

Speech notes – Isabel Sebastian

World Forum for a Responsible Economy, 24 Oct 2013

Session 9A: The importance of happiness in business strategy

Slide 1: Title page on while we set up

Slide 2: Outline

Your Excellency, dear Panel Members and Mesdames et Messieurs. Good evening and a very warm welcome to you and thank you for joining us for this session on the importance of happiness in business strategy. We are particularly honoured to have His Excellency, Lyonpo Norbu Wangchuck, Minister for Economic Affairs from Bhutan with us this evening to reflect and share on the view from Bhutan on happiness & wellbeing. With us on our panel this evening are Diane Osgood, Business Innovation Director Sustainability from Virgin Unite, the independent foundation of Sir Richard Branson's Virgin group of companies. Also with us on our panel is Alexandre Gerard, Chairman of Inov On from France a Business-to-Business company with an inspiring approach to delivering happiness to staff through the way the business is structured. Last but not least, my mentor Prof. Stuart White, Director of the Institute for Sustainable Futures in Australia is joining us to moderate the discussion and question and answer session later. For those of you whom I have not met yet, my name is Isabel Sebastian and I am a PhD Researcher in the fields of new economics, happiness & wellbeing and their impacts on the business sector at the Institute for Sustainable Futures in Australia. The Institute for Sustainable Futures mission is to Create Change for Sustainable Futures by taking a trans-disciplinary and systems approach to solving sustainability challenges in the real world.

I have prepared a resource document for the participants of the World Forum on the topic of a new economics, happiness & wellbeing and implications for the business sector, and may be of interest to some of you who want to know more about the new economics movement and happiness research. It is available as a free download from the following [link.... ???](#)

We will start off this session with four 10-minute presentations by our panel members. After the 40 minutes of presentations, we will then have a moderated panel discussion for about 20 minutes followed by questions from the audience for another 20 minutes.

Slide 3: Reflecting on Happiness ... what is it and what is it NOT?

Allow me to begin by sharing with you some of the latest research in the areas of happiness & wellbeing and their relevance to business strategy to set the scene for our discussions today.

Happiness can mean as many different things as there are people on the planet. We all have our own ideas and experience of what makes others and ourselves happy and what doesn't. We all have different perceptions of the importance of short-lived moments of pleasure as compared to an enduring sense of contentment and purpose in life.

We are bombarded with mixed messages that try to tell us what happiness means... such as from company advertising suggesting that happiness is the consumption of products... to quotes from wise old men like John Stuart Mill who said in 1873 "Those only are happy who have their minds fixed on some objects other than their own happiness" or Aristotle (322 BC) saying that "Happiness is the practice of virtue". From the Buddha (500 BC) "The mind is the source of happiness and unhappiness"

So it can be confusing and complex to understand what makes us and others happy. So let's explore our own experience of happiness just for a few moments?

I would like you to join me in a brief moment of reflection on happiness by contemplating or writing down on a piece of paper your answers to the following three questions:

- ① Think about some of the happiest and unhappiest times in your life? What emotions and feelings do you experience most frequently? And how long do they usually last?
- ② If you were to rank yourself on a scale of 1 – 10 how happy are you with your life overall? (1 = very unhappy and 10 = extremely happy and satisfied).
- ③ If you were to rank yourself on a scale of 1 – 10 to what degree do you experience a sense of purpose in your life? (1 = low level of purpose and 10 = extremely high level of purpose).

Slide 4: What determines happiness?

We will now use these three different evaluations of our life to understand how happiness can be measured and defined. According to the OECD's official guidelines on measuring subjective wellbeing across different countries, putting these three ways of evaluating our lives together, this provides the most complete way to measure happiness in the sense of wellbeing.

They call it:

1. Positive and negative emotions (Affect) or Psychological Wellbeing
2. Reflective assessment on a person's life (Life evaluation)
3. Sense of meaning and purpose in life (Eudaimonia)

Other interesting research has just been released in the World Happiness Report 2013, which ranks 156 countries using people's life evaluation data. Not surprisingly, the top five countries in this survey are Denmark, Norway, Switzerland, Netherlands and Sweden and the bottom five are Rwanda, Burundi, Central African Republic, Benin and Togo. You might find it interesting that France is ranked 25th, Germany 26th and the UK 22nd.

The World Happiness Report also found that the following six determinants explained most of the differences between countries happiness rankings. They are:

1. GDP or income per capita;

2. years of healthy life expectancy;
3. having someone to count on in times of trouble;
4. perceptions of corruption;
5. prevalence of generosity; and
6. freedom to make life choices.

Other research found that individual happiness is mostly determined by:

- **Genetics** and upbringing
- Employment or **valued engagement**
- **Income** ... up to a point
- **Health**
- **Relationships**
- **Psychological Wellbeing** & sense of **purpose in life**

Slide 5: The Dilemma

So what does all this mean? We are faced with a Dilemma ... Our economy and most businesses are based on the assumption that increasing consumption will increase happiness and wellbeing.... Yet having more material possessions and more status does not show up in any of the research as important for personal happiness.

Research over the last 40 years on happiness and wellbeing frequently points towards an interesting phenomenon that has been observed in developed countries.... And that is: Increasing incomes have not delivered increases in happiness and wellbeing. It is true though that income improves wellbeing up to a point of reaching a certain standard of living and then it seems to lose its positive effect on well-being.

Slide 6: Current approaches to happiness & wellbeing in business strategy

Let's then move on to how happiness & wellbeing is currently used in business strategy. There is much great work going on in three areas where happiness and wellbeing are considered as key performance indicators in business:

1. Staff happiness & wellbeing
2. Shareholder dividends and increase in share price
3. Customer satisfaction

... if any or all of these are part of a business strategy they have been proven to accelerate business success. The story of Alex's company is a shining example of this.

But here comes one of the key questions that our Panel might like to explore in this session and that is **"Could happiness & wellbeing be used by businesses as a measure of success to create large scale social change, improvements in wellbeing and a shift towards a responsible economy? And if so, how?"**. We want to explore with our panel members and you, if and how business strategy can become a strategy for wellbeing of societies, nations and the global community.

Slide 7: Maslow's Hierarchy of Deficit and Being-Needs

I also would like to briefly revisit a tool that many companies are using to determine business strategy, product and service innovation and marketing. Maslow's

hierarchy of needs, even though much criticised for its questionable assumptions and methodology, has long been a management tool used by many companies to understand customer motivation and to design marketing and advertising strategies.

Maslow describes 8 different kinds of needs that most people experience throughout their lives. He divides them into Deficit-Needs and Being-Needs. Deficit needs are those that will be felt as a need when we experience a shortfall in them, such as feeling hungry if we have not eaten any food all day. But as soon as we eat that need is no longer a motivator, but a few hours later it is likely to reappear. According to Maslow, Deficit-Needs occur again and again regardless of how much we seem satisfied at a certain point in time.

Beings Needs on the other hand, once activated become stronger and stronger and will lead to a person wanting to live to their fullest potential.

From my observation and experience in business, most business models are based on creating and fulfilling more Deficit-Needs, which has lead in many developed nations to overconsumption and no increases in wellbeing. Some of the industry sectors that are more aligned to working in the Being-Needs are tourism, the arts and knowledge and self-development sectors.

However, in developing countries many people (actually about 1 billion!) are still struggling to improve their standard of living to climb above the poverty line... for them it is essential to keep fulfilling deficit needs until a good quality of life can be achieved. This is why many multi-national companies are seeing low growth rates between 2 and 5% in developed markets and often above 10% growth rates in emerging markets.

Slide 8: Maslow's Hierarchy of Deficit and Being Needs expressed in behaviours

Another way to look at Deficit and Being-Needs is in terms of what behaviours and feelings they are likely to generate.

Satisfying Deficit-Needs engages people in actions and feelings such as surviving, wanting, needing and consuming. The feeling of more is never enough.

On the other hand, satisfying Being-Needs is often displayed as sharing, collaborating, creating, contributing and contemplating.

I want to pose this key question for our discussions today:

“If we as the business community think about our customers, staff, shareholders, suppliers, communities in this way and wanting to help people fulfil more of their Being-Needs, how would this influence our business strategy??”

Thank you very much I look forward to our discussions and your questions from the audience later on.

And now please join me in welcoming our next speaker ...