

## **Alternative Enterprise and Gross National Happiness: An Agenda for Sustainable Prosperity**

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### **Introduction**

Prosperity consists in the capabilities that people must flourish as human beings, within the ecological and resource constraints of a finite planet (Nussbaum & Sen 1993; Jackson 2009, Cassiers 2014). There are a range of alternative models of development that aspires to socio-economic development while conserving the environment and cultural values. Bhutan has been pioneering the Gross National Happiness (GNH) approach with much attention to measurement at the national level (CBS, 2015) but less attention to the forms of business that can increase wellbeing and prosperity. This paper argues that new ‘alternative’ forms of enterprise are essential to achieving a ‘sustainable prosperity’ and fostering practical actions that allow people to flourish within the constraints of finite resources. In future, business must be

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able to tackle the multiple challenges of poverty, climate change, biodiversity loss and instability, and still manage to survive in an uncertain financial climate.

This paper will outline a range of alternatives to ‘business as usual’ corporate structure, ranging from environmentally and socially responsible activities of the private sector to more innovative alternatives such as social enterprise. These are businesses that are trading for a social or environmental purpose and have a range of ownership structures beyond the traditional forms of corporate business for shareholders’ private profit (Vickers & Lyon, 2014). Built explicitly around core social and environmental objectives, social and ecological enterprises combine financial reporting with social and environmental accounting, in what can be called the ‘triple bottom line’. Case studies illustrate the benefits that such alternatives provide to their customers, their employees, and to the communities they serve. The paper argues that these alternatives provide the basis for a new economics, firmly anchored in principles of social justice, ecological constraints and sustainable prosperity.

### **The Role of Enterprise in Gross National Happiness and Sustainable Prosperity**

All businesses face the challenges of surviving and thriving in an uncertain climate. If success is to be measured in terms of Gross National Happiness, enterprise also must play a role in supporting sustainable development and increasing wellbeing. There has been much attention to the role of business in attempting to make a difference and tackle some of the complex social and environmental issues facing countries around the world. This includes tackling poverty, climate change, and biodiversity loss. There are alternative business models for corporations, and larger businesses that focus on natural and social capital as well as economic capital (Shaltegger et al, 2015) such as Corporate Social Responsibility and operations like recycle or reuse models of the circular economy (Bocken et al, 2014).

In this paper, we explore the alternatives to ‘business as usual’ by looking at those enterprises that have a primary focus on environmentally and socially responsible activities. There are ethical practices found across the private sector, but these are often a secondary objective behind profit. In contrast, there are a range of innovative social enterprise alternatives. These are businesses that are trading for a social or environmental purpose, and coming in a range of ownership structures that include cooperative, community enterprises, non-governmental organisations (NGOs) and some private enterprises that have a core social/environmental objective.

All businesses have to account for what they are doing to owners and others involved. There has been a focus on accounting for the financial aspects of the business. Businesses, and other not for profit organisations, can have a range of social and environmental benefits. The challenge is therefore to find ways of recording impacts and demonstrating these contributions to Gross National Happiness as well. It is not just the financial ‘bottom line’ in accounts, but there are also the environmental and social impacts – together they make up the triple bottom line. This demonstrates the impacts and benefits to their customers, their employees, the communities they serve, and the environment.

### **Types of Social Enterprise**

There is a diversity of social enterprise forms ranging from those that are close to NGOs, to those that are closer to the private sector legal forms. Community enterprises are businesses that are owned by the community and are set up to make a local contribution. For example, Hill Holt wood in the UK was set up to conserve a woodland area, but conservation is done by generating revenue from running events like weddings and being paid by the local government to maintain woodland and pathways. They also found a niche business of using the woodland to provide training for children excluded from schools. They can create a wonderful environment, while meeting social objectives of

education and crime reduction. They are financially self-sustaining, and they are all funded through their commercial activities (Blundel and Lyon, 2015).

Other social enterprises emerge from NGOs. For example, Afrikids was set up in Ghana to provide health and education services in some of the poorest areas of the country. They have a strategy of moving away from reliance on donor grants and donations from people in the UK, and to seek self-reliance through having income from a hospital providing services to all people in the locality, as well as setting up an ecolodge and planting orchards. They have made a dramatic gesture by stating on their UK website that they will be closing their UK fundraising office. Social enterprises can come out of other NGOs and faith based organisations. In Bhutan for example, Lama Sonam Gyatsho, a monk from Beyul Langdrak Monastery, set up an enterprise making incense sticks to fund a monastery and provide local employment in an area where there was a considerable poverty.

Social enterprises can also be private businesses that have a core environmental or social objective that is considered more important than a commercial objective. These enterprises can be in a wide range of forms. In Bhutan there are several such enterprises. For example, Bhutan Media and Communications Institute (BMCI) has the social objective of providing training in media and journalism with a focus on local development. It can generate income from having contracts from government and NGOs to run courses and from the fees that trainees are willing to pay. Cooperatives are another form of social enterprise. They share a principal of having ownership by members who might be employees or members of the community.

### **New Forms and New Challenges**

These new forms bring a range of new challenges. Firstly, there is a need to encourage the social entrepreneurs that are developing these ecological and social enterprises. Not only is this about creating a culture of entrepreneurship. It is also about showing that combining

social, environment and commercial objectives is possible. This combination of objectives is challenging to entrepreneurs and those working in social enterprises need to build the skills and capabilities required to balance these objectives and manage the tensions between objectives (Doherty et al, 2014). A key capability for sustainable prosperity, therefore, lies with entrepreneurs and others working in the sector, and finding ways to navigate through these tensions (Jay, 2013). For example, Afrikids should keep a focus on its social mission of children's wellbeing while also finding new markets and consumers that demand ethical and environmental products and services. These social entrepreneurs also should find ways of creating the working conditions to maximise wellbeing of their staff.

Finally, there is a need to find new forms of financial investment for these organisations. While there may be start up funding from grants and philanthropic sources, sustainable prosperity requires an increase in the volume of finance for the green economy and innovations in supporting the business forms that have the most beneficial impacts. Much attention has been given to corporations and listed companies which play a crucial role alongside institutional investors, sovereign wealth funds, and insurance companies. There is also a need to focus on innovative social and ethical investment for social and ecological enterprises as well as other small and medium enterprises. This can come from private investment, philanthropic sources and the public sector.

While most small organisations tend to rely on their own funds, there is a growing industry of ethical and social investors (Nicholls, 2010). Some of these forms are similar to conventional investment models, but others are radically different and include ideas such as community shares and other forms of innovative equity models. Alongside the private sector and philanthropic sources, the public sector can also play a role in creating these hybrid sources of investment. Examples would include loan facilities, export credit and investment guarantees, and co-funds to support equity or venture capital. These aims to be a catalyst, co-sharer

of risk, supporting innovations and encourage the leverage of greater private investment through de-risking. These funds combine the logics of commerce as well as the logic of environmental/social/public value, requiring investment managers to have different cultural practices and incentive structures. Such hybrid forms are aiming to operate where there is a market failure or a gap in provision of finance from the private sector. However, without careful attention to additionality they can displace existing private investment.

### **Implications for Policies of Gross National Happiness and Sustainable Prosperity**

There is a plethora of different approaches found around the world that have sought alternatives to the ‘business as usual’ approach to maximising GDP growth. These can be related to policies focusing on conservation, education systems, business innovation and development more generally. This paper explores what these alternative approaches, including the Gross National Happiness (GNH) approach pioneered in Bhutan, mean for the development of enterprise. The Bhutanese experience of GNH is most evident through its alternative measures of development focusing on nine domains (Psychological wellbeing, health, time use, education, cultural diversity and resilience, good governance, community vitality, ecological diversity and resilience, and living standards). While measuring changes in such indicators is important, it has slightly overshadowed the innovations in policy processes and business activity that have attempted to bring a GNH philosophy into decision making.

Sustainable prosperity, defined as the capabilities that people should flourish within the resource constraints of a finite planet, shares much in common with the concept of Gross National Happiness. To maximise GNH, there is a need for alternative businesses and a new economics, anchored in principles of wellbeing and social justice, ecological constraints, long term investment and stability, and changing consumption patterns that go beyond materialism.

In Bhutan, development interventions should be checked against nine domains of GNH. While the use of these regulatory processes has varied in practice, the effects of GNH approaches in Bhutan may be more evident in what it has stopped happening, rather than in specific concrete policies or initiatives. The lack of visible impact of these policies focusing on sustainability and wellbeing is a challenge for a country seeking to address poverty and youth unemployment, problems that are also found around the world. Alternative models of enterprise can be a way of making practical and observable changes to people's lives.

There is therefore an agenda for research and action that considers the role of enterprise in improving living standards, health, wellbeing, cultural and community activity and the environment. A greater understanding of the role of alternative enterprise forms requires the examination of alternative models in different cultural contexts; approaches to supporting entrepreneurship in these alternatives; the different ways of managing these organisations with multiple objectives; and the alternative forms of finance and investment.

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