

Background

In his opening address to the Sixth International Conference on Gross National Happiness (GNH) held in 2015 in Paro, Bhutan, the Hon'ble Prime Minister of Bhutan Dasho Tshering Tobgay emphasised the need for the business to serve its stakeholders which includes shareholders, workers, suppliers, customers and communities. The Prime Minister expressed the need to recognise and manage these costs and risks, and called for integrating GNH values into business operation. Essentially, it meant measuring the success of a business by its ability to serve, facilitate, and engage with its stakeholders. This will require rethinking business indicators used for gauging their success or failure.

The Prime Minister followed up on his words by assigning the task of developing a framework for assessing the Bhutanese business firms through GNH values in 2017 to the Centre of Bhutan Studies & GNH (CBS).

CBS undertook the assignment in three stages. First, we studied and reviewed relevant literature on similar frameworks, in addition to studying existing policies and procedure during a weeklong retreat in Paro. Second, frameworks and indicators were proposed and pilot tested in various firms. About 40 firms including large registered companies and Small and Medium

Enterprises (SMEs) were assessed using the assessment tool. A report titled *Proposed GNH of Business* was released during the Seventh International Conference on GNH held in Thimphu in 2017. Third, the draft tool was shared with key stakeholders to solicit views and suggestions, and to assess its practicality. Intensive workshops were held in December 2017 during which the participants reviewed the proposed tool. Each of the indicators were discussed and debated to examine its applicability.

While business is important for the economy, it can be harmful to the society if the business is conducted purely for economic ends. Business is a major contributor to climate change, natural resource depletion, atmospheric pollution, declining health, and labour exploitation. These impacts are often ignored and frequently undetected since it is a business norm to focus mostly on economic indicators. This may be particularly true for established companies that dominate their respective market. A big business for instance will be commended for its ever-rising profit margin, when viewed through the conventional assessment framework, despite destroying natural environment, or displacing communities.

We recognise that contributions made by businesses to global problems vary significantly based on their size and nature. SMEs, which constitute much of businesses, may operate differently compared to big businesses, but we should not

underestimate their impacts at an aggregate level. We believe that all firms, regardless of size or industry, will have to prevent passing externalities beyond their borders, and contribute to society.

The way firms measure success has shifted over the past few decades. The profit-only motive is being replaced with the objectives of attaining Triple Bottom Line (TBL), which requires businesses to work for corporate profit, social responsibility, and environmental sustainability. The expectations of workers and the public have also evolved and reshaped the global economy. Workers now seek meaning in their works as opposed to viewing it to fulfil basic needs. It has increasingly become crucial for the business to subscribe to high ethical standard (Chandler, 2007). Communities now expect businesses to be socially innovative, culturally aware, and environmentally caring. For this reason, there is a demand for businesses to depend on tools that disclose their operations and care for different stakeholders.

Stakeholders and investors can play a pivotal role by supporting those businesses with strategies and protocol to raise their standards. Due to public interests in promoting socially responsible behaviour such efforts yield competitive advantage in promoting customer loyalty, investor confidence, and employee morale (Jose & Lee, 2007). Decisions of a business entity will also have to be appropriate to and within

the norms and values of a society. In the case of Bhutan, it would mean examining corporate behaviour within the context of GNH, and seeking an alternative motivation for a business to operate a business with social license.