

In Pursuit of Happiness, Bhutan Opens to Globalization and Business

Kimberly A. Freeman, Ph.D.

Mercer University

Katherine C. Jackson

Mercer University

ABSTRACT

The Kingdom of Bhutan, a small country situated on the border between China and India, has in recent years become a constitutional democratic monarchy. As part of its 2008 constitution, Bhutan committed to promote conditions that would enable the pursuit of Gross National Happiness. The country thus initiated an effort to improve the quality of life and happiness for its citizens and has embraced globalization far more than previously through attracting business, tourism, and communications. The author's herein address some of the initiatives provide the context within which these efforts have arisen.

Keywords: Bhutan; Gross National Happiness (GNH); Globalization; Constitutional democratic monarchy

1. Introduction

In 2006, the 4th King of Bhutan, Jigme Singye Wangchuck, decided he wanted to open Bhutan up to the world and usher in modernization. Forty years ago, in 1972, Bhutan's fourth king stated that "Bhutan should pursue Gross National Happiness (GNH) rather than Gross National Product (GNP)...with an emphasis not only on economic growth, but also on culture, mental health, social values, compassion, and community" (Sachs, 2011, p. 2). He chose to abdicate the throne to his eldest son and announced Bhutan would hold its first general elections in 2008. His son, King Jigme Khesar Namgyal Wangchuck, took the throne of the new democratic Bhutan on December 14, 2006. Jigme Yoser Thinley was elected prime minister in the election, and Bhutan's constitution was ratified on July 18, 2008.

The concept of GNH has a very long history in Bhutan. It grew from a 1729 legal code declaring that "if the Government cannot create happiness (*dekid*) for its people there is no purpose for the Government to exist" (Ura, 2010). In 2008, the Constitution of Bhutan (Article 9) directs the state "to promote those conditions that will enable the pursuit of Gross National Happiness" (Ura, Alkire, and Zangmo, 2010) and the country has made developmental plans toward this end.

2. Gross National Happiness (GNH)

In the summer of 2011, a conference was held by Bhutan's Prime Minister Jigme Thinley in Thimphu, Bhutan's capital, to host experts on the economy and society to explore ways that GNH can be

advanced via national policies for economic growth and sustainable development, and also more in more holistic ways through culture, mental health, community, social values, and compassion (Ura, et al, 2010). The meeting was part of a United Nations declaration “calling on nations to examine the ways that national policies can measure and promote happiness in each society” (Sachs, 2011). Some of the conclusions were that: (1) there is a real role for economic development in creating happiness (e.g., provide basic services including employment, education, health care, clean water, etc.); (2) pursuit of gross national product to the exclusion of other goals is no path to happiness; (3) happiness for both individuals and a society is achieved through a balanced approach to life; and (4) modern life involves various direct threats to happiness (e.g., environmental changes, economic stressor, lower social trust in urban and suburban communities) (Sachs, 2011).

In April 2012, the findings of the first World Happiness Report was published by the Earth Institute and featured at the United Nations Conference on Happiness. It is based upon a case study done in Bhutan that developed an index based on a 2010 survey of over 7,000 people by the Centre for Bhutan Studies (Ura, et al., 2010) is detailed in full in the World Happiness Report (WHR) (Helliwell, Layard, and Sachs, 2012). The results of the survey are provided in Part 2 of the WHR, a case study (Ura, et al., 2012). There are nine domains that form the basis of the GNH index, which can be grouped into three categories. Three domains (living standards, health, and education) capture the familiar human development perspective. Another three domains (the use of time (including time poverty), good governance, and ecological resilience) are another category. The remaining three domains of psychological well-being (which include emotions and spirituality, and overall happiness), community vitality, and cultural diversity and resilience are viewed as more innovative (Ura, et al, 2012). The domains are explained fully in the World Happiness Report cited earlier.

A widely used description of GNH measures the quality of a country in a more holistic way (than GNP) and believes that the beneficial development of human society takes place when material and spiritual development occurs side by side to complement and reinforce each other. (Ura et al, 2008). The Bhutanese GNH goes beyond the traditional western conceptualization on happiness in that it is multidimensional and explicitly includes responsibility and other-regarding motivations.

3. Demographics and cultural traditions

The Kingdom of Bhutan occupies an area of 38,384 square miles (about half the size of Indiana) and has a population of 718,896 (est. July 2012). The official language is Dzongkha, although Bumthangkha, Sharchop-kha, Nepal, and English (the primary language of education) are used. Literacy is estimated at 47%. Religious representation is 75% Lamaistic Buddhist and 25% Indian- and Nepalese-influenced Hinduism. The legal system is based on Buddhist religious law. The form of government is now a constitutional democratic monarchy. GDP is \$4.3 billion (2011 est.). (Central Intelligence Agency World Factbook (2012, “Bhutan”), and U.S. Department of State (2010, “Background note”).

Bhutan is landlocked between China and India, so it has no port cities. The capital city, Thimphu, is the political and economic center of the country and its largest city. The former capital of Bhutan, Punakha, is still an important historical city. The city of Paro is the location of the country’s main airport. Phoentsholing, the location of the Bank of Bhutan, is on the Bhutanese border with India and the two countries have created a prosperous cross-border trade through this city.

Bhutan has retained much of its unique, ancestral heritage through the years. This is due to the geographic isolation of the country, government restrictions on media, and some anti-modernist sentiments among citizens. The Bhutanese culture (and government) is dominantly influenced by the major religion, Buddhism. In order to strengthen Bhutan’s cultural identity, Bhutanese law requires

citizens to wear Bhutan's National Dress in public areas and as formal wear. Bhutanese men wear the traditional *gho*, which is a knee-length robe. Women wear the *kira*, an ankle-length dress, along with the *toego*, a long-sleeved blouse. (BBC News, 2012).

4. Industry in Bhutan

Bhutan's natural resources are predominantly timber, hydropower, gypsum, and calcium carbonate. It has exports of \$509.4 million (2009 est.) which are primarily electricity (to India), ferro silicon, cement, calcium carbide, copper wire, manganese, and vegetable oil. Export partners (as of 2008) are 86.3% to India, 8.1% to Bangladesh, and 1.5% to Italy. Primary imports (\$620.8 million, 2009 est.) of fuel and lubricants, passenger cars, machinery and parts, fabrics, and rice. Import partners (as of 2008) are 63% from India, 12.3% from Japan, and 5.1% from China.

Foreign direct investment inflow has reached \$36.4 million, with GDP real growth rate at 8.1%, inflation stands at 6.8%, and unemployment is 6.3% (2011 est.) (Central Intelligence Agency World Factbook(2012, "Bhutan")

The Encyclopedia of the Nations asserts that the major emerging industry in Bhutan is hydroelectricity (2011, "Bhutan – industry"). Bhutan's first power plant, called the Chukha Hydroelectric Project (CHEP), has been a huge success. Much of the energy produced by CHEP is exported to India; Bhutan's domestic energy comes from firewood, not electricity, hence the large number of sawmills operating in the country. With the success of CHEP, India has sponsored other Bhutanese plants, including the Kurichhu Hydroelectric Project and the Tala Hydroelectric Project Austria has also begun a project in Bhutan, the Basochu Hydropower Project (Encyclopedia of the Nations, 2011).

However, Bhutan's economic structure may become too reliant on hydroelectricity. According to the Encyclopedia of the Nations, "Craft manufacture is the predominant industrial occupation, and homespun textiles are the most important products" (2011, "Bhutan – industry"). The manufacturing industry includes a variety of products such as textiles, paper, swords, wooden bowls, leather goods, metal works, wood carvings, and split-cane basketry. Other industries in Bhutan include privately-owned sawmills and cement plants (Encyclopedia of the Nations, 2011, "Bhutan – industry"). Agricultural industries include rice, corn, root crops, citrus, dairy products, and eggs.

Although the tourism industry is developing, it is restricted. Packaged pre-arranged or guided tours limit the number of tourists, discouraging backpackers and independent travelers (BBC News, 2012). Tourism packages feature adventure sports, cultural and festive events, nature, spiritual and wellness, and trekking. Other than Indian, Bangladeshi, and Maldivian nationals, all visitors to Bhutan require a visa, which must be booked with a local licensed tour operator directly or indirectly through a foreign travel agent. Minimum tariffs for a group of three persons or more range from \$200-\$250 (US dollars) per day per person, which includes internal transportation, lodging, and other amenities. There are additional surcharges for individual tourists or groups of two (Tourism Council of Bhutan, 2012).

5. Political Risk and Stability

A recent report by Transparency International, titled the Corruption Perceptions Index 2011, measures the perceived political corruption of 178 different countries (on a scale from 1 to 10; 1 being very corrupt and 10 being very clean). The new report gives Bhutan a score of 5.7, an "average" score. Bhutan is ranked 38th out of 178 countries in the world, and is ranked 7th out of 33 countries in the Asian Pacific region (Transparency International, 2011).

Another source for understanding political risk is The Economist Intelligence Unit (EIU), which monitors risk in 180 markets, including Bhutan. Every quarter they analyze the riskiness of investing in any given market and publish a “risk briefing.” According to the EIU, Bhutan’s overall riskiness is rated C (on a scale of A to E; A being the least risky and E being the most risky), which means that Bhutan’s riskiness is “average” (Economist Intelligence Unit, 2012). This fits with the data from Transparency International’s report.

The political stability of Bhutan is very secure, however. The EIU gave Bhutan a good rating on political stability (an A). Bhutan only recently became a democracy, and although Bhutanese citizens were originally unsure about losing their absolute monarchy, the transition hasn’t had any major resistance. The strong influence of Buddhist beliefs in Bhutan politics and the smooth transition could be the reason for the stable political environment. The legal and regulatory environment is an important aspect of the politics that affect business. The EIU gave Bhutan a very low score (D) for legal and regulatory risk as well as for infrastructure risk.

The 2011 Index of Economic Freedom (a product of the Heritage Foundation and the Wall Street Journal) provides some insight. According to the Index, Bhutan is only the 103rd freest economy out of 179 ranked countries. The scores for Bhutan on fiscal freedom, monetary freedom, freedom from corruption, and labor freedom are all above the world average.

However, there are several constraints on private-sector development (which contributes to the low “business freedom” score). The Index states that there are inefficient and arbitrary regulations involved in starting a business in Bhutan. According to the report, it takes an average of 46 days to start a business in Bhutan (the world average is 35 days), and the process of acquiring a business license takes 25 steps (the world average is 18 steps). Limited access to financing, an underdeveloped investment code, and a small, inadequately regulated financial sector also hinder private-sector development. Bhutan was not even ranked until the country became a democracy.

6. Multinational Corporations operating in Bhutan

As the Bhutanese government continues to try to find balance between globalization and their Buddhist beliefs, multinational corporations (MNCs) are beginning to enter the Bhutanese market. The Bhutanese government tries to regulate who enters the market in order to preserve their culture and natural environment. The following are a few of the MNCs operating within Bhutan.

6.1 PepsiCo: PepsiCo India, which is owned and operated by PepsiCo, entered the Bhutanese market in 1992. They set up a franchise agreement for a bottling plant with the Bhutanese company Drangchu Beverages, and Pepsi assists with all the operations of the plant. As part of a distribution agreement, 90% of the plant’s production is sold to PepsiCo India (PepsiCo, 2010).

6.2 Coca-Cola Company: Another beverage MNC operating in Bhutan is the Coca-Cola Company. In 2002 Bhutan Beverages Company Ltd was established as a franchise between Coca-Cola Company and Tashi Group of Companies. Bhutan Beverages Co Ltd is a bottling plant, and like the PepsiCo franchise, 90% of the plant’s production is sold to Hindustan Coca-Cola Beverages Company (Coca-Cola India). Coca-Cola supplies the plant with technical expertise like glass supply, sales and marketing. (Financial Express, 2003; The Coca-Cola Company, 2010).

6.3 Cisco Systems: This MNC designs networking and communications technology. Having access to better computer technology and internet connectivity is helping Bhutan educate its citizens and attract more MNCs. Many Bhutanese politicians and business leaders believe that facilitating

connectivity for rural Bhutanese citizens is a top priority. Cisco has realized this demand for their products and has partnered with several Bhutanese IT companies (including Peljorkhang Pvt Ltd, New Edge Technologies Pvt Ltd, Rindeki Enterprises, and Bhutan International) in order to sell and distribute their products in Bhutan (Bhutan Observer, 2008).

In addition, Cisco has set up three “Networking Academies” in Bhutan. The Cisco Networking Academy Program partners with schools and governments to create programs for students that will help them learn about IT and gain practical training for employment. The Royal Institute of Management, Sherubtse College, and the Bhutanese Department of Information Technology all offer the Networking Academy program (News@Cisco, 2003).

6.4 Assetz: This Indian-based company is a property investment, development, and management firm. Although they work primarily in India, they have recently branched out into neighboring Bhutan, thus making them a MNC. Assetz’s first project in Bhutan is a joint venture with Bhutanese company Druk Holdings and Investments (DHI) to build the country’s first IT Park (Assetz Property Services, n.d., “Assetz Thimphu techpark”). The park will be named Thimphu TechPark and will be fully operational by 2011 (Assetz Property Services, n.d., “Assetz Thimphu techpark”). The communications minister of Bhutan, Lyonpo Nandalal Rai, remarked that “this is a nationally significant event, in that it’s the dawning of the ICT era we all have been awaiting in terms of building a world-class IT park.” Assetz will design, build, finance, and operate the park in cooperation with DHI (Assetz Property Services, n.d., “Assetz Thimphu techpark”).

6.5 Marubeni Corporation: Marubeni is a Japanese MNC involved in a wide range of activities. They import and export food, textiles, materials, pulp, paper, chemicals, energy, metals, mineral resources, and transportation machinery. Their activities also extend to power projects and infrastructure; plants and industrial machinery; real estate development and construction; and finance, logistics, and information industry. Finally, Marubeni conducts business investment, development, and management on a global scale (Marubeni Corporation, 2010).

Marubeni Corporation’s current Bhutanese investment is Bhutan Ferro Alloys Limited (BFAL). Established in 1990 and operational by 1995, BFAL is a joint venture between Marubeni, the Royal Government of Bhutan, and Tashi Group of Companies (Bhutan Ferro Alloys Ltd, 2005). Bhutan has rich silica deposits, which Bhutan Ferro Alloys Ltd uses to produce ferrosilicon, magnesium ferrosilicon, and micro silica. The majority of the plant’s product is sold to India, but some is also sold to Japan, the United States, Singapore, and China.

6.5 Amanresorts: This is a luxury resort chain that prefers to be small and intimate instead of big and flashy. They have resorts in Bhutan, Cambodia, China, France, India, Indonesia, Laos, Montenegro, Morocco, the Philippines, Sri Lanka, the Turks and Caicos Islands, and the United States. Bhutan Resorts Corporation Limited is a joint venture between Amanresorts and Bhutan Tourism Corporation. The project has established luxury hotels in popular tourist spots throughout Bhutan. Currently the *Amankora* resort chain has five lodges located near Thimphu, Punakha, Bumthang, Gangtey, and Paro (Amanresorts, 2010).

6.6 Hotel Properties Limited (HPL): HPL is a Singapore-based investment holding company that engages in the operation of hotels. The company has interest in 22 hotels in Singapore, Malaysia, Thailand, Indonesia, Bhutan, the Maldives, Seychelles, Vanuatu, and the United States. Bhutan Eco Venture Ltd is a joint venture between Hotel Properties Ltd and the Bhutan International Company. The project is still in development. (Bloomberg Businessweek, 2010).

6.7 SkyQuestCom: This is a Singapore-based E-learning company that specializes in personal development and corporate training. They operate in 54 countries and strive to “make a positive

difference in every home and every business.” In 2008, SkyQuestCom set up a franchise in Bhutan. Namgay Wangchuk, the Bhutanese franchisee, stated, “This is not only a long-term global business, but also very educative. We want to help the younger generation build a better foundation and guide them towards a successful life” (Gurung, 2008).

6.8 Lafarge: A French company, Lafarge is a leader in producing building materials, including cement, with green technology. As of February 2010, Lafarge was in negotiations with the Bhutanese government to start a partnership with Druk Satair Corporation Ltd. The company is interested in mining the country’s natural gypsum deposits. The gypsum would then be exported to their Indian cement plant. The Bhutanese government wants to ensure that any mining will be done under the strictest ecological conditions (Royal Government of Bhutan, 2010).

6.9 Domestic Bhutanese partners: Tashi Group of Companies appears several times in this list as the partner to some of these MNCs. Tashi is a privately owned business founded by Dasho Ugen Dorji in 1959. Dorji’s vision was “to bring out the best of Bhutan.” Their website states that “in keeping with His Majesty’s guidelines for development and growth in the Kingdom, Tashi Commercial Corporation as a Group has played a vital role in the development of industries, trading, and a range of services to create the necessary infrastructure in the domestic and public sectors” (Tashi Group of Companies, 2010).

Another important Bhutanese company is Druk Holdings and Investments (DHI), the partner to Indian company Assetz. DHI is made up of 14 companies that were formerly under the control of the Ministry of Finance. DHI’s website states that they “function independently of the Ministry of Finance.” However, they also state that the Ministry of Finance is the sole shareholder of DHI (Druk Holdings and Investments, 2008).

These companies have benefited from globalization because they have been able to partner with foreign MNCs. For example, the Tashi Group of Companies is partnered with both Coca-Cola and Marubeni Corporation through joint ventures. These are two very large, highly experienced MNCs. The joint ventures are mutually beneficial – Coca-Cola and Marubeni gain insight into the Bhutanese market and government regulatory systems through Tashi Group. Tashi Group in return gains some insight into advanced technology and the operations of an MNC, and they all earn economic profits.

All of the MNCs named earlier have decided to enter the Bhutanese market with partners or through franchises. Bhutan, as an emerging economy that was isolated for a long time, presents some risk. It is safer for an MNC to find a partner in the host country who can help them understand the political and legal environment.

7. Forces of Globalization

7.1 Technology: In an effort to attract more MNCs, Bhutan has improved its country’s access to computer technology and internet connectivity. Better technology has also helped Bhutan educate its citizens. Bhutan also hopes to build a strong business process outsourcing (BPO) industry, similar to India’s. MNCs like Cisco Systems and SkyQuestCom have already entered the Bhutanese market, and Assetz is building Bhutan’s first IT Park. India is helping to build hydroelectric plants, which have brought electricity to more of the country. Not only has improved technology helped encourage MNCs to come to Bhutan, but the MNCs in turn have helped to further improve Bhutan’s technology.

7.2 Offshoring and outsourcing: Bhutanese companies are not outsourcing or offshoring any of their actives; but foreign MNCs are coming to Bhutan for these services. This practice is evident in Bhutan.

India has set up hydroelectric plants in Bhutan, and the electricity is exported. Coca-Cola and Pepsi have bottling plants in Bhutan, but the majority of what is produced is exported.

Bhutan is trying to establish a strong outsourcing industry, similar to India. Bhutan's first IT Park (Thimphu TechPark) is supposed to be the site of future business process outsourcing (BPO) firms. Bhutan's very first BPO firm was Bhutan Business Solutions, a medical transcription BPO. They were established in 2007, and although they hoped to move into Thimphu TechPark when it opened in 2011, they began contemplating closing the business as of 2009 (The Outsource Blog, 2009, "Bhutan's 1st BPO").

7.3 Migration: In 1999, only about 21% of Bhutan's population lived in urban areas. However, due to recent globalization, more people are moving to the cities. Thimphu and Phoentsholing have experienced substantial population growth, and existing roads, parking facilities, telecommunication facilities, water supply, drainage, solid waste disposal, and housing facilities are all being strained. Bhutan's urban population is increasing at a rate of 6.7% annually. It is estimated that by 2020, about 50% of the population will live in urban areas. It is not difficult to understand why people want to move - economically poor gewogs (villages) generally have poor access to markets, poor road networks, and poor rural electrification.

7.4 Transportation: Paved roads were not installed in Bhutan until 1961. Still, only the major thoroughfares are paved. Recent estimates state that only half of all the roadways in Bhutan are paved. According to the Central Intelligence Agency, only 4,991 km of 8,050 km of road are paved (2011, "Bhutan"). Despite this, the number of vehicles in Bhutan has grown, especially in urban areas like Thimphu and Phoentsholing. Cars and trucks are the main form of transportation because Bhutan has no rail system and only two airports (Wikipedia, 2011, "Transport").

8. Impact of the Forces of Globalization

The forces just mentioned (technology, trade and integration, offshoring and outsourcing, migration, transportation, and environmental pollution) have an impact on stakeholders – the people or groups within the country that are directly or indirectly affected by globalization. Examples of stakeholders within a country can include domestic companies, workers, farmers, indigenous cultures, and different demographic groups within Bhutan.

8.1 Workers: Globalization has brought more jobs to Bhutan. People are migrating from the poorer gewogs (villages) to urban centers for jobs and better living conditions. As more MNCs enter Bhutan, workers will probably need to become more skilled through schooling and training in order to perform certain jobs. Learning English and other major languages could help. Many Bhutanese websites (government, corporation, and news sites) are already in English.

8.2 Citizens living in rural gewogs: People living in economically poor gewogs are typically more traditional and conservative in their ideals. Although they trust their government, they are suspicious of the rest of the world. They were not particularly thrilled about becoming a democracy. They see MNCs and globalization as forces that are encroaching on their way of life. With Lafarge, the mining company, people are scared. The MNC is "a cause of worry and concern"; it is not seen as a source of revenue or jobs. The proximity of the mining site to the village could also mean a better supply of water and electricity for the village, but the people would rather move out of the area altogether. Sometimes rural people even speak up against the government, like in the case of the black-necked cranes of Bumdeling Gewog. Preserving the cranes habitat is more important to the local farmers than government policy (Wangdi, 2010).

8.3 Bhutanese youth: Forty-nine percent of Bhutan's population is under 21, and for the first time they have access to the outside world. TV was introduced to Bhutan in 1999, and in 2004 the government decided that it needed to be regulated. People became concerned because of the effect of TV on school children. One example was the WWE. Children started wrestling at school, mimicking the TV show, and there was concern about how "violent" they were becoming. Fighting does not fit well with the Buddhist beliefs of the citizens and government, after all. Some even speculated that the rise in crime was directly related to violent television shows. However, while some kids mimicked the fighting, other kids were confused by it. TV analyst Shockshan Peck stated that "They couldn't understand it. There were several pained letters [to newspapers] from kids saying 'why are they doing this?' They couldn't understand what it was."

There was also concern that TV and the internet were degrading the culture of Bhutan. The government has tried hard to preserve the traditions of the country with things like National Dress. As Shockshan Peck put it, "The risk is that the more we learn about the world the more we're losing of our own culture." Other channels taken off the air were MTV and Fashion TV. (BBC News, 2004; Sengupta, 2007)

9. Related Considerations (e.g. Environmental, Poverty, Economic, Financial)

Bhutan has several online, English-language news sources, including the Bhutan Observer, Business Bhutan, Bhutan Times, and Kuensel Online.

9.1 Environmental concerns:

Modernization provides threats to the natural environment, though many people are unaware of this (Sachs, 2011). A broad treatment of these considerations is beyond the scope of this article. However, we will cite a few examples of recent developments regarding these environmental concerns.

9.1.1 Environmental pollution: The citizens and government of Bhutan are very concerned about their environmental impact, but, as urbanization and industrialization increase, so does pollution. For example, air pollution has become an emerging problem. Air pollution is mainly the result of vehicular growth and wood burning. Complaints of respiratory disease have increased in big cities.

Another environmental factor is land degradation. Activities like mining have caused soil erosion, and sawmills have led to deforestation. Environmentalists are worried about loss of vegetation, over-cutting beyond permissible limits, unsustainable wood extraction, encroachment into forest land, non-adoption of adequate soil conservation measures, and improper crop rotation among other concerns (Bhutan Observer, 2010).

The 2010 Environmental Performance Index (EPI) ranked 163 countries on 25 performance indicators covering both environmental public health and ecosystem vitality. These indicators provide a gauge of how close countries are to established environmental policy goals. Bhutan is ranked 40th out of 163 countries in the world, and ranked 5th out of 27 countries in the Asia/Pacific region (Environmental Performance Index, 2010). Bhutan is not included in the 2012 countries ranked.

9.1.2 Habitat Conservation: Farmers in Bumdeling Gewog in Trashiyangtse are upset that the agriculture ministry's new policy will use the paddy fields of Bumdeling thang for winter cropping. The fields are the winter nesting grounds for black-necked cranes. The Bumdeling Wildlife Sanctuary and local farmers alike are against the policy. Many argue that winter cropping would make little difference to people's livelihood. "People are happy with crane habitat conservation activities," said a representative (Wangdi, 2010).

9.1.3 Recurring glacial melt floods: Thorthormi glacier in northern Bhutan's glacial lake is expanding greatly, and has nearly tripled in size since 2001. The dam of rocks threatens to burst and flood almost 10 percent of Bhutan's population and arable land, as well as parts of India and Bangladesh. A summit meeting in Bhutan in November 2011 with neighboring nations concerned ways to preclude risks and to try to preserve and protect the environmental consequences. Continuing efforts include manual measures with ropes, shovels, and sheer muscle to dig a channel to drain the lake, since heavy equipment is not feasible due to avalanche-prone high altitudes. Early warning systems are also in place to alert locals to floods. This is part of conserving the environment as part of Bhutan's "gross happiness index," a holistic measure of quality of life in Bhutan (Yee, 2011).

9.2 Poverty: A joint report prepared by Bhutan's National Statistics Bureau and the World Bank linked poverty to socio-economic conditions. Previous reports only looked at dzongkhag (district) level data, but this one looked at gewog (village) level data. The findings show that economically poor gewogs generally have poor access to markets, poor road networks, and poor rural electrification. Densely populated, non-poor gewogs have high rates of rural electrification (Pelden, 2010). According to the same report, there was a strong correlation between access to electricity and elevated living standards, improved education standards, and proper health care (Gyelmo, 2010).

9.3 Financial Inclusion Policy: Almost 70 percent of the Bhutanese population is rural-based, and they have been segregated by Bhutanese financial institutions which do not extend their services beyond urban boundaries. Because of this, the government intends to formulate a policy aimed at extending financial services to people across the country, making them accessible to rural citizens at affordable rates (Gyeltshen, 2010).

9.4 Foreign Direct Investment: According to a story in the *Bhutan Observer*, most potential foreign investors want to invest in the hydropower sector in Bhutan. Economic Affairs Minister Khandu Wangchuk, however, said that because of a previous arrangement with India to undertake a 10,000 MW hydropower project, the government will not accept further hydropower investments until the Indian project is complete. In addition to hydropower, there was interest shown in tourism, education city, organic production, traditional arts and crafts, cultural industry, hotels, and construction (Tshering, 2010).

9.5 Mutual Funds: The Royal Monetary Authority will be able to allow Bhutanese entrepreneurs to establish mutual funds in Bhutan for the very first time with the Financial Services Bill endorsement. The bank will also welcome Bhutanese joint ventures with foreign investors to establish funds. It will arguably be one of the biggest decisions ever made in the Bhutanese capital market (Dorji, 2010).

10. Summary

Globalization has forever changed to Kingdom of Bhutan. Opening the country up has proved profitable for many MNCs, despite some complications. Opening a business in Bhutan is difficult due to arbitrary regulations as well as a poorly regulated financial sector. MNCs have overcome this by partnering with Bhutanese corporations or by franchising. The government and citizens want to preserve their Buddhist heritage, which includes safeguarding nature, so strong green initiatives can help a corporation enter the market. The population is migrating to urban areas looking for work, but a large percentage of potential workers are still living in rural areas. Forty-nine percent of the population is under 21, and they are more open to globalization. Many official documents are already recorded in English. Still, many people are wary of outsiders, so multinational corporations should hire host-country nationals as often as possible. There are also fears that globalization will destroy Bhutan's culture. Sponsoring cultural events and adapting a Buddhist-inspired work culture can help

MNCs alleviate local apprehensions.

In the pursuit of Gross National Happiness, Bhutan should continue to grow and prosper through globalization. The government and citizens cannot expect things to stay the same forever – they must learn to adapt their culture to the changes that are happening. They are proud of their heritage and encourage progress in pursuit of GNH.

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