for growth, they have tended to become sluggish and lose their agility as rules and precedents based on the successes of the past built up within the hierarchy.
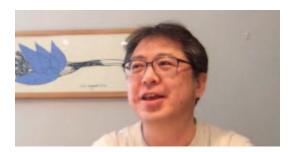
Ataka: As the downsides of legacy accumulate, it is likely that such a company will tend to become an unhappy one.

Yano: Unless you recognize this fact and dispose of these things in a systematic way, the result is a loss of agility. Indeed, when you think of all the different currents within an organization, it is not healthy for them all to flow the same way. A venous as well as an arterial system is needed.

Ataka: I believe that is an extremely important factor.

Yano: Avoiding this problem of one-way flow requires the delegation of authority to leaders, giving them freedom of action. Creating a *Dejima* of a large company is advocated by the Keidanren as an alternative form of organization that encourages innovation and, as such, I believe this model offers a way out of hierarchification.

Kazuo Yano
Joined Hitachi, Ltd. after receiving a M.Sc. from Waseda University in 1984, taking up a position at the Central Research Laboratory. He was appointed to his current position in 2018. He is currently engaged in research into the use of data in AI and society. He successfully demonstrated the world's first room-temperature single-electron memory in 1993. Since 2004 he has been a world leader in wearable technology and technology for the collection and application of big data. His academic publications have received more than 2,500 citations and he has more than 350 patent applications. His book, "The Invisible Hand of Data: Hidden Laws of Happiness, Business, and Economy Revealed by Wearable Sensors" (Soshisha Publishing Co., Ltd.) was selected by BookVinegar as one of the top 10 business books for 2014. He founded Happiness Planet, Ltd. in 2020 with the aim of using data to enhance happiness worldwide and took up the role of Chief Executive Officer. He has a doctorate in engineering, is an IEEE Fellow, and currently a Visiting Professor at the Tokyo Institute of Technology. Past appointments include External Advisory Board Member of IEEE Spectrum and the Information Science and Technology Committee of Japan's Ministry of Education, Culture, Sports, Science and Technology. He has won a number of international awards, including the 1994 IEEE Electron Devices Society (EDS) Paul Rappaport Award, 1996 Lewis Winner Award at IEEE International Solid-State Circuits Conference (ISSCC), 1998 Jack Raper Award at IEEE ISSCC, and 2020 IEEE Frederik Phillips Award.

Valley of the Wind Project for Rich Existence as Part of Nature

Yano: While terms like happiness and quality of life (QoL) are in common use, their true nature is less clear. Happiness, for example, is not a passive state, but rather arises dynamically out of the relationships between people. Society is continually reborn through empathy and altruism toward others. Just like a living, breathing creature. In this sense, happiness is not a state, but an action.

Hitachi's 2021 Mid-term Management Plan conveyed the message that "Hitachi Social Innovation is POWERING GOOD." Through the dynamic expression "powering," this conveys Hitachi's corporate stance of maintaining a dynamic process of engaging with customers in co-creation to deliver what is "good" for the world. While interest in QoL and wellbeing is already on the rise, I believe this is set to expand rapidly into a major trend.

Along with our activities at Happiness Planet, I see the Valley of the Wind concept that you yourself are advocating also focus on wellbeing and QoL.

Ataka: While the Valley of the Wind concept had not previously been given a lot of publicity, awareness of the idea spread rapidly following the writing of *Shin-Nihon*. This has arisen out of my questioning whether our current one-track path toward an urban-centric future really leads to happiness.

Yano: Was there anything in particular that led you to think this way?

Ataka: It happened by chance when I attended a camp at Kencho-ji temple in Kamakura about three years ago along with people engaged in a social innovation project. This gathering involved shutting us all away together in a temple with an agenda that was close to our hearts. It was

while engaged in meditative thought there that an idea suddenly struck me. If society goes on the way it is, cities are all that will be left. That is not a future I would be happy with. Given all the advances of labor-saving technologies such as artificial intelligence (AI), it makes no sense for sparsely populated spaces to be discarded simply for their lack of people. It seemed only right that there be an alternative future in which people can live rich lives as part of nature by exploiting the capabilities of the latest technologies. This was the Valley of the Wind.

Challenges Facing Depopulated Areas Exposed

Yano: The name Valley of the Wind comes from the Hayao Miyazaki film *Nausicaä of the Valley of the Wind*. It is what in Japan we call a *satoyama*, a garden city with a rich natural environment.

Ataka: Yes, the movie is where the inspiration came from. It is a space where people can enjoy lives that are vibrant and culturally active while also experiencing the area's natural beauty. When I spoke to people about the idea, I found more agreement than I had imagined and that led me to think about it more seriously.

When I started investigating how it could be put into practice, however, we learned that, in broad terms, the sort of places that are suffering advanced depopulation while also retaining their forests and other natural features faced two serious challenges. The first is the very high per capita cost of infrastructure, meaning the cost of maintaining the social infrastructure of roads, water, sewage, electricity, gas, healthcare, firefighting, waste disposal, and so on. The number of local authorities in Japan as of the end of 2019 was 1,741, of which several hundred run up annual costs of one million yen or more per resident, and in some

cases significantly higher. As the majority of this funding is raised from urban residents, these spaces face a structural problem whereby their very existence is threatened should the burden prove too much for these urban areas to support.

The second problem is that rural areas lack the attractive power to counteract the convenience and enjoyment provided by cities. The consequence of this is a talent drain. It was evident to me that this was resulting in a two-fold vicious circle that was accelerating decline. These are deeply rooted problems and not something that can change quickly. Recognizing that a movement lasting 200 years or more would be needed to achieve genuine sustainability, we set to work with the aim of establishing an initial model.

Nature Connectedness Boosts Happiness

Yano: After that, the COVID-19 pandemic struck. What sort of impact has it had?

Ataka: Put simply, the best way to resist the virus is to be open rather than closed, sparsity rather than density. Putting these two trends together, I came up with the idea of *kaiso-ka* (becoming open and sparse), and thinking about it the Valley of the Wind is just such a space. Recent times have seen moves by people to relocate from built-up cities to sparsely populated rural areas as a way to help prevent the spread of infection. This has provided a sudden boost to the Valley of the Wind movement and I have received inquiries from a number of local authorities.

Yano: I live in Hino City in Tokyo, not far from the river terraces known as the Hino plateau that were formed at the confluence of the Tama and Asa rivers. I have largely been working from home since the COVID-19 pandemic began and it was only when I got into a habit of taking the dog for a walk around this neighborhood each morning and evening that I came to realize just how verdant and blessed with nature it really is. After living here for close to 30 years and only thinking of it as being a bit too far from the railway station for convenience, a change of perspective showed it to have an entirely different sort of value. I

suspect that many depopulated villages, too, will prove to offer value in ways that go unrecognized until you look at them differently.

Ataka: That's right. As we can expect to be living with the pandemic for the next year or more, there will be more demand than ever for green spaces that provide solace. I believe that engagement with nature is essential to achieving a better QoL.

Yano: The expression "nature connectedness" refers to the extent to which individuals see themselves as part of nature or feel a oneness with the natural world. Moreover, research into wellbeing has generated data showing that people who are able to feel this connectedness also experience greater happiness. Studies by the team of Dr. Holli-Anne Passmore at the University of British Columbia report that what matters more for happiness is not whether you have a large quantity of plants and other greenery in your surroundings, but rather whether or not you have a subjective feeling of oneness with nature.

Identifying Challenges for Realizing the Valley of the Wind

Yano: You mentioned being consulted by a number of local authorities about the Valley of the Wind concept. Does that mean the idea is on the verge of being put into practice?

Ataka: Yes. Things have started to get moving. Some local authorities are already building the ideas of the Valley of the Wind and *kaiso* (open and sparse) into their plans and I have had contact from overseas as well as from areas affected by the Great East Japan Earthquake. I have also started discussions with a number of local governments.

We are currently in the phase of identifying the specific challenges from a range of perspectives and studying how to overcome them. Along with the problem of infrastructure cost I talked about earlier, from this spring we have also been looking at how various "open and sparse" spaces are situated, the fostering of culture, and the rebuilding of a number of "industries" that face significant challenges due to their open and spread out situation.

There are a variety of aspects to spaces and the immediate challenges for now are the rebuilding of sparsely populated spaces and the regeneration of spaces that could be described as forest. Forest covers roughly 70% of Japan's land area, a number that suggests a heavily wooded land. The problem, however, is that more than 60% of this is plantation forest, 97% of which is a single-layered conifer monoculture with cedar and cypress together accounting for 70%. Having only a single layer of tree cover means that water runoff is exacerbated and the subsoil is fragile. By restoring diversity, we need to transform the forest into a one that generates value in terms of the forestry industry as well as scenic value. We also need to consider what to do about the balance and sense of separation between spaces where people live and spaces where they work, and ask what form towns should take that are also important in terms of fostering culture and interest.

With regard to the fostering of culture, one problem is whether it is possible given a fully dispersed population. I see truth in the idea that culture is born out of the interactions and connections between people living in a degree of proximity. Nowadays, however, use of online video-conferencing systems makes it possible to maintain communications while still being open and spread out in a physical sense and this is increasing the potential for generating culture under *kaiso* conditions.

In terms of work, the problem is how to establish industry in "open and sparse" spaces. In the case of education in particular, given that connections between people are a crucial prerequisite, we are starting from scratch in our study of whether this is possible in the Valley of the Wind and, if so, what form education would take in such a valley as an alternative to the city.

Spaces Where People Grow and Mature

Yano: The idea of village revitalization usually conjures up images of luring new factories or the building of public facilities to generate employment. But you are talking about a different way of getting the economy moving…

Ataka: Exactly. Along with dramatic reductions in the cost of infrastructure despite a low population density, something that can be achieved by being smart about things and making the most of technology, it is also vital that we create places that are overwhelmingly attractive and provide the people who visit the sort of value they cannot find elsewhere. As with the rehabilitation of forests I spoke about earlier, the challenge of bringing economic viability to places that are currently economically underdeveloped is what I see the Valley of the Wind is all about.

Yano: Do you mean creating valleys with the scale to keep their economies moving though industries such as tourism or forestry that leverage the attractions provided by the culture that such places have long held dear, the rich natural environment, and their cuisine?

Ataka: That's correct.

Yano: A place for people to grow, learn, and gain insights through spiritually enriching experiences where they connect with nature and history while still maintaining connections with people despite the thinness of the population. The Valley of the Wind is a place where you could invest in such things and perhaps even make a profit.

Ataka: You could also describe it as a space where people can mature.

Yano: No doubt how to go about rebuilding a space depends on conditions on the ground, and I expect that in some cases it will be a major mission that will take a long time. I suspect you will need all the people you can muster (laughs).

Ataka: I will. While sites that retain pristine forest are best, if we start with forest rehabilitation then it will be at least a 50-year plan. But that is all the more reason to press ahead. As I clearly will not be able to maintain an involvement in all of the projects, each will likely proceed primarily through people who are seriously committed to their valley. Nevertheless, I believe that if we can first establish a way to induce autonomous development, it will then be possible to replicate that across any number of other places.

Importance of Acting with Strong Commitment to QoL

Yano: With regard to the Valley of the Wind, what do you think we should do about the future of cities?

Ataka: First of all, I believe we should think of the city and valley-like spaces together. The value of cities imbued with a sense of such spaces will differ significantly from cities that lack them. Cities are essential for maintaining valley spaces. Moreover, I believe that cities also need have more soil and greenery. This is because they are not pandemic-ready. While there is not much scope left in central Tokyo, it should be possible to provide a better QoL by transforming sites such as the underused car parks outside railway stations in regional cities into parklands. The riverside Bishan-Ang Mo Kio Park in Singapore transformed an urban river hemmed in by concrete banks into a delightful green space. Whether or not actions such as this can be undertaken will determine the future value of cities.

One other point that can be made about the Valley of the Wind is that action on climate change will be an unavoidable consideration when thinking about how we will live in the future. A forecast by the Ministry of the Environment predicts that, if we are unable to achieve our goal of keeping temperature rise to within 1.5°C of pre-industrial times, then it is possible that the Japanese archipelago will be struck by typhoons with winds of about 90-m/s by 2100. This is said to be a level that would flatten most houses. Even if the target is reached, winds of around 70 m/s are still predicted. When we consider such scenarios, it means that future buildings will need to be designed to withstand 70-m/s winds at the very least. While I am not sure what sort of building that would be, our descendants will find themselves facing great difficulties unless we start thinking about these things now.

Yano: That is the future we face if we continue on as we are. It is not a happy thought, is it?

Ataka: The time is over when we could look forward to a bright future that is simply an extrapolation of what has gone before. I believe that humanity has reached a point where the entire world needs to come together to act with a strong commitment to improving future QoL. We will need the wisdom to adapt to unavoidable environmental change while also drawing on the memories of nature and land passed on from those who came before us. The question we now face is how to create value that is worthy of being passed on to the future.

Yano: So, if we are to create a future where people can live happily amid connections to other people and to nature, then everyone needs to be more quick to respond?

Ataka: That is my belief. In terms of the goal of living a rich and human life, I believe that your Happiness Planet and my Valley of the Wind by their nature share a similar spirit. I expect there will be much overlap and I hope we can work together on building the future.

Yano: We have extensive plans for further developing the service provided by Happiness Planet. I hope we can work on co-creation to contribute to improving QoL for larger numbers of people. Thank you for your time today.