

## **Framework**

The indicators of the assessment tool are grouped under nine domains of GNH. They are 1. Psychological Wellbeing, 2. Health, 3. Time Use, 4. Education, 5. Community Vitality, 6. Cultural Diversity and Resilience, 7. Good Governance, 8. Ecological Diversity and Resilience, and 9. Living Standards. The nine domains were adopted from GNH index framework. The index provided a useful frame of reference. It enables us to develop concrete assessment indicators.

Indicators shape the happiness constructs for each dimension, and evaluate the level of achievement in these areas. Indicators also provide a necessary precondition and a starting point for integrating GNH in organisational practices. We realise that there is no one-size-fits-all approach to designing an effective tool for business. To emphasize importance on the wellbeing of both workers and communities, we chose to assess:

1. Worker happiness
2. Organisational commitment

Therefore, the framework aims to assess these two vital components across the nine dimensions.

Worker happiness aims to provide a greater primacy to employee interest. It incorporates several indicators which also appear under the banner of employees' performance. Some of these indicators include health and safety at work, job satisfaction, job security, flexible work schedule, and equal opportunities. The second component captures how a commitment to GNH is formally reflected in business enterprise in integrating responsible behaviour by contributing to the areas of culture, environment, and community building. This integrated approach to assessing business requires a concerted effort on how initiatives on these two components are integrated with each other so that they are mutually reinforcing. For instance, the happy workers may reinforce the organization's focus on socially responsible conduct and vice versa. The approach may require businesses to disclose some of their administrative data, and involves face-to-face interviews with management. Explanations on how the indicators measure the two components are provided below.

### **Psychological Wellbeing**

Psychological wellbeing at workplace has gone mainstream. This domain was not a priority for business in the past; it was made secondary to health and safety at work. Today it has become a trend to invest in this area. The construct captures both the cognitive judgments and affective feelings of a worker

towards their work and the workplace. It includes the indicators briefly discussed in the following paragraphs.



**Figure 1:** *Assessment Framework for Psychological Wellbeing Domain*

### ***1. Job satisfaction***

A happy worker is a vital resource for any kind of businesses. Workers generally want to feel respected and trusted. They want to work in safe environment with good opportunities to advance and develop. When a company creates such enabling environments, workers tend to be satisfied, and thereby, help build a stronger, stable, and sustainable business. Job satisfaction has been found to be significantly associated with determinants of workplace wellbeing such as benefits, compensation, motivation, trust, and relationships (Linz & Semykina, 2010).

The job satisfaction indicator has been included to assess a worker's cognitive evaluation of his or her job and the

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workplace. The indicator is based on two questions. First, workers are asked how satisfied they are with their 'job'. Second, we examined how satisfied they are with their 'organizations' as a workplace. For example, a receptionist with a friendly personality and good organization skill will rate her job highly, but will be dissatisfied with the hotel as a workplace because supervisors or managers may not allow workers to voice opinions, or to initiative effective changes in the workplace. The satisfaction levels of workers are evaluated based on five-point scale, from 1 'not at all satisfied' to 5 'very satisfied'.

## ***2. Workplace trust***

Professional or personal success is based on relationships founded on trust. Daily business decisions are based on conscious or unconscious trust. The trust level of workers and managers on each other regulates the team work, and the team work encourages trust. Hence, the workplace trust is a key indicator of an existing healthy relationship between employees and managers. Trust here implies to terminologies like 'honesty', 'transparency', 'reliability' and 'accountability'. We use these terms to describe trust more meaningfully. Trust is found to be associated with reliability and honesty of a workforce (Engelbrecht, Heine, & Mahembe, 2014). It has been further linked to positive workplace attributes such as empowerment, autonomy, cooperation, and supervisory

support (Jones & George, 1998). Trust has mainly been incorporated to motivate business to create conditions for it to flourish. The indicator assesses the trust a worker has with the ‘management’, ‘immediate supervisor’, and ‘colleagues’ on a five-point scale.

### ***3. Job security***

Businesses should not overlook the importance of offering workers long-term job security as it is one of the most significant factors in worker’s preference list (Schappel, 2012). Job security is as essential as employee’s salary and healthcare. Job security has also become a key element in influencing employee’s decision to join the organization (Watson, 2010). The indicator evaluates worker’s perception about the job security.

### ***4. Discrimination***

Discrimination here refers to a differential (inferior) treatment experienced by workers due to their backgrounds such as gender, race, and age. Such discriminations reduce worker’s self-esteem and access to opportunities. It brings psychological, emotional, and physical harm to workers (Hood, 2004). Therefore, we included this indicator to encourage a zero tolerance policy for discrimination in workplaces. Business leaders will have to encourage a work culture where workers have equal opportunity, and formulate programmes

and procedures to counteract and combat discriminatory practices.

This indicator measures the frequency of worker's discriminatory experience based on race, gender, and age over a five-point scale from 1 'always' to 5 'never'. Workers are probed to share discrimination faced while interacting with colleagues, supervisors, clients, managers, or shareholders. Discrimination can be both direct and indirect. A direct discrimination happens when a worker is associated with certain backgrounds and is treated less favourably, while an indirect discrimination occurs when organization's policies, rules, and procedures limit opportunities. For example, an organization policy that denies promotion or training opportunity to an employee based on their sexual orientation would be considered as an indirect discrimination.

### ***5. Harassment***

Workplaces are hostile environments with increasing 'persistent, abusive, intimidating, malicious, or insulting behaviours' (Lee, 2000, p. 593). The behaviours are not always distinguishable from one another. Harassment denotes any act of threat or violence or other disruptive behaviours experienced at workplace. Such experiences may not be outright violence, but rather statements or actions to make a person feel intimidated. This indicator evaluates the experience of harassment suffered by workers across three related events:

sexual harassment, physical, and verbal abuse. Workers will have to report the frequency of experiences on a five-point scale from 1 ‘always’ to 5 ‘never’. Sexual harassment may be one of the most common types of harassments, and involves sexual advances or explicit comments made by clients, colleagues, supervisors or anyone at workplace.

### ***6. Positive emotion***

Business establishments alike any other organizations are emotional arenas (Fineman, 2000). Emotions are either induced by one’s personal life or induced by organization’s policy or procedures. Either way, studies indicate that emotions felt in organizations have direct consequences in outcomes of their work roles (Lenner, Li, Vladesolo, & Kassam, 2015). Workers who express positive emotions are seen to have a positive impact (Armenta, Fritz, & Lyubomirsky, 2017). They are said to be more creative, and efficient while experiencing such emotions.

Compassion, contentment, generosity, gratitude, and joy have been identified to construct the positive emotion indicator. Such emotions aim to foster a community of support and positivity. Workers rate the frequency of positive emotions experienced in the past four weeks over a scale from 7 ‘few times a week’ to 1 ‘never’. A time of four weeks was identified for an easy recollection (Ura et al., 2015).

Workplace compassion may imply feelings that purposely help others, or attend to the needs of others. Such a workplace is formed when workers have positive regard for their co-workers. For example, compassion may be felt while considering a colleague's negative remark made when the colleague was under severe stress, or feeling empathetic to a staff in personal crisis, or volunteering to help an overburdened staff. Workplace contentment refers to a feeling of satisfaction on a range of factors starting from completion of a deadline to being able to provide suggestions at workplace. Generosity suggests sympathetic feelings while contributing a worker's time or effort. It may include feelings of being generous with their ideas instead of strategizing to use it to their advantage for instance. Gratitude implies the feelings to appreciation towards work. Joy involves feelings of being positively energized with their roles at work. We should note that like discrimination and harassment, these emotions are not so distinct conceptually, and hence, responses may not at times be mutually exclusive, if explained erroneously.

### ***7. Negative emotion***

Like the impacts generated by positive emotion, feelings of negative emotions tend to produce negative impacts on workers too (Rispen, & Demerouti, 2016). The negative emotion indicator is constructed using five negative emotions: anger, sadness, frustration, anxiety, and disappointment. Anger

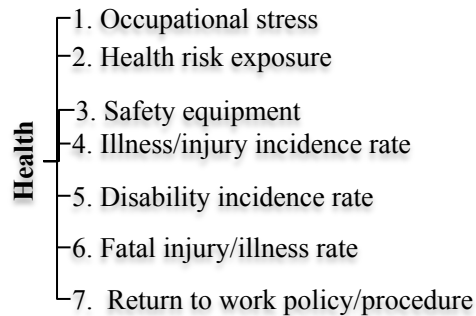


refers to response towards workplace situations when a worker feels wronged due to a multitude of factors. For instance, a worker might be angry due to workplace harassment, or lack of equal opportunities. Anger could be directed towards colleagues, supervisors, clients, or managers, and may or may not be expressed physically. Likewise, sadness resonates feelings of melancholy or misery at work. Frustration runs closely with anger but may not cause to react in a more physical manner. Prolonged frustration might lead to bursts of anger at a later stage. Workplace anxiety is a learnt response to stress and may appear in forms of fears such as fear of working in groups, or fear of being judged etc. The indicator is also assessed through workers perception on a five-point scale like positive emotion indicator.

## **Health**

Work is an important determinant of worker's health that can result in both positive and negative health effects (Waddell & Burton, 2006). Studies show that worker's health and productivity is closely associated (Burton, Conti, Chen, Schultz, & Edington, 1999; Cockburn, Bailit, Berndt, & Finkelstein, 1999). Workplace represents an ideal venue to incorporate health programmes and reduce risk factors of employed population (Loeppka et al, 2015). The employers will also have to be viewed as an integral part of the public health system and hence, have a vital role in contributing to

health of the workers. The domain of health focuses on the internal experiences and environmental factors that influence health at workplace, and reviews both physical and mental conditions of the workers. It is composed of indicators such as occupational stress, nature of work, common spaces for various non-work purposes, safety, injury, illness, and disability.



**Figure 2:** *Assessment Framework for Health Domain*

### **8. Occupational stress**

Occupational stress is a physical and emotional response due to the unexpected, or conflicting demands at a workplace (Miche, 2002). Occupational stress is an experience of prolonged stress that makes workers develop many mental health issues such as anxiety and depression (Melchior et al., 2007). We understand that any work may have some element of stress. We also acknowledge that stress is a personalized phenomenon, and can vary widely even for the same situations for different reasons. For instance, a fire fighter might find paper work more

stressful than the dangers associated with entering a house on fire. Therefore, stress severity may depend on magnitude of demands and sense of control on decision making while dealing with it.

The stress indicator here entails harmful reactions such as loosing concentration or sleep, and becoming anxious or restless due to excessive pressures or job demands. Occupational stress not only affects the worker but also the immediate work environment (Rick, Hillage, Honey, & Perryman, 1997). Some of the common causes of stress are consistent increase in workloads, continuous overtime work, mismatch between skills and expectations, and hostile work environment. The current indicator is a single-item question that assesses worker's level of stress on a five-point scale.

### ***9. Health risk exposure***

Depending on the nature and size of business, workers are exposed to a range of harmful substances. Study shows that unsafe work conditions and practices lead to several accidents that cause injury (Mohamed, 2008). Analysis of these circumstantial factors is hence important. The health risk exposure indicator examines the work environment and safe working conditions. The indicator attempts to estimate specific occupational exposures covering eight aspects. Workers are asked to assess if their job require 'repeated lifting, pushing, pulling, or bending for long hours', 'awkward postures',

‘breathing harmful substances’, ‘handling harmful substances’, ‘working in noisy environment’, and ‘working in vibrating environment’. The frequencies of such risks are measured through a five-point scale from 1 ‘always’ to 5 ‘never’.

### ***10. Safety equipment***

Hazards exist in every workplace and in various forms such as falling objects, tripping, electrocution, etc. According to Bhutan’s Annual Health Bulletin (2017), there were 33331 cases of work-related injuries in 2016, a 13% increase in the incidents since 2012. Although, Personal Protective Equipment (PPE) is mandatory by law to protect workers against health or safety risks, such injuries are increasing. Hence, it is vital that we include an indicator on PPE to encourage its usage. PPE includes safety gears such as helmets, glasses, gloves, footwear, harnesses etc. The PPE type required is depended on the nature of work. We should note that making a workplace safe not only include the provision of PPE, but also providing instructions, procedures, training, and supervision to enable people to work safely and responsibly. The safety equipment indicator comprises of two questions. Workers are examined whether PPE is provided, and whether its usage is monitored over a five-point scale.

### ***11. Illness/injury incidence rate***

This indicator is collected from the administrative body of business establishment. They are asked to report on the number of non-fatal incidences, which lead to physical or mental harm. The incidences are recorded for the past one year. We should note that one incidence corresponds to one case reported. A worker may suffer from work-related injury during falls, trips, overexertion due to lifting/lowering, repetitive motion, vehicle accidents, falling objects, electrocution, etc. Similarly, workers may experience illness due to respiratory, skin, infectious diseases, and poisoning at workplace. Such incidences imply that a worker has stayed at least one day's leave of absence from work. The incidences here should not include those which lead to long-term disability since it has been included as a separate indicator. The information on injury or illness incidence is used to express the number of illness and injury in relation to the number of persons employed. The following method is used to quantify the illness/injury incidence rate in a business establishment:

$$= \left( \frac{\text{\# of incidences of illness or injury}}{\text{Total number of workers}} \right) * 100$$

### ***12. Disability incidence rate***

As the name suggest, the indicator signifies non-fatal episodes at work while involving considerable harm leading to long-

term disability of the workers concerned. Long-term disability here refers to any illness or injury suffered for at least six months. Such events may have the potential to force workers to live with permanent disability. It may also cause the worker to leave the labour market, or result in the loss of substantial number of workdays. Information on the indicator is gathered from administrative records. The rate is measured using the following formula:

$$= \left( \frac{\text{\# of incidences of illness/ injury causing longterm disability}}{\text{Total number of workers}} \right) * 100$$

### ***13. Fatal injury incidence rate***

Besides disability incidence rate, it is important to consider the rate of fatal illness or injury. The rate is estimated as follows:

$$= \left( \frac{\text{\# of incidences of fatal illness/injuries}}{\text{Total number of workers}} \right) * 100$$

For comparison purposes, we prefer determining a rate to measuring absolute number for all the above three measures of workplace incidence rate. The indicators also take into account the workers counts that are at risk.

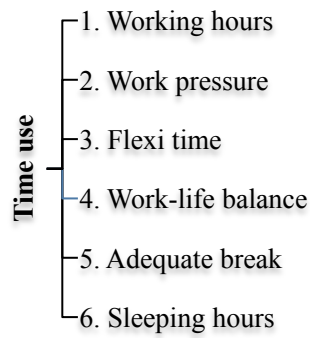
### ***14. Return to work policy/procedure***

A return to work policy, or procedure, or a plan refers to re-integrating injured and disabled workers into workplace. If

workers remain connected to workplace, it may contribute to their overall healing process. The plan may include providing adequate adjustments to work conditions to facilitate a smooth transition. Likewise, employers may support and create alternate or modified work responsibility. Businesses may also offer rehabilitation programmes at work, or design work schedule through an ease back program. For this indicator, we study if business establishment has any formalized written policy or procedure on such prospects. Such a policy is vital to enable workers a timely recovery and safe return to work.

### **Time Use**

Technology has made it difficult to separate work from our personal lives. Employers increasingly use technology to make workers accessible round the clock and reduce their ability to balance the spheres of work and non-work (Foegen, 1993). Most of us would have had experiences of checking emails in bed, or over meals, or even worst while conversing with family, or caring for an elderly or child. The time use domain attempts to assess worker's experiences in meeting the needs of both work and non-work areas of life. The domain aims to reduce the conflict between work and non-work activities. Employers have the power to change the work environment, and help workers engage meaningfully with work, family, and community. The domain comprises of six indicators as shown below.



**Figure 3:** *Assessment Framework for Time Use Domain*

### ***15. Working hours***

Today's work culture requires workers to spend longer hours at workplace. This increase in work hours has led to work-related conflicts (Keith, & Schfer, 1980). Work-related conflict refers to the conflict that arises due to severe pressures from both work and family (Kahn, et al., 1964). Studies have reported that long working hours often increases the risks of occupational illnesses and injuries (Shields, 1999). Therefore, businesses will have to integrate work time regulations to protect workers from such health hazards. The indicator records worker's average working hours in a normal work setting. Information for the past one year is gathered from official records. Work hours may have to be analysed separately for different occupational groups.



### ***16. Work pressure***

Workers may need certain amount of pressure to complete their tasks. The key challenge here is to maintain the work pressure such that workers are motivated, but not stressed. When the work demand exceeds worker's ability due to inadequate time, resources, and skill, it will add to work-related stress. For this indicator, data on the demand placed on worker's time in the past one month is assessed on four-point scale from 1 'daily' to 4 'never'. The indicator mainly pertains to time pressure where workers are consistently asked to work overtime. Business leaders will have to provide regular review of workloads, deadlines, and work schedules to regulate work pressures.

### ***17. Flexi-time***

A flexi-time indicator denotes working arrangements that allows a certain degree of flexibility on the time and days of work. Flexible working arrangements may have positive impact on worker's engagement and motivation. Such arrangements enable them to have greater control over their work-life-balance leading to a happier workforce. For this indicator, workers report their work schedule through two questions on a four-point scale. First, workers ability to change the starting and quitting times are assessed. Second, the level of difficulty to take leave for personal or family matters is examined.

### ***18. Work-life interaction***

Workers who can balance work and non-work tend to have greater satisfaction with life by witnessing lower levels of stress (Sujata, Cheema, & Bhutto, 2011). The demand on worker's time and energy can significantly affect social and family lives. Too much demand on time and energy may naturally reduce the time and quality of sleep. This indicator includes queries on whether conflict has occurred due to incompatible demand from work and non-work that makes participation in both challenging. For this indicator, worker's perception on their ability to maintain balance between work and non-work life is recorded through six questions. Workers are asked to rate the frequency of work-life conflict such interference and overload on a five-point scale from 1 'never' to 5 'very often'. The six variables are combined to form an index with highest possible score of 30 and lowest possible score of 6.

### ***19. Adequate break***

The availability of break such as lunch break, tea and coffee break, and rest at workplace are essential for workers. For this indicator, administrative files are explored to record the time allocated for such breaks. Businesses should encourage workers to take regular breaks to create an environment that steers away from overworking and promote a healthier work-life balance.

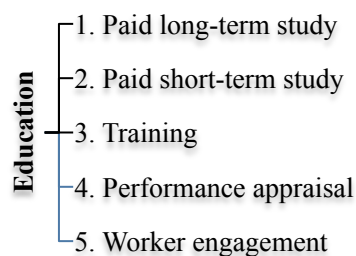
## ***20. Sleeping hours***

A good quality and quantity of sleep is important for our health (Everson, 2009). Sleep affects our ability to sustain attention, performance, and interpersonal relationships. Sleep duration of seven to eight hours is recommended as it lowers the risks related to diabetes, obesity, and blood pressure, and reduces the risk of workplace accident (Colten, & Altevogt, 2006). Sleep indicator has been considered for the GNH certification tool since demanding work schedule deprive workers off sleep through reduced sleep hours or increased sleep disturbances. Study shows a strong link between sleep problems and work shift (Drake, Roehrs, Richardson, Walsh, & Roth, 2004). Similarly, overtime has also been found to be associated with sleep and related fatigue issues (Hayashi, Kobayashi, Yamaoka, & Yano, 1996). The sleep indicator assesses the amount of hours slept in a normal setting. Workers are asked to report the average hours of sleep they have in a night. Sleep indicator should enable business leaders to establish procedures to improve work schedules, and reduce sleep related risks.

## **Education**

Business establishment should also be a school for workers with programmes to provide trainings to update and acquire skills. The education domain incorporates human resource indicators like workplace skill development and training

programmes. It includes indicators that attempt to capture opportunities offered by employers for their professional and personal development. Provision of company sponsored scholarships for short and long-term studies are other assessment criteria used for assessing the achievement in the education domain as illustrated below.



**Figure 4:** *Assessment Framework for Education Domain*

### ***21. Paid long-term study***

This indicator examines administrative records on the number of workers who went on paid long-term studies. Since such scholarships cannot be applied to all workers, assessment will be carried out in terms of the proportion of workers who have had such opportunities in the past five years. The long-term scholarship encompasses those studies that are at least six months or longer. Studies here refer to knowledge and learning on a broad set of skills, such as critical thinking, researching, etc., as opposed to trainings, which are more concerned with specific skills and shorter time frames.

$$= \left( \frac{\text{\# of workers provided with scholarship for longterm study}}{\text{\# of total workers}} \right) * 100$$

## **22. Paid short-term study**

Like a long-term study, information on a short-term study is also gathered from administrative data. Short-term implies those studies, which are less than six months. The indicator is expressed as a proportion of workers sent for short-term studies in the past five years as indicated below.

$$= \left( \frac{\text{\# of workers provided with scholarship for shortterm study}}{\text{\# of total workers}} \right) * 100$$

## **23. Training**

This indicator reflects the number workers who attended training for enhancing their skills and talents. Training here pertains to skill development through instruction and practice provided for improving work performances. Such training programmes would involve specializing in employment-related skill, or acquiring new skill. It is assumed that these programmes will help them develop their full potential. Administrative records are explored to estimate the proportion of workers sent for professional development in the past one year.

$$= \left( \frac{\text{\# of workers who went for training}}{\text{\# of total workers}} \right) * 100$$

Training also includes those sent for personal development focusing on growth and overall advancement of workers. Personal development courses may include the development of skills like interpersonal, time management, communication, and building relationships. It offers workers with an opportunity to build knowledge, understanding, personality, attitude, and competencies for overcoming future challenges. The scope is wider unlike professional development.

#### ***24. Performance appraisal system***

Performance appraisal is a vital component of human resource management. It allows businesses to provide positive feedback as well as identify areas of improvement. The indicator attempts to evaluate the presence of performance appraisal system in business establishment. It also assesses worker's perception on fairness, accuracy and biasness with the performance ratings.

#### ***25. Worker engagement***

Worker engagement refers to the level of freedom and appreciation given by their employers. Workers may experience these aspects while communicating with co-workers, supervisors, or clients. Workplace engagement indicator is based on five variables: opportunities given to

make initiatives, to make suggestions, and to involve in decision-making, and the feeling of being valued and appreciated. Workers were asked to rate their degree of agreement to the statements on a scale from 1 'strongly disagree' to 5 'strongly agree'. The variables were aggregated to form workers involvement score ranging from 5 to 25.

### **Living Standards**

That the business invests to make financial return is clear; but the sharing of the financial return amongst workers, shareholders or community members is being debated. The domain of living standards relates to material comfort of the workers. It aims to ensure the fulfilment of basic material needs for a comfortable living. The domain encourages profit sharing by introducing plans that rewards workers to share the fruits of their labour, and foster a sense of ownership to the business. The living standards domain comprises of various profit sharing strategies such as pay, benefits, and others as shown below.



**Figure 5:** *Assessment Framework for Living Standards*

*Domain*

### ***26. Adequate pay***

For this indicator, we require business to disclose the pay structure of its employees. We examine the total income of workers including pay, bonus, and allowance. We apply a minimum income threshold and assess each worker's sufficiency in the adequate pay indicator. Income is found to be associated with employee motivation and their behaviour at workplace (Oshagbemi, 2000). Conversely, studies show that workers dissatisfied with their pay are discontented with job and lead to increased absenteeism (Judge, Cable, & Higgins, 2000).

### ***27. Retirement benefit***

This indicator assesses worker's access to retirement benefits. Retirement benefits include contribution made by the business establishment towards pension and provident fund. Retirement



benefits play a role in the overall job satisfaction of workers (Artz, 2010). We explore administrative data and analyse proportion of contribution. Workers usually claim pension at the end of their retirement, either in lump sum or on regular basis. Provident fund is created by contributing some amount from a worker's basic pay with contribution from the establishment regularly over his or her work life and is usually claimed in lump sum.

### ***28. Insurance***

The insurance indicator assesses whether the businesses provide some form of insurance coverage for its workers. An adequate insurance coverage for employees can help them to sustain a living in the event of occupational injury or illness leading to permanent disability. It can also help support the family members in the event of a death of an employee.

### ***29. Adequate leave***

This indicator assesses various paid leave given to the workers. They include leave granted for causal, medical, bereavement, maternity, paternity, and for public holidays. Information is sourced from official records. Casual leave refers to leave sought for a short duration during sickness or personal emergency. Medical leave is a sick leave granted by the employer. Medical leave is usually provided to attend to serious illness, and usually requires medical certificate or

doctor's prescriptions. Bereavement leave, also known as compassionate leave, is provided when a worker's immediate family member pass away. Immediate family members include spouse, children, and parents. Maternity leave is only allowed for pregnant working mothers. It may be granted in conditions of miscarriage. Paternity leave is provided to fathers at the birth of their child or adoption of a child. Public holidays are those days when a holiday is observed through out the country to celebrate days of historical, spiritual or cultural significance.

### ***30. Fringe benefit***

Providing fringe benefits to workers is vital for establishing a support system within an organization. This is an important component of worker compensation that also acts as a substitute of pay (Baughman, DiNardi, & Holtz-Eakin, 2003). Benefits here comprises of housing, transportation, meal subsidies and childcare. Provision of housing refers to an accommodation or housing allowance provided to a worker by their employers. Likewise, workers may also be provided with transportation services like pickups and drop-offs. The business establishment may provide meals or meal allowances or subsidized meals. Provision of meals pertains to those arranged for every day work and not only during overtime or trainings. Childcare services involve family friendly working arrangements such as onsite childcare service (crèche) or

breast-feeding rooms. Information on the workers' accessibility to these benefits is investigated.

### **31. Pay gap**

The aggregate income inequality has risen steadily over the years (Acemoglu & Autor, 2011), and there is an increasing concern about the high pay inequality within a business establishment. A part of the inequality rise is explained by firm's growth (Barth, Bryson, Davis, & Freeman, 2016). Income inequality is observed to hurt employee moral and productivity, and is negatively related to firm value (Breza, Kaur, & Shamdasani, 2016). The pay gap indicator is the ratio of highest to lowest yearly earnings among full-time, year round workers. Information is gathered from the administration.

$$\text{Pay gap} = \frac{\text{Gross pay of highest full time earner}}{\text{Gross pay of lowest full time earner}}$$

### **Good Governance**

Some businesses may seek profit unethically by exploiting workers, or by resorting to corrupt practices. Government will have to develop policies and procedures to hold business accountable to the highest legal, ethical and operational standards. For it to succeed, both government and business entities need to raise their awareness on the principle of effective governance such as fairness, transparency,

accountability, and responsibility (Millstein, 1998). The domain of Good Governance sets forth some of the policies and procedures required in a business. The domain emphasizes businesses to conduct its operations with ethics, integrity, and transparency. It comprises of nine indicators as depicted below.



**Figure 6:** *Assessment Framework for Good Governance Domain*

### **32. Regulation**

Effective written policies and procedures are required for a business entity to address workplace-related issues. Documents and guidelines explaining such rules and regulations reflect a business's compliance commitment. It would also help educate workers on their rights. Such standards will have to be easily accessible and distributed to workers. The indicator evaluates the presence of a policy or procedure to deal with issues of

discipline, grievance, health and safety, discrimination, harassment, corruption, child labour, and forced labour.

### ***33. Board effectiveness***

The board of directors is one of the most suitable mechanisms to improve governance in businesses (Andres, Vlaetin, & Lopez, 2005). Literature focuses on three aspects of board, the size (Eisenberg et al., 1998), composition (Weisbach, 1988, Bhagat, & Black, 1999), and functioning (Vafeas, 1999). The indicator here evaluates board effectiveness through gender composition and independence. For gender composition, the counts for men and women directors are compared. To assess independence, we assess directors' relationships and interests by dividing them into insiders and outsiders. Insiders correspond to those who are affiliated to the business establishment, while outsiders refer to those who have no relationship to the firm or its subsidiaries. Basically, we follow the standard requirements for independence. For example, a director or an immediate family member of the director should not have any relationship or affiliation to the business or its subsidiaries. Likewise, a director should not have been employed by the business, or have an immediate family member employed or working in the business.

### ***34. Public shareholding***

Why should a company go public? We think that a widely shared ownership would democratize wealth creation and promotes equality. This indicator investigates whether a business has invited public to subscribe to the company shares through an initial public offering (IPO). It assesses the percentage of shareholdings by the public. The indicator is applicable to registered companies, and so, can be ignored while evaluating non-registered enterprises.

### ***35. Whistleblowing channel***

The whistle blowing channel allows workers to report any action in confidence against bad behaviours such as corruption, harassment, or fraud observed or experienced in business establishment without fear or retaliation. Effective policies on whistleblowing may improve the ethical climate by raising the workers' confidence and protection (Barnett, 1992). While some consider whistle-blowers as noble as they are willing to bring fraudulent practices to the forefront, others may say they just represent discontented employees. Either way, whistle-blowers provide a useful way to expose abuses in the system. Studies show that workers' knowledge on the access to such channels is significantly associated with chances of reporting the misconducts perceived (Miceli, & Near, 1985). Therefore, a business entity should also advocate workers on the availability of such procedures. The indicator comprises of

three variables: existence of a systematic procedure, presence of at least two concrete channels, and advocacy.

### ***36. Turnover rate***

Turnover is often portrayed as a major issue in business operation as it is said to have a direct impact on the morale and productivity of remaining worker. Workers often leave their jobs due to dissatisfaction at workplace (Mobley, 1977). Dissatisfaction may be work-related such as discontentment over benefits or supervision, or it may also stem from non-work spheres of life. For instance, there are worker-initiated voluntary turnovers and involuntary turnovers initiated by employers. This indicator, however, does not make any distinction between different types of turnovers. Instead, a simple method has been adopted to calculate the attrition rate. It is calculated by dividing the number of employees who had left the organisation during the year by the average number of workers employed by the company during the year (McGrew, n.d.).

$$\text{Turnover rate} = \left( \frac{\text{\# of workers who left}}{\text{Average number of workers}} \right) * 100$$

### ***37. Compliance***

An increasing number of fraudulent practices have been reported by businesses (Rivera & Karlsson, 2017). Integration of GNH calls for businesses to develop a culture of

transparency and accountability within the operations. Considering such situations, the indicator seeks to assess the fulfilment of mandates by businesses to comply with law, rules and regulations across a range of cases. These include corruption, money laundering, illegal financing of political parties, anti-competitive practices, evading tax, violating environmental rules, publishing misleading advertisements, discriminating, abusing and harassing workers, worker injury, child labour, and forced labour. These regulations are meant to ensure that businesses are being run with integrity and transparency.

One of the direct results of effective compliance is that it removes businesses from the risk of fines or penalties. But what is more worthy is that these rules and regulations help to create a better working environment, provides public accountability, and promotes good business practices. Data on instances or cases whereby a business was found to be involved in fraudulent practices will be assessed for this indicator.

### ***38. Customer/Client satisfaction***

It is no secret that customer satisfaction is crucial for the success of business as it affects customer loyalty and retention (Hoyer, & MacInnis, 2001). Consumer satisfaction may relate to one particular aspect, or the business as a whole. Both may influence customers' behaviour in future. A business will have



to develop strategic programmes to promote customer satisfaction like monitoring and tracking satisfaction, understanding customer expectations, and providing effective measures to increase satisfaction. The indicator examines a business's initiatives on procedures to assess customer/client satisfaction levels and the frequency of conducting customer satisfaction surveys.

### ***39. Common space***

Business will have to provide workers with comfortable space to encourage inspiration, creativity, innovation, and reflection since workers spend majority of their time at work. It was found that such spaces have direct impacts on worker happiness (Haworth Research Institute, 2016). A common space indicator consists of four variables. They are access to common space for interacting with co-workers, having meals together, carrying out spiritual or wellness activities, and green space that provides contact with nature. An ideal common space would be separate from the main workspace where workers may interact and socialize with co-workers. Meal space refers to an area preferably kitchens attached to a workplace where workers can store, prepare and have their meals. The spiritual space or the wellness room is often overlooked in offices despite its association with worker's happiness (Ajala, 2013). Providing such spaces encourage workers to practice mindfulness and other contemplative

exercise to reduce occupational stress and increase happiness. These spaces in general help in connecting and building relationships within the establishment.

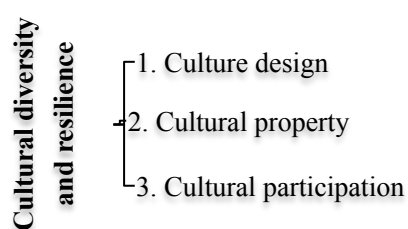
### **Cultural Diversity and Resilience**

Culture incorporates both tangible aspects in form of landmarks, and intangible aspects in terms of values or historical accounts. Culture is key for understanding the history of community, and it plays an essential role in protecting ecology, creating vibrant communities, and sustaining local economies. Businesses as a part of society have a role in ensuring that culture of the locality is recognised, respected, and promoted. Hence, understanding the nature of local culture and heritage is vital. An ignorance of such cultural norms may result in insensitive decision-making, causing distress in the local community.

In general, most businesses are not aware of the benefits of supporting cultural programmes and as a consequence are not involved in initiating cultural preservation programmes. While some businesses are inherently based on heritage and culture, most are not. In both cases, culture and heritage preservation activities and programmes must be encouraged to generate respect for its cultural value. However, businesses will have to caution towards commodification of traditional cultural

expressions of local community. The actions of business establishments need to be culturally sensitive and relevant.

The Culture Domain is a construct developed to remind and emphasize the importance of tradition and heritage. Culture was found to be more challenging to assess and quantify as compared to other domains. The proposed indicators hence, may not be intellectually satisfying. In future, there will have to be efforts to develop additional indicators that will illustrate ways of where and how businesses should change their behavior to bring about positive impacts on culture. Currently, three indicators have been identified to form the construct as explained below.



**Figure 7:** *Assessment Framework for Culture Diversity and Resilience Domain*

#### ***40. Culture design***

This indicator attempts to assess whether the core operation of the business in terms of their products or services are directly involved in endorsing or fostering the preservation and promotion of either or both tangible and intangible aspects of cultural tradition and heritage which includes folk music, songs, performing arts, traditional artisan skills, social practices, rituals and festivals, etc.

For example, a bronze statue making business would be directly promoting the knowledge of traditional artisan skill. Likewise, for a handcraft business, employing women to weave traditional designs would lead to retaining weaving skills, and promoting traditional wear. Similarly, a consultancy firm, which offers courses in national language, would be encouraging its use. The indicator aims to encourage business's ventures that create cultural product or service.

#### ***41. Cultural property***

Some businesses may cause the displacement or destruction of cultural property in communities. We evaluate the number of incidences of cultural property damaged or deteriorated during the establishment or in course of its operations.

## ***42. Cultural participation***

The forces of modernization can decline the practice and significance of cultural tradition and events in communities. Businesses too cause disruption of such practices. As employers, they may allow little or limited contact with such events. Business will also import values, which might not fit with the existing norms. Hence, businesses will have to take initiatives in promoting and sustaining these practices. Businesses may intervene and try to support cultural events by negotiating working hours with employees to allow active participation during these events. Likewise, workers may be provided holidays during days of cultural significance. This indicator evaluates worker's access to such opportunities.

## **Community Vitality**

Role of business will be incomplete without factoring the contributions to the local community. As soon as a business has been set up, it will bring both economic benefits and considerable social, environmental, and cultural damage. For instance, it can cause considerable disruption by unevenly distributing the benefits, and transforming the existing social norms and traditions. As a part of the community, businesses must fulfil social obligation. The domain of community vitality emphasizes the need of business engagements in community building. One way of maximizing businesses' contribution to communities is to encourage active and effective participation

of communities in the decision-making processes for articulating policies and procedures, and to avoid or mitigate potential issues. The domain comprises of seven indicators as shown below.



**Figure 8:** *Assessment Framework for Community Vitality Domain*

### ***43. Corporate volunteerism***

Undertaking voluntary works for the community is a great way of paying back to the community. This indicator attempts to encourage businesses to make a difference in lives of residents through voluntary activities and community initiatives. Business must work together with the local community to nurture networks of support, build a sense of connection, and help resolve diverse social issues. Volunteers drawn from the business sector would also help in bringing skills and expertise,

which otherwise would remain out of reach for the local communities.

This indicator incorporates activities carried out by firms in various voluntary works across culture, community vitality, and environment domains. Voluntary works in community vitality domain may encompass volunteering in spiritual events, providing health, education and recreational services, developing basic infrastructure, initiating anti-poverty measures, supporting communities in times of natural calamities and disasters, supporting women, senior citizens, and persons with disability amongst others. Likewise, under environment domain, voluntary programmes include those related to afforestation, cleaning, water conservation, waste reduction, and energy conservation amongst others. For culture, we may assess voluntary works carried out in promoting national language, national arts and crafts, supporting local festivals, traditional or spiritual events, *driglam namzha*, and cultural heritage sites. For instance, organisations may send workers to volunteer for maintenance of temples and monasteries around their workplace. Creating awareness of the importance of sites could be another example in promoting intangible cultural resources. Such interactions also reinforce relationships with the local community. Some businesses adopt monuments and sites of cultural significance towards preserving such monuments or sites. Businesses are asked to provide the number of days volunteered and the

number of workers involved in any of the voluntary programmes in the past 12 months.

#### ***44. Corporate donation***

Donation refers to the amount donated in cash or in kind by a business for a range of activities or events that involves promoting or conserving of culture, environment, or for community building. Such measures can bring benefits by reinforcing relationships in the community, which in turn will win its trust and loyalty. Community philanthropy has a great potential to influence business's values as social changes are witnessed directly.

#### ***45. Local business***

Cottage industries are the backbone of rural economy as it provides community members with an opportunity for employment. It allows locals to remain in their communities instead of them migrating to seek better lives. We observe that establishing such industries are also intertwined with our cultural heritage and preservation of intergenerational skill transfer. Cottage industries here refer to the local skills of creating products with locally available raw materials. For this indicator, we investigate if a business facilitated the establishment of a mechanism of financing micro enterprises, or its operations required the use of any products of cottage industries in the community. We included this indicator as



business establishments can take a toll on existing cottage industries.

#### ***46. Local suppliers***

To develop a sustainable supply chain, this indicator assesses the sources of major raw materials of a business. It aims to encourage business to buy raw materials from the local. The indicator examines business establishments' efforts in developing the locally owned businesses, which uses locally available resources as raw materials or inputs.

#### ***47. Local employment***

The local employment indicator measures a proportion of national or local employees working in the business. Information on the number of national and foreign workers is collected to calculate the proportion.

#### ***48. Community infrastructure***

Community infrastructure can also be vulnerable to business operations. Businesses have the potential to displace communities by expropriating their land and infrastructure for their interest often without adequate compensation. For instance, the establishment of a mining company may lead to displacement of settled communities, which can result in resentment and conflict. Such involuntary resettlement can be devastating for indigenous communities with strong cultural

ties to the land and environment. This indicator evaluates whether the business has caused any damage to community infrastructures such as houses, water sources, sewages, roads, power, and communication infrastructure, and cultural, spiritual, or historical sites and monuments during its set up or during operation in the past 12 months.

#### ***49. Social venture design***

The border between government and business's role in community development seems to be fading (Dees, & Anderson, 2003) with the increase in demand for business to make profit by serving social purposes. We incorporate this indicator to advocate and encourage business that create social impact in societies. Vision, mission, goals, operations, products or services of business are studied to evaluate if the business has integrated social impact and other vital components into the business model. Basically, we try to assess if a business is providing innovative solutions to societal problems in addition to driving the economy.

### **Ecological Diversity and Resilience**

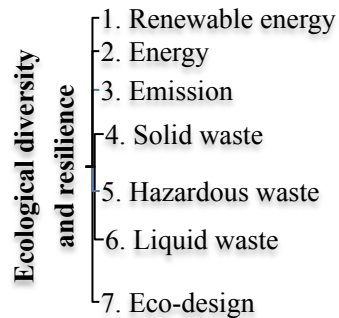
Businesses are major contributors to ecological problems such as pollution, water contamination, loss of biodiversity, and changes in water system that affect communities in terms of their livelihoods and health. While some businesses resist changes in their behaviours to become environment friendly,

there are a few businesses which are proactive in green initiatives (Min, & Galle, 2001).

This domain attempts to encourage business to develop systematic eco-friendly operations for its daily conduct. Environmentalism in corporations is understood through two aspects: environmental orientation and environmental strategy (Banerjee et al., 2003). Orientation implies the level of awareness of business leaders on environmental issues, and strategy refers to its integration into plans. Both are important and interdependent. For instance, the vision and ideals of a business, its choice of technology, or integration into long term plans would require leaders first to have adequate knowledge.

Business will have to understand that environment benefits are long-term and intergenerational, and it must not be substituted with a monetary value (Costanza et al., 1997). Ecological indicators have long been used to detect impacts and conditions of nature. Its use has only increased over the years with international organisations making it a requirement for businesses to uphold certain standard (Trewick, 1996). In Bhutan, the environmental clearance processes developed by the National Environment Commission was introduced with the purpose of evaluating business establishments, in terms of their potential environmental, cultural and aesthetic impacts (National Environment Commission [NEC], 2000). As per the environmental clearance process checklist, these impacts are

critical to determine the viability of a business establishment. However, additional measures to mitigate ecological risks, and integrate preservation in business operations will have to be developed. This domain comprises of indicators that highlight environmentally conscious activities for increasing wellbeing and happiness in the communities.



**Figure 9:** *Assessment Framework for Ecological Diversity and Resilience Domain*

### **50. Renewable energy**

There appears to be a significant effort in financing the renewable energy technologies. However, continued efforts are required to raise their share of power generation to reduce the fossil fuel use. An effective energy strategy can help business become competitive and enable them to be sustainable. It will position themselves as socially responsible to stakeholders. This indicator has been included to encourage and support business models whose operations and practices are based on

and around the use of renewable energy. Information on the total expenses on renewable energy consumption for the past one year is gathered to assess the percent of energy used from renewable sources as follows:

$$= \left( \frac{\Sigma \text{ of renewable energy expenses}}{\Sigma \text{ of total energy expenses}} \right) * 100$$

### ***51. Energy***

Reducing energy consumption is not only beneficial to the environment but it saves cost to the business. Business may start reducing consumption by improving energy efficiency. Through the energy indicator, we evaluate a business's efforts in monitoring the energy use, and assess initiatives to reduce energy consumption. Some common initiatives include reducing energy waste, and optimizing energy use by using energy efficient appliances, sensor, or timers.

### ***52. Emission***

Businesses will have to stop green house gas emissions in the atmosphere, and recognize the costs associated with it. These emissions are the leading cause for climate change, resulting in disastrous impacts such as loss of ecosystem and diversity. Hence, it is vital for the businesses to reduce their emissions and ensure sustainable future. Businesses have opportunities to reduce emission at every level of their operation procedures. In the long term, even small initiatives will cumulate to make a

difference. The indicator collects information on the business establishment's efforts across three aspects: endorsing goals for reducing emission, monitoring initiatives, and adopting measures to reduce pollutants. The production and reduction initiatives of common operational emissions such as carbon dioxide, carbon monoxide, methane, nitrous oxide, nitrogen gases, fluorinated gases, lead oxides, hydrogen sulphide, sulphur dioxide and others gases are assessed by the tool.

### ***53. Solid waste***

Information on the amount and nature of waste generated is critical for business to develop effective waste management strategy. Industries produce a large amount of hazardous wastes with a varying degree of toxicity. Indiscriminate waste disposal methods may lead to land contamination and water pollution. Solid waste indicator measures generation, treatment, disposal, management and reduction techniques of waste. The indicator evaluates effort made by the business establishment to reduce the production of solid wastes such as bio-degradable waste, pet bottles, tins, glasses, papers, cardboards, plastic, electronic waste, used batteries, broken sodium bulb, fluorescent tubes/CFLs and others.

### ***54. Hazardous waste***

Hazardous waste poses greater harm to environment and our health if they are not managed properly. Hence, business will

have to adopt strict protocol for managing hazardous waste from the start of its production to treatment or disposal. We try to evaluate whether businesses follow systematic and adequate procedures to manage and reduce the production of hazardous waste.

### ***55. Liquid waste***

This indicator examines procedures and practices to reduce the production of liquid waste. Often liquid waste generated from industries are untreated or partially treated, and it is directly discharged to various watercourses, contaminating water. This presents a threat to health and environment with both immediate and long-term consequences. Businesses are assessed where adequate procedures were adopted to manage liquid waste.

### ***56. Eco-design***

This indicator examines whether a business is producing eco-friendly products or services to reduce environment impacts. For instance, a company would rate high in social venture design if provides energy sourced from wind, solar, or water, as energy produced would not only reduce our dependency on fossil fuels. Likewise, a business specializing in wind energy, water source management, and rainwater harvesting is contributes to environment conservation. Similarly, a business establishment that recycles used plastic bottles is directly

reducing waste. The aim of this indicator is to understand the larger consequences of business ideas or model on environment.

In addition to the 56 indicators discussed above, we may also have to consider gender pay gap and the wage premium indicators in the assessment framework in future. For instance, the gender pay gap indicator would help business assess the existence of gender inequity issues in pay structure. For instance, women with equivalent qualification and experience should earn pays equal to male counterparts. Similarly, the wage premium indicator would help assess the pay and allowances of employees of a particular business in comparison to the industry averages.