

Assessment

This section describes the processes involved in certification of businesses. Certification here refers to a written assurance in the form of a certificate, that a business conforms to the requirements of the assessment criteria. Criteria are the indicators and threshold of each indicator that must be achieved to be eligible for a certificate. The GNH tool is generic, and is applicable to almost all the industries.

Certification should be viewed as a means to recognise businesses for their contribution towards societal wellbeing and happiness. It offers several benefits to the business, customers, government, and community. The process involved in the certification sets standards for a business, and helps identify and validate their efforts. It will educate on areas where business needs improvement. It increases awareness of responsible business practices amongst workers, managers, and the customers. Certification may also lead to reduction in operating costs by incorporating efficient resource management practices such as constant monitoring and evaluation of energy and water consumption patterns, and waste reduction and management systems. Certification may also provide customers with responsible choices to opt for

products or services from businesses that are socially responsible and environmentally caring. When businesses undergo certification processes, it lowers government's monitoring costs due to higher health, safety, and environment standards. The tool also promotes businesses that are social enterprises, thereby, helping the government solve social problems.

It is crucial that a formal certifying body be identified and institutionalised. In general, there are three ways of implementing the assessment tool that largely depends on the objectives of a business as described below:

Self-assessment: If a business opts to use the assessment tool for internal consumption, then it may undergo self-assessment. For instance, a business may want to evaluate the set standards without having the claims verified. This way, a business would be able to get a sense of how they are performing or the kind of information required to establish groundwork for the actual certification process.

Assessment by a nodal agency: The assessment may be carried out by a nodal agency for annual reporting or for monitoring purposes only. For example, the assessment tool may be made as a mandatory reporting requirement by agencies like Bhutan Chamber of Commerce and Industry or Druk Holding & Investments.

Certification purpose: For the actual certification, a business will have to undergo third-party certification, which involves assessment by a neutral and independent certifying body. This would require the assessment tool to be institutionalised by the government as well as relevant business association or body.

A certifying body with qualified evaluators would have to be identified, to better provide assurance of the accuracy and credibility of the assessment. The evaluators would have to be objective in their assessment and independent from management, and with no vested interests in the outcome of the assessment. This will have to be made a norm, although self-assessment should be encouraged to prepare the groundwork, for final assessment should be carried out by an external party to avoid biasness in reporting. Certification body will have to be free from financial burdens that might influence decisions.

A business will have to reapply for assessment and certification after the validity of the certificate has lapsed. The idea of recertifying businesses periodically, instead of awarding a onetime certificate, is to ensure businesses are conducted in line with the principles and ideals of the GNH at all times. Currently we are proposing that the validity of the certificate to be for two years, after which the business need to get it recertified. This is to ensure the validity of the certificate

initially issued. The GNH certificate issued may also be revoked if the conduct of the certified business has been found to be altered significantly from the expected norms. The issued certificate may also get revoked if the certificate is found to have been acquired through deliberate wrongful declaration of the information regarding the conducts of the business.

Certification Steps

The compatibility of the businesses with the ideals of GNH is assessed through the lens of nine domains. Each of the nine domains in turn has three to eight indicators. In total, the assessment has 56 indicators measuring various aspects of business.

At this point of time, we are not sure whether the certification of businesses should be made as a mandatory requirement or left to the individual business to voluntarily opt for assessment and certification. In either case, the certification process will involve six distinct steps. They are discussed separately in the following paragraphs.

Step 1: Screening

This is the first step towards getting a business assessed and certified. During the screening process, a business unit submits a formal request in case of voluntary assessment, or the agency entrusted with the certification sends notice to the business

informing about the impending assessment. The certifying agency, or its representative, will then assess the following information, but not limited to, to ascertain the eligibility of the assessment and certification.

1. **Number of years in operation:** A business needs to be running for at least two years. This is to ensure that the business operations and work conditions are well founded.

2. **Separate entity:** A business needs to be independent in its management role of reviewing processes and procedures and allocating resources.

3. **Size and strength:** A business needs to have a minimum of 10 workers.

4. **Permanent workers:** At least 50 percent of the workers must be permanent staff. This is to provide adequate information for evaluating worker happiness. This is because the casual staff may not possess adequate knowledge and understanding of the workplace conditions or benefits offered. It is also because casual employee, who works off and on, may not be affected as much as the full-time employees by the company decisions.

5. **Adversity:** A business with a history of causing major destruction to environment, community and other stakeholders, may not be considered for assessment and certification.

The screening process will basically lead to a decision of either accepting or declining business establishment for certification process. Business establishments failing to meet the eligibility criteria may opt to undergo assessment for intervention and improvement for future assessment. We may refuse an application for certification when there are known reasons such as illegal activities or repeated non-compliance of labour laws or policies.

Step 2: Planning

If a company is accepted for appraisal through screening process, then the team will develop a plan for execution. Planning will differ from one business to another depending upon the size and nature of business. Similarly, the time take for assessment will depend on the nature of product or service, size, and location of the business establishments. In fact, the planning document should be considered as a working paper that is refined on an on-going basis especially during the initial days of planning. However, once the planning is completed, agreed schedule will have to be implemented.

The assessment plan should clearly specify how activities of the process will be completed, and assign responsibilities to concerned taskforce members. As a part of planning process, details of the business starting from its organogram to location to the nature of its products or services must be studied. Any publications, brochures or other communication materials

produced by the business establishment must be reviewed. The area where business operates must also be identified to study key potential stakeholders.

Planning would also involve identifying focal person(s) from the business establishments, engaging in constant consultations with representatives for developing a plan of action, and adopting terms of reference for the assessment. Usually, the focal team would comprise of workers from management, accounts, and human resource division. The size of business will have to be studied to generate a representative sample of workers. For a small business establishment, every worker may be surveyed to assess workplace happiness. For medium and large business, a sample may be drawn representing every division within the business unit or every worker may be surveyed depending on feasibility of the process.

Step 3: Data collection

The data collection for the assessment of businesses will be done through three separate approaches: 1) structured questionnaire interview with the workers, 2) semi-structured in-depth interview with the people entrusted with management of the company such as the head of the organisation or the heads of different departments, and 3) review of administrative data and officials documents such as the employee service manual, company financial statements, annual reports, third party assessment reports of the company, etc.

The Psychological Wellbeing domain will be entirely assessed through questionnaire interview with workers while Good Governance, Cultural Diversity, Community Vitality, Living Standards, and Ecology domains will be assessed through administrative data and in-depth interview of the people charged management of the business. For the remaining three domains of Health, Time Use, and Education, the assessment will be done through mixed method, i.e., through structured interviews with workers as well as through administrative data or in-depth interview with the management.

Step 4: Analysis

The methodology adopted for construction of the GNH of Business Index to assess the businesses for GNH compatibility is similar to the one used for the construction of the GNH Index (Ura et al., 2010). It basically involves four steps: 1) selecting indicators, 2) identifying and then applying sufficiency threshold to each indicators, 3) determining weighting scheme and assigning weights to each indicators, and 4) finally, aggregating and scoring the assessment score. These four steps are briefly discussed below.

1) Selecting indicators

The selection of indicators for assessing the GNH of Business was largely based on two criteria: whether the indicator is applicable to the business setting and whether the selected

indicator is actionable. The selected indicator is considered to be applicable if the selected indicators can speak for themselves and is also able to provoke policy discourse among the policymakers and decision takers. Similarly, the selected indicator is considered actionable if the condition, which is being measured by the selected indicator, can be affected through policy or programme intervention.

2) Identifying and applying sufficiency thresholds

This step can be conceptually defined as the identification step. It is in this stage that each indicator is scrutinised to assess whether the indicators have attained predetermined sufficiency level. The sufficiency thresholds for each indicator are different. They are identified based on statistical tests carried out after the pre-test of indicators in selected business entities in Bhutan. Like the threshold criteria set for GNH Index (Ura et al., 2015), normative judgments have also been taken into consideration. Thresholds have also been based on national and international standards. For few indicators, thresholds were grounded on national averages.

Sufficiency thresholds are applied to assess sufficiency in each of the 56 indicators selected for constructing the GNH of Business Index. This process results into the replacement of the indicator value with '1s' if the sufficiency threshold is met and '0s' if the sufficiency threshold is not met.

Indicators that assesses at individual worker's level were subjected to two levels of thresholds; one at the individual level and then at the aggregated level to determine the sufficiency status at organisational level. This process is done by first applying the sufficiency threshold at each individual worker's level and then determining the headcount of workers who have attained sufficiency. This process enables to compute the percentage of workers who attained sufficiency in each of the indicators assessed at individual worker's level. The second threshold is then applied to the aggregated indicator value to determine the sufficiency status at the organisational level.

How the sufficiency threshold at individual level and at the aggregate level was applied can be explained with an example. For instance, in case of the job satisfaction indicator, the first stage of sufficiency assessment evaluates whether an individual worker has attained sufficiency in this indicator. An individual worker is considered as having attained sufficiency in job satisfaction indicator if the person reports being either 'somewhat satisfied' or 'very satisfied' with both the job as well as with the organisation as a place to work. Based on this, a headcount of those who have attained sufficiency in this indicator is then computed. In the second stage, another sufficiency threshold is applied to assess whether the organisation has attained sufficiency in the indicator. An organisation is considered as having attained sufficiency in job

satisfaction indicator if at least 90 per cent of the workers have attained sufficiency in this indicator. The summary of indicators and thresholds used for the assessment is presented in the Table 1.

Table 1: *Sufficiency thresholds for indicators used in constructing the GNH of Business Index*

Indicators	Individual level sufficiency threshold	Organisational level sufficiency threshold
Job satisfaction	'Somewhat Satisfied' or 'Very satisfied' with both ones job as well as the organisation as a place to work	90% of employees are 'Somewhat Satisfied' or 'Very satisfied' with both ones job as well as the organisation as a place to work
Workplace trust	'Strongly Agree' or 'Agree' to all three	90% of employees rated 'Strongly Agree' or 'Agree' to all three trust variables
Job security	0% chance of loosing job in next 12 months	90% of employees reporting 0% chance of loosing jobs
Discrimination at workplace	Reporting of not feeling being discriminated	90% of employees feeling of not being discriminated
Harassment at workplace	Reporting of not feeling being harassed	90% of employees feeling of not being harassed
Negative emotions	'Never' or 'Not in the last month' for all five	90% of employees reporting 'never' or 'not in the last month' for negative emotions
Positive emotions	'Once a week' or more frequently for all five	90% of employees reporting 'Once or twice a month' or more' for negative emotions
Occupational stress	'Not at all' or 'Only a little'	90% of employees reporting 'Not at all' or "Only a little' occupational stress
Workplace health risk exposure	'Never' or 'Rarely' being exposed	90% of employees reporting 'Never' or 'Rarely' exposed to risky workplace conditions
Safety equipment	'Always' provide and monitor, if required	90% of employees reporting 'Always' to both provision as well as monitoring the use of

Indicators	Individual level sufficiency threshold	Organisational level sufficiency threshold
		PPE
Illness/injury incidence		No case of work-related illness/injury
Disability incidence		No case of work-related disability
Support for RTW		Supports RTW for those suffering disability due to work
Fatal injury incidence		No case of fatal injuries
Working hours	≤ 8 hours/day or 48 hours/week	90% of employees working ≤ 48 hours per week or ≤ 8 hours per day for six days a week
Work pressure	Not required to undertake extra works beyond normal work hours	90% of employees not required to undertake extra works beyond normal work hours
Flexi-timing	'Often'/'Sometimes' and 'Not at all'/'Not too hard'	90% of employees reporting availability of flexi-timing
Work-life interaction	< 12 (6-30) Low family-work/work-family interaction	90% of employees reporting low work-family & family-work interaction
Sleeping hours	≥ 8 hours/day	90% of employees sleeping ≥ 8 hours or more per day
Adequate breaks at workplace	≥ 60 minutes per 8 hour shift/day	90% of employees enjoying breaks ≥ 60 minutes per 8 hour shift/day
Long-term study		2% of current workers provided with scholarship in the past 5 years
Short-term study		10% of current workers provided with scholarship in the past 5 years
Training		10% of current workers trained in the last one year
Fairness of performance assessment	'Agree' to 'Totally agree' to all six items	90% reporting 'Agree' to 'Totally agree' to all six items
Worker involvement	'Agree' to 'Totally agree' to all five items	90% reporting high support for worker involvement

Indicators	Individual level sufficiency threshold	Organisational level sufficiency threshold
Adequate pay		100% of employees receives 1.5 times the minimum daily wage of unskilled workers
Pay gap		Less than or equal to 20
Adequate leave		At per or better than civil service [Maternity - 6months; paternity leave - 10 days; Medical leave - 3 months; Bereavement leave - 21 days; casual leave - 10 days]
Pension & Provident Fund scheme		>=11% of basic pay
Insurance		Should have coverage by GIS/ESIC
Fringe benefits		Should have access to one of the four free/subsidised facilities [Housing; Transportation; Meals; Child care services]
Regulation		Should have written policies to address issues identified
Board effectiveness		At least 30% of the members should be women and at least 40% of members should be independent
Public shareholding		Should have public shares
Whistle blowing channel		Should have whistle blowing channel
Employee turn-over		<=10% per annum
Compliance		Should not have paid any non-compliance fines/penalties in the past 12 months
Customer/client satisfaction		>3.75 (on a scale of 0-5)
Common space		Should have all four common spaces for workers
Culture design		At least one of the major products/services should be

Indicators	Individual level sufficiency threshold	Organisational level sufficiency threshold
		related to culture
Cultural property damage		Should not have caused damage to any cultural property/heritage during its initial setup as well as during the course of its operation in the previous year
Cultural participation support		At least 3 days for following cultural festivals: 1. Dangpai Losar, 2. Thru-e-baab, 3. Nyin-loog, 4. Chuni-pai Losar, 5. Dasain, 6. Bihu Festival, and 7. Durga Puja
Corporate volunteering		2 per capita days per employee in a year
Corporate donation		1% of Revenue
Local business		Should have led to establishment of local independent businesses
Local supplier		Should have sourced supplies from local suppliers
Local employment		At least 80% of its employees should be national/local
Community infrastructure		Should not have caused damage to any community infrastructures during its initial setup as well as during the course of its operation in the previous year
Social venture design		At least one of the major products/services should address social issues
Renewable energy		>50% of energy is sourced from renewable sources
Energy conservation		Should monitor energy consumption and adopt measures to reduce energy consumption
Emission control		Should monitor emission and adopt measures to reduce emission

Indicators	Individual level sufficiency threshold	Organisational level sufficiency threshold
Solid waste control		Should monitor solid waste generation and adopt measures to reduce solid waste generation
Hazardous waste control		Should monitor hazardous waste generation and adopt measures to reduce hazardous waste generation
Liquid waste control		Should monitor liquid waste generation and adopt measures to reduce liquid waste generation
Eco-design		At least one of the major products/services should address ecological issues

3) *Determining weighting scheme*

The weighting scheme used for the construction of the GNH of Business Index is equal weighting among the domains as well as among the indicators within the domains. The total index weight, which sums up to 100, is distributed equally among the nine domains. The domain weight was derived by dividing the total possible score of an assessment component, which is 100, by the number of domains (D). Therefore, the domain weight for each of the nine domains used for assessing the business is 11.111 ($100 \div D$, where D is the number of domains, which is equal to 9).

This total domain weight is further distributed equally among the indicators under each domain. At the indicator level, different indicators assume different weights depending on the

number of indicators under each domain; more the indicators under particular domain, lesser the weight and vice versa. The indicator weight was derived using a similar principle as that of the domain weight. For instance, the weight for each indicator under Psychological Wellbeing domain is 1.587 ($DWt \div Ni$, where DWt is the domain weight (i.e., 11.111) and Ni denotes the number of indicators included in the Psychological Wellbeing domain (i.e., 7). The weights assigned to different domains and indicators under each domain are presented in the Table 2.

Table 2: Domains, number of indicators and their weights

Domains	Domain weight	No. of indicators	Indicator weight
Psychological Wellbeing	11.111	7	1.587 each
Health	11.111	7	1.587 each
Time Use	11.111	6	1.852 each
Education	11.111	5	2.222 each
Living Standards	11.111	6	1.852 each
Good Governance	11.111	8	1.389 each
Cultural Diversity	11.111	3	3.704 each
Community Vitality	11.111	7	1.587 each
Ecological Diversity	11.111	7	1.587 each

4) Aggregating and scoring

Indicators score

The score for each indicator selected for constructing GNH of Business Index is computed by multiplying the indicator value with their respective weights. The indicator score can be mathematically represented by the equation:

$$\text{Indicator}_i = w_i x_i$$

Where,

Indicator_i is the score of i^{th} indicator

w_i is the weight of an i^{th} indicator

x_i is the value of an i^{th} indicator

Domain score

The domain scores are computed by simple aggregation of the weighted scores of indicators under each domain. For instance, the domain score of Psychological Wellbeing is the sum of the weighted scores of seven indicators under the domain. The total domain score for each domain can be represented by the following equation:

$$Domain_d = \sum_{i=1}^n w_i x_i$$

Where,

$Domain_d$ is the score of d^{th} domain

n is the number of indicators under the d^{th} domain

i is the i^{th} indicator under the d^{th} domain

w_i is the weight of an i^{th} indicator under the d^{th} domain

x_i is the value of an i^{th} indicator under the d^{th} domain

Overall score

Similarly, the overall assessment score can be computed by aggregating the domain scores across d domains as represented with an equation below.

$$H = \sum_{i=1}^n d_i$$

Where,

H is the overall assessment score

n is the number of domains

i is the i^{th} domain

d_i is the value of the i^{th} domain

Alternatively, the overall assessment score can also be computed by aggregating all the indicator score across i indicators under d domains as represented by the equation below.

$$H = \sum_{i=1}^n w_i x_i$$

Where,

H is the overall assessment score

n is the number of indicators

i is the i^{th} indicator

w_i is the weight of an i^{th} indicator

x_i is the value of an i^{th} indicator

The overall assessment score ranges between 0 and 100 where 0 represents the worst-case scenario while the 100 represents the best-case scenario.

The uniqueness of the GNH of Business assessment index, as in the case of GNH index, is its decomposability. The index can be decomposed to the specific indicator level and will be able to see how each indicator has performed. This will help the businesses to plan actions and implement it for improving the areas in which they lack. This will also help business to make targeted interventions towards enhancing the wellbeing and happiness of the workers in particular as well as the society in general.

Step 5: Reporting

This step involves documentation, and reporting. The draft report will be shared with the concerned business establishment. At this stage, a business may provide inputs, or

comments if any, on the draft report, in particular to the findings. If businesses feel discontent with the findings, they may share their concerns, following which clarifications will be made accordingly. Oral presentations will be made if required. Data from administrative records may also be verified by the businesses during this stage, and corrected if it is found to be inconsistent. The report may contain recommendations wherever necessary. This step will mainly involve responding to and addressing appeals.

Step 6: Certification

Based on the overall assessment score, businesses will be categorised into one of the five categories. A business will be provided with a ‘**GNH-A+**’ certificate if the business in question has attained a minimum score of 90; assessed out of a maximum possible score of 100. A business with an assessment score between 80 - 89.99 will earn ‘**GNH-A**’ certificate. A business with a score between 60 - 79.99 will be awarded with ‘**GNH-B+**’ certificate, for business with an assessment score between 40 - 59.99 will be eligible for ‘**GNH-B**’ certificate, and finally a business with a score less than 40 will be awarded with ‘**GNH-C**’ certificate. The gradation of overall assessment score and corresponding GNH certificate type is presented in the Table 3.

Table 3: *Gradations of assessment score and corresponding certificate*

Score	Category	Remarks
≥90	GNH-A+	The values of a business is almost perfectly aligned with the GNH values
80 – 89.99	GNH-A	The values of a business is extensively aligned with the GNH values
60 - 79.99	GNH-B+	The values of a business is moderately aligned with the GNH values
40 - 59.99	GNH-B	The values of a business is somewhat aligned with the GNH values
<40	GNH-C	The values of a business is remotely aligned with the GNH values

The idea of awarding certificates, though of different gradations, to all the businesses that underwent GNH of Business assessment process is to 1) acknowledge businesses' initiative to incorporate the ideals of GNH as evidenced by their willingness to get it assessed and 2) encourage more businesses to come forward voluntarily to get it assessed. Therefore, the central idea of this assessment is not to determine who fails or who passes, but to let the businesses know where they stand as measured through the GNH yardstick. This will also encourage businesses to devise policies and implement programmes to enhance wellbeing and happiness of its employees and the society at large.

It is essential to recognise that assessment is not the end goal but rather a starting point to bring in change. At the end of

assessment, issues and impacts within business operations is understood which will aid in developing strategies, monitoring risks, and implementing recommendations for integrating GNH principles into business decisions.

The validity of the certificate is two years from the date of assessment. The validity period of two years has been recommended mainly to provide time for the businesses to incorporate possible changes in workers wellbeing, organisational structure, and business operations. The businesses would need to undergo re-assessment to renew the certificate after it becomes invalid. The businesses that only managed to get 'GNH-A' or lower certificates can also opt for reassessment after a year from the previous assessment date.