

Building a Resourced Society

with **SSX**

20 Keywords to Help Get Us There

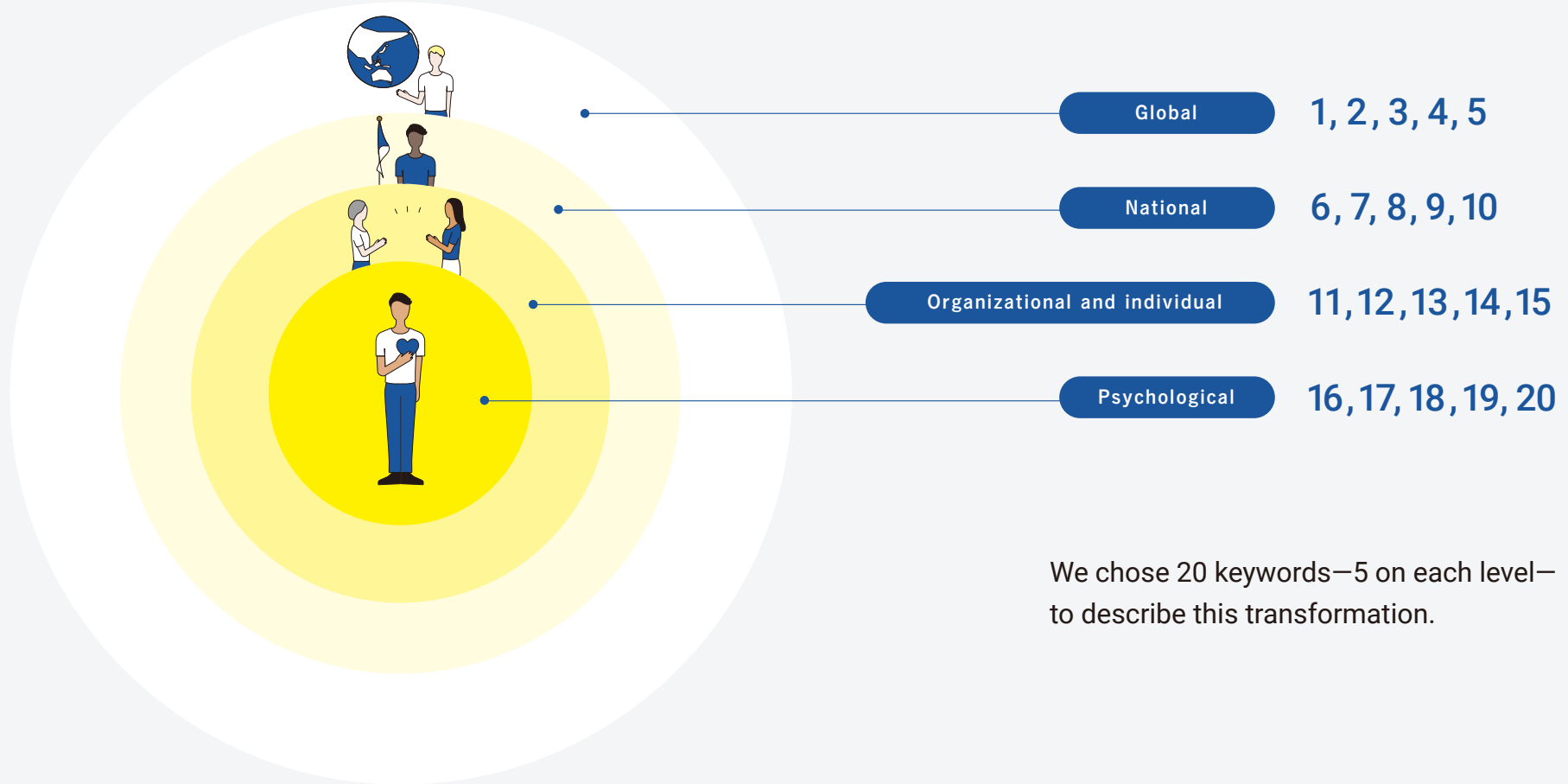
Building a Resourced Society with SSX

Social System Transformation (SSX) refers to fundamental changes in the way society operates when organizations of all kinds harness Digital Transformation (DX).

The COVID-19 pandemic is an unprecedented crisis that has exposed the vulnerability of our current social systems. To address our heritage of unresolved problems unique to Japan, as well as the issues we must tackle as part of the global community, we must first learn to distinguish between “true waste,” which makes no one happy, and the “usefulness of the useless,”^{*} which creates resilience. People across all segments of society must join hands in developing the skills and resources for the road ahead. We have compiled keywords that express 20 concepts and perspectives needed to help get us there. These keywords describe the essential features of SSX primarily from the viewpoint of Japan. However, they share much in common with societies worldwide.

^{*} Words from Zhuangzi, a philosopher and a father of Taoism, meaning, “Things that initially seem useless in reality serve an important purpose.”

Transformation must happen on four levels.



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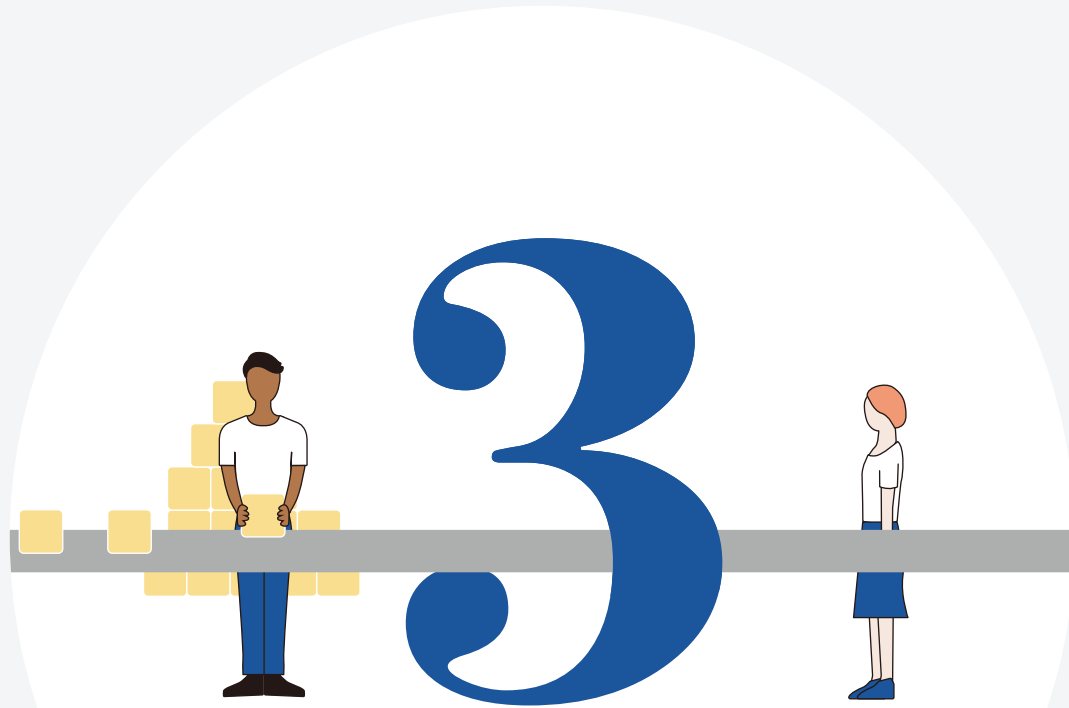
Next Crisis

The DX has been useful during the current COVID-19 crisis, but what would have happened in the case of cyberwar, a pandemic of computer viruses? A “next crisis” mentality—anticipation of an array of possible crises, not only health risks from the “next corona,” but also disaster, war, famine—will be crucial in the coming era.



Green Recovery

While the current health crisis has led to economic recession, it has also reduced atmospheric pollution, producing news reports of the “We can see the Himalayas from India” variety. The Green Recovery is the concept of trying to sustain such positive changes and rein in climate change even as we restart socioeconomic activity. It is a core component of economic recovery policies announced by several European countries, which have begun to implement them with the help of businesses, NGOs, and other stakeholders.



Global Food System

Since March 2020, various countries have instituted export restrictions on agricultural and animal products. In response, the FAO, WHO, and WTO issued a joint statement expressing concern that such measures would lead to global insecurity. The OECD identifies a “triple challenge” for global food systems: providing food security and nutrition to a growing population, ensuring the livelihoods of people working along the food chain, and ensuring the environmental sustainability of the food sector. While the current crisis has had a minor impact on Japan, Japan’s calorie-based food self-sufficiency rate in fiscal 2019 was a low 38%.* Japan should consider this issue from both the global and national perspectives in preparation for future crises.

* Japan Ministry of Agriculture, Forestry and Fisheries, the food self-sufficiency ratio and index of food self-sufficiency potential FY 2019.



10 Billion / 100 Birthdays

The world population is projected to reach nearly 10 billion by 2050. Meanwhile, many countries will experience population aging. Given the rise of the 100-year life,* these countries will start redesigning medical and long-term care systems and reconstructing the ways people work and study. In Japan, where the population is shrinking as it grows older, values about where and how to live will also probably change. Longevity will become a life value. Issues of depopulation and aging are globally shared, and solutions tested in Japan, where the challenges are more advanced, will attract attention.

* Term put forward in *The 100-Year Life: Living and Working in an Age of Longevity* (Bloomsbury Business) by London Business School professors Lynda Gratton and Andrew J. Scott.



Ethics of Technology

Technology is changing more quickly, raising concerns that our recognition and discussion of its ethical problems will fall behind. Take AI, that panacea of technologies. Cases of racial and gender discrimination stemming from biases in algorithms and data are now being reported. It is crucial that we scrutinize new technologies from many perspectives, including the social, ethical, and legal, and that we foster a society-wide ability to imagine scenarios of the future they could enable.



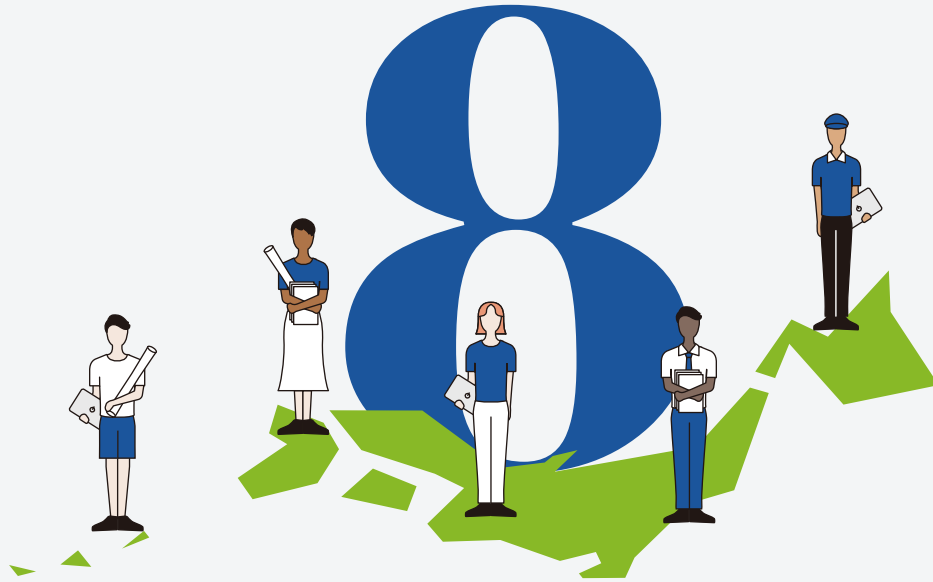
Society's Optimum Safety Factor

Safety factor, a term used in structural engineering, is a ratio used to express the relationship between the maximum load anticipated for a system and the load that would break said system. Resources discarded as “useless” before the COVID-19 crisis included backup resources needed to be adequately prepared for emergencies. In searching for the optimum safety factor for society, concepts such as durability and reliability are as important as efficiency.



Government as a Platform

DX presents new possibilities for government agencies to update their infrastructure and rapidly meet diversifying needs. Another desired change is open innovation in the public sector, a process of building platforms that integrate central and local government systems and collaborating with citizens, businesses, NPOs, and other stakeholders in the creation of public value.



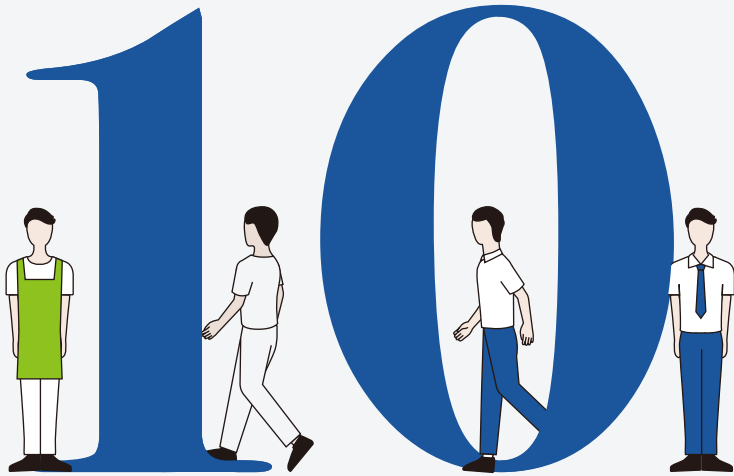
Regional Centralization

The crisis has shown us that, by interfacing with citizens and cooperating closely with the national government, local governments play an important role in making COVID-19 measures more effective. More and more people work and live in different communities, or interact with people of other communities in contexts outside of home life and tourism. Communities' needs from their government are also diverse. Instead of one-size-fits-all decentralization, Japanese towns and communities of the future need a consolidation of functions and authorities suitable for pursuing diverse forms of self-governance.



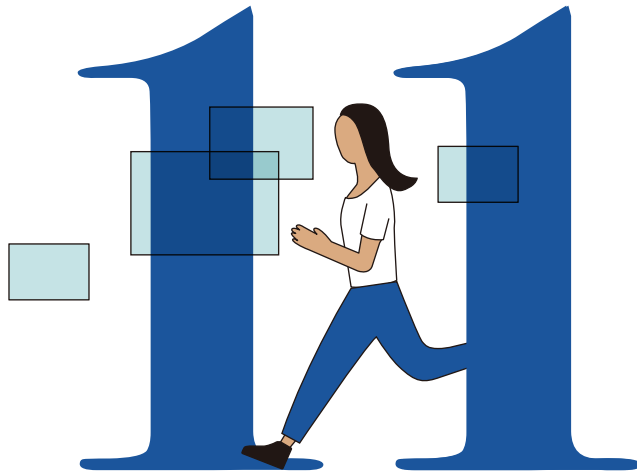
From Household to Individual

In Japan, government systems are designed around the household as the basic unit of management. As family models diversify, however, it is getting harder to determine conditions in the home at the household level. During the COVID-19 pandemic, the Japanese government distributed special cash payments of 100,000 yen to individuals. However, because eligibility for receiving the payments was restricted to the head of each household, the program created problems for people with domestic challenges. Given today's preference for moving government services online, it is expected that the government will start using digital IDs in their systems and switch to individuals as the unit of management.



Talent Market Rebalancing

The COVID-19 crisis and ensuing economic recession has created an imbalance in the labor market. At the same time that many people have been laid off or lost their jobs, the burden of essential workers and labor shortages in fields that cannot switch to remote work have deepened. Addressing these drastic structural changes will require developing social systems that quickly match human resource demand to supply in conjunction with safety nets that alleviate people's employment concerns.



Digital Triathlete

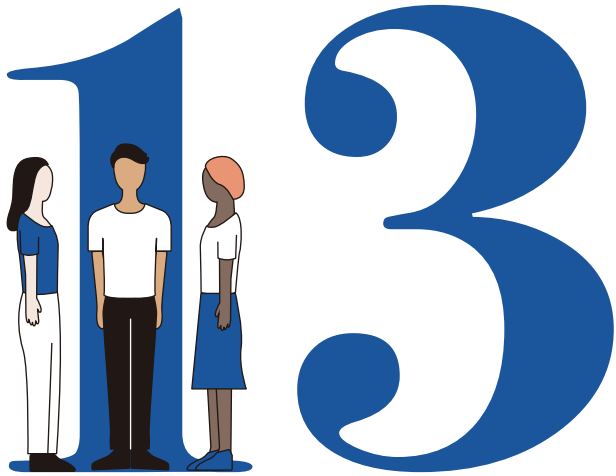
The Wharton School, a business school in the US, states that business leaders need the skills of a “digital triathlete”^{*} to succeed in digitalizing their organizations. They present a three-part model for leaders of cultural transformation: the “strategist” stays ahead of emerging trends, the “innovator” disrupts the status quo and moves the organization toward its future vision, and the “driver” organizes people to ensure that the vision is executed across the organization.

^{*} As described in the article “Being a Digital Leader Has Never Been More Urgent” on Knowledge@Wharton, an online publication of the Wharton School.



Work Diet

DX has the potential to make people and organizations more agile. The first step in DX is to take inventory of existing work processes and unflinchingly eliminate waste. Robots and AI can then be used to reduce labor, freeing up resources for people and the organization. Those extra resources can then be deployed for things like creating new value and addressing unexpected risks. After all, don't people want to work in satisfying or meaningful jobs that robots and AI cannot do?



Buffer Organizations

Reduced intermediate cost is a well-recognized benefit of the rigorous pursuit of efficiency. However, for addressing new social challenges, there is growing recognition of the need for intermediary activities—work that fills the space between organizations. The public and private sectors and individuals together should consider supporting the activities of NPOs and other entities that leverage this in-between space for the creation of new public value.



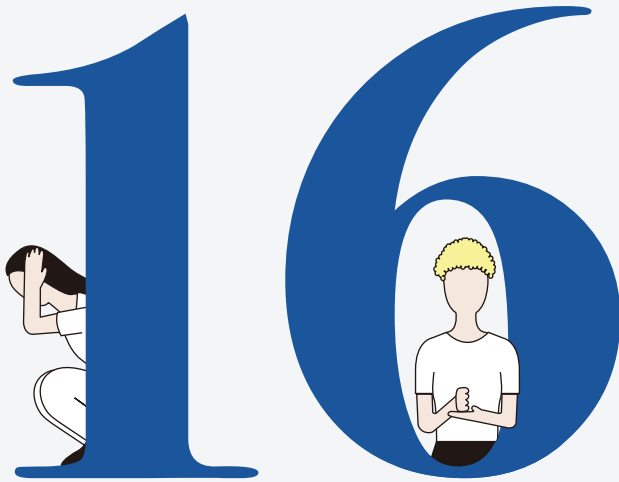
Inclusion and Mixing

More is needed to promote diversity and inclusion, as the Black Lives Matter movement has shown. Mixing goes beyond the modest stance of inclusion, which has connotations of “embracing” and “accepting,” and emphasizes an active and disorderly gathering of diverse people. Societies where organizations have deep hierarchies reveal their vulnerabilities in unstable conditions. Now more than ever, mixing is needed to shift organizations toward synergetic teams.



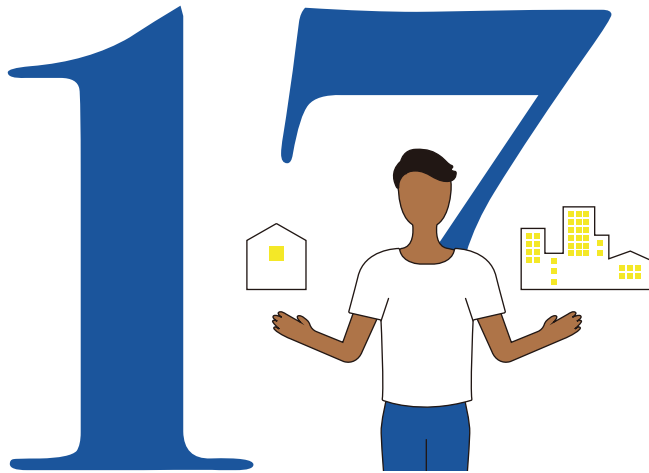
Socially Virtuous Business

As the SDGs and other initiatives to solve social problems gain attention, there is rising expectation of the role of companies in using business to contribute to the public interest. Considering what is good for different stakeholders instead of purely pursuing profit can be considered an act of building social virtue. As with virtuous people, society needs—and welcomes—virtuous companies.



From Anxiety to Understanding

The COVID-19 pandemic and widespread recognition of the limits of medicine have turned up the dial on people's anxiety. The sources of angst are many: from schools closing, to staying at home and business closures, to unconvincing and poorly executed public policies, to amplification by the media, to intolerance of other people. This widespread, compound anxiety is hard to shake. Reviving social and economic activity will require soothing each of these sources of anxiety and transforming them into understanding.



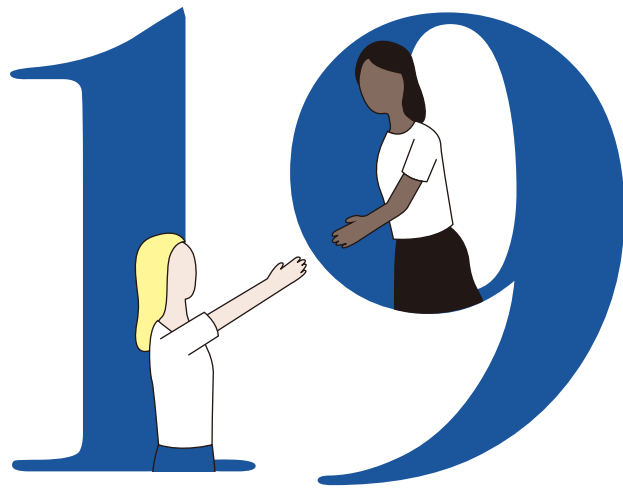
Priority Reset

The current crisis has shown many people that fundamental aspects of society once considered immutable can abruptly change. It has also spawned a deep, heartfelt realization that nothing is more important than protecting oneself and one's family. This desire to prioritize simple happiness will become an engine that drives transformation of social systems previously thought unchangeable, including ways of working, educational systems, customs and conventions.



Tolerance and Respect

It has become clear that society cannot properly function if we do not work together with people of different values and ways of thinking. Combatting COVID-19 is just top of the list. What is needed is mental and emotional spaciousness to accept the fact other people are different from oneself and that some things do not go as one likes. Also, discrimination and division are born from ignorance. Efforts to update one's knowledge in order to understand the personal history and reasoning behind what other people say and to stay in dialogue with an attitude of respect will become increasingly important.



Natural Contributors

We use this term to refer to people who feel no reservations about wanting to use their skills for others, and feel fulfilled when they do. There are many among younger generations. A Dentsu Institute survey* produced heartening results showing that more people in the 18-to-29 than in the 30-and-over age group want to use their information, skills and time for their community or society.

* Awareness and behavior survey during "Stay Home Week."



Do What You Can

Japan has a long history of slow change driven by top-down orders and uniform consensus. But speed is an essential element in the transition to a new society. Saicho, a Japanese Buddhist monk who lived in the early 9th century, said, “Shining light into a corner is itself a national treasure.” In other words, when each does their best, the whole is better for it. Since we will never reach perfect consensus, Japanese people today are called to stop the self-limiting thoughts based on a lack of precedence and to think and act on the challenges in front of them.

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Aki Kimura Akira Hoshina Fumito Nitto
Kazutaka Kobashi Koki Yoshida Masaya Taniguchi
Nanae Ishikawa Sayuri Nakagawa Seiko Yamazaki
Takashi Chiba Taro Magome Yuna Takemura

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