

## A study on Gross National Happiness: Catalyst of developing Nation

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### **Abstract**

*Analyzing human satisfaction and happiness has always been a topic of research. Everyone wants to be happy thus it's important to understand what matters to an individual: prosperity, lifestyle, status, happiness or satisfaction? What are the factors responsible to make an individual content and happy? The topic is subjective yet revolves around the physiological perspective. This paper makes an attempt to provide an insight into the concept of Gross National Happiness (GNH) and its relationship with the development of the Nation. A lot of research has been undertaken in this field and has also been validated in Bhutan where GNH act as a tool for measuring nation's wealth and have also determined the factors relating to the economics of happiness.*

**Keywords:** *Life Satisfaction, Review, Happiness, Gross National Happiness (GNH).*

### **Introduction to Gross National Happiness**

What matters to an individual: money, status, luxury, or, happiness, care and contentment? At the end of the day, an earning in dollars would be satisfying or a company of your loved one? These questions have evolved the growing importance of GHI and its relevance in measuring the economic prosperity par above the GDP rates of developing Nation. Happiness is multidimensional, which cannot be measured alone by subjective well-being but also embraces accord with nature and concern for other people around you. Happiness is not identical to value, but it reflects people's satisfaction with life. This allows us to empirically study problems that so far could only be analyzed on an abstract theoretical level.

The most important objective behind gauging the Gross National Happiness was considered to help in understanding that quality of life or social progress. The study examines the happiness in a holistic manner which denotes the growth and progress of any nation. The parameters like GDP (Gross Domestic Product) tends to be only an economic measure and not depicting a comprehensive and true picture of the economic happiness and prosperity. Bhutan's fourth Dragon King, Jigme Singye Wangchuck created the concept of "Gross National Happiness" and embarked the nation towards phase of modern transformation. He wanted to build an economy which would be based on Buddhist spiritual values and prosper too on the term of modernization. According to Wangchuk success measurement of every development activity should be measured in terms of how much happier the people. Thus happiness alone act as an effective parameter for economic prosperity overruling the GDP or money values measurements.

Given the nature of term 'happiness', it is natural to say that it is subjective and difficult to compare an individual's happiness with another person. Also, the association of the word will be diverse when it will be referred across cultures and various nations. Comparison across cultures had been one of the criticisms; but it is also understood that cross-sections of large data samples across nations and time demonstrate normality and consistency of patterns in the determination of happiness. Various reviews have been also used to evaluate people's view on their state of happiness and well being. Various organizations have used different measures of emotions and happiness with/without the economic progress for evaluation. The Gallup poll system also collects data on wellbeing on a

national and international scale. UK's New Economics Foundation (NEF), in 2006, launched the 'Happy Planet Index', which was intended to challenge the existing indices of a state's success, such as Gross Domestic Product (GDP) and Human Development Index (HDI). The Happy Planet Index (HPI) is weighted for scoring nations with low ecological footprints. The system ponders GDP as unsuitable because the eventual aim of an individual is to be happy and have good health. Despite of proving itself to be a much more comprehensive analysis of the people happiness and development, the concept also finds some condemnation on various aspects. Many researchers have criticized the GHI on the basis of calculating happiness on a metric scale which does not give accuracy. GHI serves political goals and is used to advance the aims of the government not touching the grassroots on the public. Also, critics are of the opinion that government can modulate the gross national happiness as per their suitability and fulfillment of interest. The parameters of measurement

could be different in each country if such research is not conducted on a global level but separately for each country thus uniformity is not present in GHI unlike GDP. Nevertheless, the country of Bhutan states their goal to be the maximization of their own GNH and not in context of other countries. It might be objected that happiness numbers do not mean anything reliable (my 5 might be a 3 to you) depending on countries and varied cultures. Economists have taught such views for decades though while.

Also there are various factors affecting the credibility of GHI measurement like the situation prevailing in the country at the time of survey will also tend to have an impact on the result. The economic conditions, government measures, policy, stability of employment, taxation reforms, occurrence of any natural calamity, other conditions etc. Thus the time period of carrying out GHI surveys should also be carefully studied in order to gauge accurate analysis subject to specific economic conditions of the respective country.

### **Components of Happiness Index**

Typically national financial measures, such as GDP and GNP, have been used as a measure of successful policy. Although on average richer nations tend to be happier than poorer nations, some studies have indicated that beyond an average GDP per capita of about \$15,000 (most of the world's nations have less than this), the average income in a nation makes little difference to the average self-reported happiness. In 2010, Daniel Kahneman and Angus Deaton found that higher earners generally reported better life satisfaction, but people's day-to-day emotional well-being only rose with earnings until a threshold annual income of \$75,000.

Wealth has not been making people happier. This is because after the basics for survival are taken care of, money cannot bring people any more happiness than they would experience without it. Professor Ruut Veenhoven showed that social security payments do not seem to add to happiness. This may be due to the fact that non-self-earned income (e.g., from a lottery) does not add to happiness in general either. Happiness may be the mind's reward to a useful action. However, Johan Norberg of CIS, a free enterprise economy think tank, presents a hypothesis that as people who think that they themselves control their lives are happier, paternalist institutions may decrease happiness.

Work is important to happiness. It creates a sense of purpose, beneficial relationships with co-workers, and also earns money. Losing one's job can be a great source of unhappiness.

Relationships, particularly those with women, are important to the happiness of both sexes.

Children tend to decrease parental happiness, at least until they leave home, although in terms of a broader life narrative the opposite may be true. Some research shows that at some ages (toddlers and teenagers) they decrease parental happiness, whereas at others they increase it, averaging out to no overall change. Married people are happier, but it is unclear if this is due to the marriage or if happy people are more likely to marry. The amount of spare time people have, as well as their control over how much spare time they have, correlates with happiness. Happiness appears to be inversely related to levels of stress, allergy, asthma and other chronic conditions.

### **Essentials of Happiness Index**

Does money buy a lot of happiness, not much, or none? Is economic growth really making Britain better off?

Various researches have demonstrated varied elements to GHI however certain predominant elements that facilitates in understanding the factors responsible for determining different level of happiness are three major types-

- Demographic and personality factors, such as age, gender and family circumstances, as well as nationality, education and health
- Economic factors, in particular unemployment, income, and inflation
- Political factors such as the extent of possibilities for citizens to participate in politics, and the degree of governmental decentralization

Economic Health: Indicative of economic wellness through the statistical measurements of monetary income, average income to consumer price index ratio and income distribution.

Gross Domestic Product (GDP) and Gross National Product(GNP) have been used as indicators of happiness, claiming that richer nations are happier than the poor nations. Although it is true on an average, but some studies have indicated that beyond a certain level of GDP per capita, the income makes little difference in the level of happiness. Monetary income of a person correlates with happiness, but this rate decreases with very high monetary income levels. In 2010, Daniel Kahneman and Angus Deaton found that higher earners generally reported better life satisfaction, but people's day-to-day emotional well-being only rose with earnings until a threshold annual income of \$75,000. Gregg Easterbrook had stated that even though wealth has increased to quite a considerable extent today as compared to 1950, people are still as happy (or as unhappy) as they were 60 years ago. According to the survey conducted by the National Opinion Research Center, about 1/3 Americans said they were really happy in 1950 and the results have not varied much since then, with the surveys being conducted periodically. Therefore, it can be figured out that wealth makes people happier only till the point basic needs are fulfilled and in a diminishing proportion beyond that.

Workplace Wellness: Indicative of workplace environment through metrics like change of job, organizational climate, interpersonal relations, ease of work, etc.

Work gives direction, a sense of purpose, and also the opportunity to maintain a good standard of living apart from earning money for the basic sustenance of life. Unemployment or an undervalued job can be a major source of unhappiness.

After work, next is Work environment. The organizational climate; interpersonal relationship with seniors, peers and juniors and the growth opportunities can together be a cause of happiness or stress.

Healthy Relationships & Social Life: Indicative of a healthy personal life acknowledged through comfort in the relationships around a person.

Personal relations are another aspect leading to a healthy state of mind or otherwise. This is important to happiness of both the sexes, though it is particularly high on priority amongst the women. It may be parents, spouse, kids, relatives and friends amongst whom a person is always trying to strike a balance. Divorce or separation is one of the worst things that can happen to a person.

Effect of Marriage Association:

Studies have also indicated that married people are much happier than the unmarried people. It seems to give them a personal space which they are able to share and still be themselves.

Effect of Children and family:

Research has suggested that toddlers and teenagers tend to decrease parental happiness, while the adolescent stage and youth do not have a detrimental effect or have an almost positive effect.

Physical & Mental Health:

Happiness appears to be inversely related to levels of stress, allergy, asthma and other chronic conditions. Severe ill-health or disability can also be a cause of unhappiness. Locus of control can also be effective in understanding the mental health. Johan Norberg, a free enterprise economy thinker maintains that people

who seem to have a control over their own lives are generally happier in contrast to those with paternalist institutions which may tend to have a happiness reducing effect.

Environmental Wellness: Indicative of environmental satisfaction through metrics such as pollution, noise and traffic in the surroundings of work and home.

Societal Wellness: Indicative of social life through metrics like safety, crime rates, societal surroundings.

The level of security a person feels in his city can influence his mental calm.

Political Wellness: Indicative of political environment measured through perception of local democracy and individual freedom.



Fig. 1: Constituents of Happiness Index

### **Measuring Happiness is debateble**

Different methods have been used by organizations during various surveys conducted. Psychologists have been spending a considerable amount of time analyzing the sources of human satisfaction in detail for decades. In their view, happiness, or subjective well-being, is conceived to be the degree of how one views one's life as a whole, or some particular domain of one's life, as favorable. Like, a single-item question from the standard happiness questionnaire in the 'World Values Survey' asks people, "Taken all together, how happy would you say you are: Very happy, Quite happy, Not very happy, or, Not at all happy?" The response is scored on a four point numeric scale which signifies '1' being the 'Not at all happy' and '4' being 'Very happy' on the parameter.

The General Social Surveys of the United States asks people "Taken all together, how would you say things are these days - would you say that you are Very happy, Pretty happy, or, Not too happy?" This was then rated on a three-point scale.

The Eurobarometer Survey asks a standard life satisfaction question, "On the whole are you Very satisfied, Fairly satisfied, Not very satisfied, or, Not satisfied with the life you lead?" Another method used

is the General Health Questionnaire (GHQ) in the British Household Panel Survey. The GHQ assesses positive and negative affect according to the responses to the following twelve questions: “Have you recently, a) been able to concentrate on whatever you’re doing, b) felt that you were playing a useful part in things, c) felt capable of making decisions about things, d) been able to enjoy your normal day-to-day activities, e) been able to face up to problems, f) been feeling reasonably happy, all things considered, for positive affect, and g) lost much sleep over worry, h) felt constantly under strain, i) felt you could not overcome your difficulties, j) been feeling unhappy or depressed, k) been losing confidence in yourself, l) been thinking of yourself as a worthless person?”, for negative affect. The optional responses for the GHQ-12 questions are rated on a four-point Likert scale, with possible answers ranging from “1. More so than usual” to “4. Much less than usual” for positive affect and from “1. Not at all” to “4. Much more than usual”. The unweighted scores are then summed up to form a single index, with higher scores indicating lower psychological well-being.

A major challenge with such methods is the subjective attitude of the people towards happiness questionnaire. For instance, people may exaggerate their happiness level in order to maintain their self-worth over the interviewer, whilst situational factors such as mood and weather may affect their responses at the time of the survey (Bertrand and Mullainathan, 2001). Thus, traditional economists prefer to focus their analyses on actual behaviour, such as revealed preferences in consumption, savings, and labour market participation, in the assumption that individuals rationally process all their information at their disposal before making their choices accordingly to maximize utility.

### **Studies on GHI conducted across the world**

#### **Bhutan**

At the Centre for Bhutan Studies, Karma Ura initiated the development of a survey instrument to help measure its population's level of well-being. The two Canadians, Michael and Martha Pennock played a major role in developing the Bhutanese survey. The Pennocks also teamed up with the organization for designing a policy, which assisted the Bhutanese GNH Commission, for anticipating the impact of any policy introduction or modification on the levels of GNH in Bhutan. The study considered four fundamentals of GNH;

- Promotion of sustainable development,
- Preservation and promotion of cultural values,
- Conservation of the natural environment, and
- Establishment of good governance.

The term “Gross National Happiness” was first introduced in the country by the 4<sup>th</sup> King of Bhutan, but this concept has a much longer resonance in the Kingdom of Bhutan. The 1729 legal code, which dates from the unification of Bhutan, declared that “if the Government cannot create happiness for its people, there is no purpose for the Government to exist.” The Constitution of Bhutan (2008, Article 9) directs the State “to promote those conditions that will enable the pursuit of Gross National Happiness.”

Even though the basics and parameters of Bhutan’s GNH Index had a reflection of Buddhism, it is said to be based on empirical research, literature review, study of psychology and human well-being. In every country, some disparity is present amongst the people in which they lead their life and the strata of society they belong to. Therefore, the essentials to be happy and satisfied also vary, so not all variables can have universal applicability. Because of this, the study divided Bhutanese people into four groups depending upon their degree of happiness. Four measurement brackets were used: below 50%, 50-65%, 66-76% and 77% & above. People who have achieved sufficiency in less than 50% indicators are ‘unhappy’; people having sufficiency in 50-65% of the domains and are called ‘narrowly happy’; people having achieved sufficiency in 66-76% domains are called ‘extensively happy’; and in the last group, people with sufficiency in 77% or more of indicators are identified as ‘deeply happy’.

#### **Happiness Index: How Happy Are You?, A Study of United Kingdom**

As a part of GBP 2 million yearly wellbeing project, Prime Minister David Cameron asked the Office for National Statistics to find out how happy the people were. The ONS started working on the same and introduced four questions to the Integrated Household Survey. People were asked to answer the following questions, on a scale of 0 to 10:

- How satisfied are you with your life nowadays?
- How happy did you feel yesterday?
- How anxious did you feel yesterday?
- To what extent do you feel the things you do in your life are worthwhile?

The major observations of the survey had been as follows:

- 76% of adults rated their life satisfaction on a score of 7 or more out of 10.
- Similar proportion of people rated their life as worthwhile and their happiness over the previous day at 7 or more out of 10.
- In terms of how anxious people felt the previous day, more than 50% rated their levels at below 4 out of 10, and about 25% rated their levels with a zero, i.e. 'not at all' anxious the previous day.
- 73% per cent responded with 7 or more out of 10 when asked how worthwhile the things they do are.
- Also, another important observation was that unemployed people reported lower levels on average as compared to those who were employed.
- It was also noted that married people were happier than single or divorced people; and the teens and pensioners were more content with their lives than those in their late-30s.

#### Study of Economics of Happiness by Andrew Oswald

Andrew Oswald (1999) conducted a research based on a study of 108,802 randomly sampled people from 12 countries. The work was undertaken jointly with Rafael Di Tella and Robert MacCulloch. Fascinatingly, his observation says that the proportion of people saying they feel happy with life has stayed almost flat since 1950s, even though when incomes have shot up. Such fact becomes a concern when we try to correlate money with happiness. Does it mean that wealth is apparently not bringing as much contentment as one would have thought?

The most fundamental criticism of happiness economics lies in its dependence on the concept of cardinal utility -- that is, that personal preferences are measurable and comparable in an objective fashion by an outside observer. Cardinal utility is, however, a discredited and largely discarded concept in economics. Some have suggested that establishing happiness as a metric is only meant to serve political goals. Recently there has been concern that happiness research could be used to advance authoritarian aims. As a result, some participants at a happiness conference in Rome have suggested that happiness research should not be used as a matter of public policy but rather used to inform individuals. In addition, survey findings can lead to subjective interpretations. For example, a happiness study conducted in Russia during the 1990s indicated that as unemployment grew, the well-being of both those employed and unemployed rose. The interpretation of this could be that it resulted from diminished expectations and respondents who were less critical of their own situation when many around them were unemployed, or it could be interpreted as being the result of everyone benefitting from the unpaid work that the unemployed were able to do for their families and communities with their increased time resource.

#### Comparing 'Happy Planet Index' Data

The Happy Planet Index was created by Nic Marks, founder of the Centre for Well-being at The New Economics Foundation (nef). The HPI was first published in July 2006; its second edition came in 2009 and the third one in 2012. Progress is not just about wealth. The core of HPI measurement is the current and future well-being. The challenges faced by rich resource-intensive nations and challenges faced by highly poor, poverty struck and deprived nations may be very different, but the end goal is the same: to produce happy, healthy lives now and in the future.

$$\text{Happy Planet Index} \approx \frac{\text{Experienced well-being} \times \text{Life expectancy}}{\text{Ecological Footprint}}$$

Source: *The Happy Planet Index: 2012 Report*

HPI 2012			HPI 2009		HPI 2006	
Country	Ranks	HPI Score	Ranks in 2009	HPI Score	Ranks in 2006	HPI Score
<b>Costa Rica</b>	1	64.04	1	76.1	3	66
<b>Vietnam</b>	2	60.44	5	66.5	12	61.23
<b>Colombia</b>	3	59.75	6	66.1	2	67.24
<b>Belize</b>	4	59.29	27	54.5	51	51.32
<b>El Salvador</b>	5	58.89	8	61.5	9	61.66
<b>India</b>	32	50.90	35	53	90	42.46

Table 1: Top 5 countries as per HPI 2012 and their respective ranking in 2009 and 2006

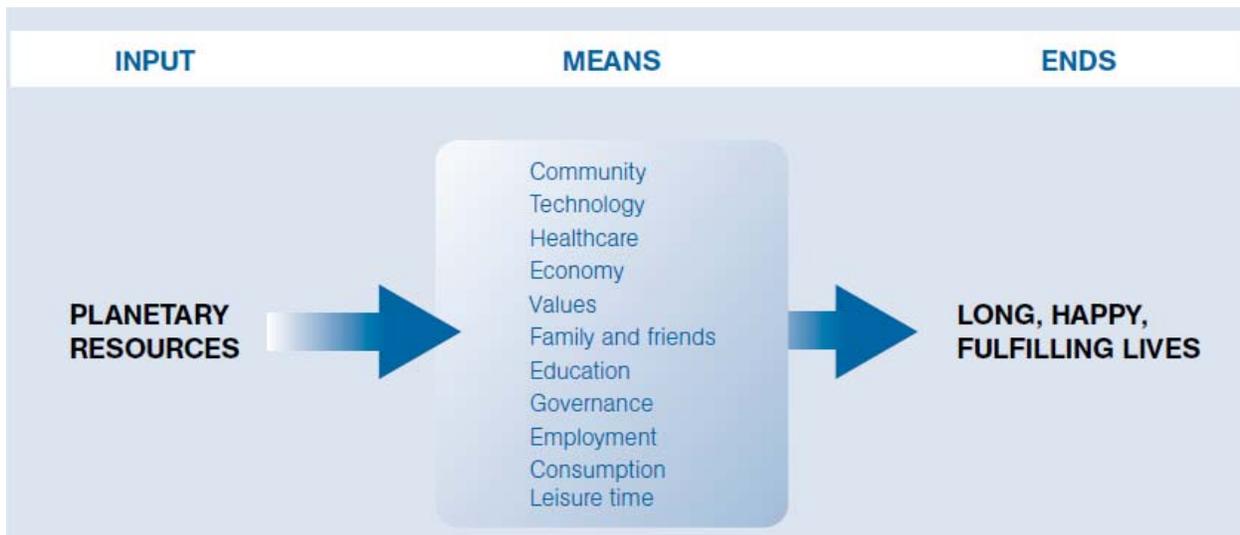


Fig.2: Human Society as a system  
 Source: *The (un)Happy Planet Index 2.0*

### Social Implications

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### **Conclusion**

Essential factor to stand in defense of using Happiness Index is its correlation with other subjective data. Oswald mentioned that one day it would become an important aspect of defining government policy, as material measures and economic wellness will need to be considered along with other parameters of social, environmental, political and mental & physical wellbeing. Also, Happiness Index has proved to be a global assessment scale as it has turned out to be stable across populations and over time. Such research would surely assist in the strategic and operational decisions. It is reported that happiness is high amongst those who are married, well-educated, employed or even self-employed, females, youngsters and senior citizens. Various neuroscience studies have also reported that happiness leads to better productivity and the same is therefore applicable to the overall betterment of the society also if we have a good and happy population. The results have been consistent across cultures and countries. Thus, it would be essential to consider this facet of life be it by an organization or any government.

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