

# A Short Guide to Gross National Happiness Index

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The Centre for Bhutan Studies

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## **Summary**

Bhutan's GNH Index is a multidimensional measure and it is linked with a set of policy and programme screening tools so that it has practical applications. The GNH index is built from data drawn from periodic surveys which are representative by district, gender, age, rural-urban residence, etc. Representative sampling allows its results to be decomposed at various sub-national levels, and such disaggregated information can be examined and understood more by organizations and citizens for their uses. In the GNH Index, unlike certain concepts of happiness in current western literature, happiness is itself multidimensional – not measured only by subjective well-being, and not focused narrowly on happiness that begins and ends with oneself and is concerned for and with oneself. The pursuit of happiness is collective, though it can be experienced deeply personally. Different people can be happy in spite of their disparate circumstances and the options for diversity must be wide.

The GNH Index is meant to orient the people and the nation towards happiness, primarily by improving the conditions of not-yet-happy people. We can break apart the GNH Index to see where unhappiness is arising from and for whom. For policy action, the GNH Index enables the government and others to increase GNH in two ways. It can either increase percentage of people who are happy or decrease the insufficient conditions of people who are not-yet-happy. In the way the GNH Index is constructed, there is a greater incentive for the government and others to decrease the insufficiencies of not-yet-happy people. This can be done by mitigating the many areas of insufficiencies the not-yet-happy face. Not-yet-happy people in rural Bhutan tend to be those who attain less in education, living standards and balanced use of time. In urban Bhutan, not-yet-happy people are insufficient in non-material domains such as community vitality and culture and psychological well-being. In Thimphu, the capital, for example, the biggest insufficiencies are in community vitality.

The GNH Index provides an overview of performance across 9 domains of GNH (psychological wellbeing, time use, community vitality, cultural diversity, ecological resilience, living standard, health, education, good governance). The aggregation method is a version of Alkire-Foster method (2007, 2011). The index is

aggregated out of 33 clustered (grouped) indicators. Each clustered indicator is further composed of several variables. When unpacked, the 33 clustered indicators have 124 variables, the basic building blocks of GNH Index. Weights attached to variables differ, with lighter weights attached to highly subjective variables. A threshold or sufficiency level is applied to each variable. At the level of domains, all the 9 domains are equally weighted as they are all considered to be equally valid for happiness.

Three cut off points have been used to identify degrees of happiness. Not all people need to be sufficient in each of 124 variables to be happy. People are diverse in the ways and means they can have fulfilling life. Not all variables need to be present to be happy. People have freedom of choice in which ways they can make life fulfilling, so not all variables have universal applicability. For such reason, we divide the Bhutanese into four groups depending upon their degree of happiness. We use three cutoffs: 50%, 66%, and 77%. People who have achieved sufficiency in less than 50% are 'unhappy', and they comprise only 10.4% of the population. A total of 48.7% of people have sufficiency in 50-65% of domains and are called 'narrowly happy'. A group of 32.6%, called 'extensively happy', have achieved sufficiency in 66-76% - in between 6 and 7 domains. And in the last group, 8.3% of people are identified as 'deeply happy' because they enjoy sufficiency in 77% or more of weighted indicators - which is the equivalent of 7 or more of the nine domains.

In order to have one overall index, the GNH cut off was set at 66% of the variables, which is the middle cutoff used above. People can be considered happy when they have sufficiency in 66% of the (weighted) indicators or more - that is, when they were identified as extensively happy or deeply happy. The GNH Index value for 2010 is 0.743. It shows us that 40.8% of people in Bhutan have achieved such happiness, and the remaining 59% - who are narrowly happy or unhappy - still enjoy sufficiency in 57% (not 66% as required by the index) of the domains on average. The cut off does make a difference in the GNH Index. The middle cutoff gives a relatively low score of GNH index is a result of its requirement that a diverse set of conditions and states, represented by 124 variables, must be simultaneously prevalent for a person to be robustly happy. It is a

tougher measure because it is not focussed on survival like poverty, but rather on flourishing over a wide array of conditions. However the GNH Index, and the four categories of people – unhappy, narrowly happy, extensively happy, and deeply happy – will be reported and analysed when the GNH Index is updated over time, as they are in this report. Taken together they will provide a nuanced picture of the composition, diversity, and evolution of GNH across Bhutan.