



POLICY BRIEF

Shared value: how business can support children and prevent violence

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As the world seeks sustainable solutions to rapid urbanisation, looking to redesign and create smart cities, identify strategies to alleviate climate change and develop future-fit children through the Sustainable Development Goals, most South Africans remain trapped in survival mode. In this policy brief the authors look at how South African businesses can create shared value through supporting early childhood development.

Key findings

- ▶ South African children experience abnormally high levels of toxic stress. This affects all families, citizens and businesses, as well as government. It is particularly harmful for young children.
- ▶ International literacy measures show that 78% of South African children are unable to read for meaning in Grade 6. South African learners score second worst in the world in maths and science. As a result of high dropout rates almost 50% of those who start school never matriculate. Poor educational outcomes result in a labour force that is semi- and under-skilled. This leads to high levels of youth unemployment.
- ▶ Children need social skills that equip them to cope and succeed in the 21st century. These include the ability to communicate effectively, collaborate with others, identify and solve problems and have empathy.
- ▶ Business has a key role to play in ensuring that children (and parents) receive the best possible care, stimulation and support in early childhood.
- ▶ There are a number of benefits to businesses' aligning their priorities with the SDGs, especially the early childhood development (ECD) priorities. It will improve brand marketability for customers who wish to see companies contribute to social wellbeing. It will also improve employee loyalty and attract skilled millennials and other potential employees who want to work for socially responsible companies.

Recommendations

- ▶ South African companies could:
 - Make educare facilities available on-site for children of staff members
 - Provide employees with positive parenting training
 - Provide paid leave and/or counselling for employees experiencing mental health problems or trauma
- ▶ South African companies should convene to identify shared values and skills critical for driving productivity, innovation and entrepreneurship; then jointly promote and support the development of these skills in ECD.
- ▶ The National Economic Development and Labour Council (NEDLAC) could host discussions with ECD experts and practitioners, business and labour to:
 - Identify ways in which the private sector could support community-based, developmentally appropriate ECD interventions
 - Identify ways in which the private sector could support internal ECD interventions, such as providing longer-than-legislated parental leave, on-site ECD support centres/training for staff, and positive parenting programmes
- ▶ Organisations representing business interests (such as Business Leadership South Africa and the Black Business Council) could identify shared values in ECD and help members to provide innovative ideas on how businesses can support healthy ECD in their unique contexts.
- ▶ Academic institutions and policy research organisations could collect data on the impact and effectiveness of shared-value practices to support improved outcomes in ECD.
- ▶ International development partners could stimulate innovation by offering an annual award for the business that achieves impact in ECD.

Triple challenge of poverty, inequality and violence

As the world seeks sustainable solutions to rapid urbanisation, looking to redesign and create smart cities, identify strategies to alleviate climate change and develop future-fit children through the Sustainable Development Goals (SDGs), most South Africans remain trapped in survival mode.

Early childhood experiences impact children's brain development and social skills. When these early experiences are defined by neglect, insufficient nutrition and exposure to conflict and violence (such as witnessing domestic violence) it negatively affects their health, wellbeing and productivity throughout their lives.

A study of a South African sample of adolescents found that 82% were exposed to chronic unemployment and poverty, and up to 50% to violence.¹ The cumulative effect of these adverse experiences is known as toxic stress. The more exposure a child has to adverse experiences the more likely he/she is to suffer from a range of negative consequences, including heart disease, diabetes, poor academic achievement and substance abuse. These children are also more likely to become victims and/or perpetrators of violence and abuse.² Without coordinated and targeted interventions, these negative consequences thrust children into an endless cycle of intergenerational poverty and deepening inequality.

High levels of inequality, unemployment and interpersonal violence, along with a generalised HIV epidemic, mean that children are exposed to several layers of adversity at the same time.³ The abnormally high levels of toxic stress⁴ experienced by South Africans affect all citizens, families, businesses, and levels of government. It is particularly harmful for young children. This compounding effect is increasingly being felt in South African society.

The associations between exposure to adverse childhood experiences and negative outcomes are universal, but South Africa is in many ways unique. High levels of inequality, unemployment and interpersonal violence, along with a generalised HIV epidemic, mean that children are exposed to several layers of adversity at the same time.⁴ This compounding effect is increasingly being felt in South African society.

International literacy measures show that 78% of South African children are unable to read for meaning in Grade 6, in any language.⁵ South African learners score second worst in the world in maths and science.⁶ As a result of high dropout rates almost 50% of those who start school never matriculate.⁷

These poor educational outcomes result in a labour force that is semi- and under-skilled. This, in turn, leads to high levels of youth unemployment – 38.2% of young people (one in three) are unemployed. A large proportion of these young people are disillusioned with the labour market and not in any education, employment or training programme.

South Africa's current labour force has a minimal skills base of 15%, according to the Labour Force Survey.⁸

Early childhood experiences impact children's brain development and social skills

This is insufficient to drive the productivity, innovation and entrepreneurship required to realise lasting economic recovery and growth.

While the national and international focus on numeracy and literacy is important, the development of social skills that equip children to cope and succeed in the 21st century is vital. These include the ability to communicate effectively, collaborate with others, identify and solve problems and show empathy.

Mounting scientific evidence shows that intervention in the earliest years of life can disrupt the establishment of negative neural pathways that form destructive patterns later on. Furthermore, when these interventions are implemented in the first three years of life, they are more cost effective and show greater returns on social investment than efforts to compensate for early adversity and promote development made later on.⁹

South African government's response

On 11 September 2018 South African Minister of Police Bheki Cele released the police crime statistics, revealing that South Africa's murder rate had increased by 7% between the 2016/17 and 2017/18 financial year.¹⁰ This was the sixth year in a row that the murder rate had risen.

The 50 police stations with the highest murder statistics recorded rates of between 327 per 100 000 people (in Phillipi East, Western Cape) and 78 per 100 000 (in Ematimatolo, KwaZulu-Natal). South Africa's unacceptably high levels of violence, in all forms, have resulted in consistent increases in the budget for policing since 2011. In 2017/18 the policing budget was R86.7 billion. This represents a 62.5% increase over the previous 10 years (see Figure 1).

Children living in poverty are exposed to multiple forms of violence at very high levels.¹¹ Violence is one of the largest contributors to toxic stress in South Africa, and undermines the development of children. The focus on policing and violence prevention through the criminal justice system does not adequately recognise that 1) children's experiences of violence are largely based in the home, 2) initial exposure to violence frequently occurs in early childhood,¹² and 3) the capacity for violent and criminal behaviour develops over time.¹³

Prevention and early intervention programmes that effectively reduce children's risk for experiencing violence are implemented mostly by non-governmental organisations (NGOs).¹⁴ These services are not evenly distributed across provinces and, in the absence of a mechanism to fund their full cost, are often unsustainable.

A diagnostic review of the state's response to violence against women and children found that it had spent only

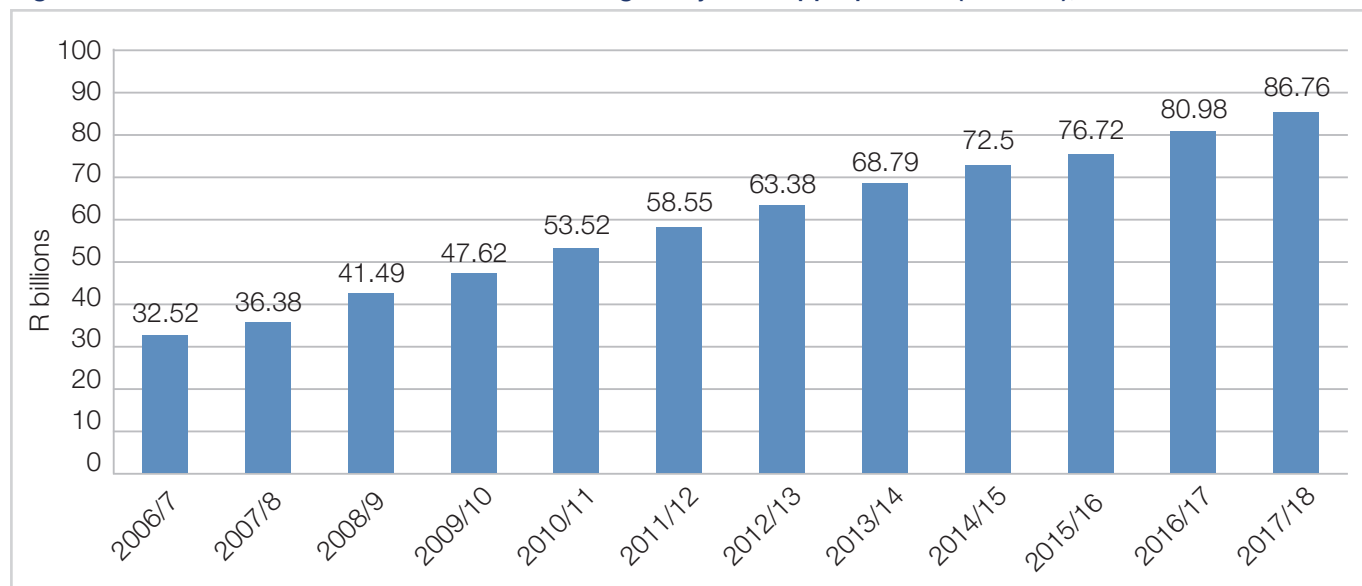
R9 billion on violence prevention in 2015.¹⁵ A United Nations Children's Fund (UNICEF) budget analysis concluded that preventative or early-year services in this country received less than 1% of the combined national and provincial Department of Social Development budgets.¹⁶

Violence causes toxic stress in South Africa, and undermines the development of children

In 2013 the South African government demonstrated its commitment to improving both access to and quality of early childhood development by more than doubling its allocation to early learning. The National Development Plan recognised that without the significant scaling of integrated early childhood services in South Africa, the country would not achieve its goals of human development, productivity and growth.¹⁷ But the momentum to achieve this has slowed, and politicised issues such as crime and free tertiary education distract from the goal of universalising good quality early learning opportunities for children.

A new approach that involves all stakeholders is necessary. The South African government and academic researchers have recognised that providing good early childhood care, nutrition and stimulation can break cycles of poverty and violence. However, it is going to

Figure 1: South African Police Service annual budget-adjusted appropriation (R billion), 2006–2018



Source: ISS crime hub data, drawn from SAPS annual reports.

take government, people with specialist knowledge, experience and skills, and business working together to get this right. Determining how shared-value interventions can address pressing social issues is critical for the success of South Africa's future economic growth. The good news is that there is plenty that business can do to drive the socio-economic change we need to see.

How shared value can help prevent violence

Professor Michael Porter, head of the Institute for Strategy and Competitiveness at the Harvard University School of Business, and Mark Kramer, managing director of FSG, a social impact advisory firm, originally made the case for creating shared value. They argued that the blind spot of capitalist business practice is the belief that business is all about profit, no matter the effect on

the environment or health and welfare of those affected along the business supply chain. They also argued that corporate social responsibility investments often fail to yield positive results – either for business or for the communities or projects expected to benefit from the investment.¹⁸

The idea of shared value has caught on. Shared value summits are being held around the world to, among other things, look at how business can help countries meet the UN's SDGs. These global goals are a universal call to action – to both governments and businesses – to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Yet shared value is still being viewed very narrowly. It tends to be directly linked to supply chain management

Box 1: Shared value in ECD and violence prevention – some examples

There are many businesses in South Africa that contribute to ECD through their foundations or through corporate social responsibility investments. Innovating to find shared value through incorporating opportunities for early childhood development into a business model that results in value for the business and society is a different approach, as these examples show.

Early learning everywhere: Innovation Edge, South African stakeholders and a South African retail store have partnered to encourage adults to use the shopping experience as a learning opportunity for the young children who accompany them.¹⁹

Cardboard contributions to ECD: Barrows Design and Manufacturing (Pty) Ltd, a South African-based company, is printing educational materials for crèches on the pieces of cardboard left over from its marketing display units for stores. It has partnered with Innovation Edge and is using its existing distribution networks to ensure that the materials reach centres that need them.²⁰

Corporate and community benefits: The Blue Door programme, supported by Innovation Edge, is looking to provide high-stimulation crèche centres in corporate offices for employees, and to match this corporate support with the opening of a free learning centre of the same quality in a low-income community.²¹

Learning through play: IKEA Foundation, the LEGO Foundation, Unilever's Persil and National Geographic

came together to form the Real Play Coalition (RPC) with a shared belief in the value of play as an important medium for children to learn about themselves, others and their world. RPC is an advocacy platform allowing large established brands to cooperate to support a value in ECD, in this case learning through play, in which they strongly believe. For instance, they have declared November the Global Month of Play and each brand supports learning through play.²²

Area-based violence-free ECD access: The Violence Prevention through Urban Upgrading programme has been partnering with a number of actors, including the German Development Bank, the City of Cape Town and Sustainable Urban Neighbourhood (SUN) Development, Pty Ltd., to implement the concept of a multifunctional space for children to play and learn in a safe environment. ECD centres are spatially located and based on the area and needs of the community to ensure that the centres are positioned where children are best protected and their early learning needs met.

and market development,²³ when in reality it affects business strategy, brand communication, corporate social responsibility, sustainability and human resources.

There are a number of benefits to businesses' aligning their priorities with the SDGs. Overall, this alignment will improve brand marketability for customers who wish to see companies contributing to social wellbeing, and employee loyalty, particularly among highly skilled millennials. Specifically, alignment with the SDGs increases corporate security and resilience, provides competitive advantage as business priorities match national ones, and increases the desirability of products to socially conscious consumers.²⁴

The social return on investment in this instance is that while ECD may find a home in SDGs 3 and 4, it cuts across all 17 – and is critical to achieving at least seven – of them. Social return on investment goes beyond cost benefit analyses by taking into account non-economic and less tangible impacts such as well-being. In addition, South Africa's overarching policies align with international and regional development agendas²⁵ and drive our comprehensive ECD policy, which provides the beginnings of well-designed framework. What is needed is action from business to pioneer shared-value initiatives. South Africa's strong civil society presence and competitive academic cadre create space for business to partner in new ways of conceptualising shared value.

How benefits for children benefit business

We can prevent violence and promote children's health and development at the same time. The Center on the Developing Child at Harvard University proposes that the best approach is to build the core capabilities of adults so that they can be productive participants in the workforce and provide stable, responsive environments for their children; thereby strengthening the current economic state and enabling future generations to thrive.

Steps to achieve shared value

The shared-value initiatives underway in South Africa and elsewhere offer examples of what is possible when subject experts, innovators and business come together to find solutions to social problems, benefitting both the businesses involved and society. Much more can and should be done.

We recommend the following actions:

South African companies wishing to act could:

- Make on-site educare facilities available for the children of staff members
- Provide employees with positive parenting training
- Provide paid leave and/or counselling for employees experiencing mental health problems or trauma

Table 1: How investments in ECD benefit business, society and children

Benefits for business	Benefits for society	Benefits for children
Well-adjusted and productive members of the workforce	Well-adjusted and productive members of society	Safe and secure spaces to grow and learn
Reductions in disability-adjusted life years	Reductions in crime and violence	Consistent, responsive, stimulating and loving caregiving
Decreased absenteeism and increased staff loyalty and retention	Healthier society	Improved access to high-quality early childhood education
Healthier, more skilled employees	Increased human capital	Increase in opportunities for success in later life, including increased adult income
Stronger marketplace and more individuals participating in that marketplace	Alignment between the objectives of government, business and citizens	Better nutrition, physical and mental health, and stronger social skills
Economic prosperity	Economic prosperity	Economic prosperity

South African companies should convene and identify shared values and skills critical in driving productivity, innovation and entrepreneurship; then jointly develop a movement to promote and support the development of these skills in ECD.

The **National Economic Development and Labour Council** (NEDLAC) could host a series of discussions with ECD experts and practitioners, business and labour to:

- Identify ways in which the private sector could support external, targeted, age and stage developmentally appropriate ECD interventions
- Identify ways in which the private sector could support internal ECD interventions such as providing longer-than-legislated parental leave, on-site ECD support centres/training for staff, and positive parenting

programmes to nurture best early-year learning practices through play

Organisations representing business interests

(such as Business Leadership South Africa and the Black Business Council) could identify shared values in ECD and assist members to provide innovative ideas for how business can support healthy ECD in their unique contexts.

Academic institutions and policy research organisations could collect data on the impact and effectiveness of shared-value practices to support improved outcomes in ECD.

International development partners could consider stimulating innovation by business to achieve shared value in ECD by offering an annual award for the business that achieves impact in ECD.

Notes

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