BUSINESS INVESTMENT IN EARLY CHILDHOOD: POLICIES AND PROGRAMS

Investing in early childhood development (ECD) makes good business sense. There are many simple ways for companies to do this through policy, practice, and direct investment in their communities. There are both short- and long-term benefits from making this investment.

- In the short term, implementing ECD-friendly policies reduces employee absenteeism and increases retention, morale, and loyalty; improves productivity; attracts the best employees; and increases company competitiveness.
- In the long term, investing in ECD contributes to the development of a skilled and healthy workforce, leads to better outcomes for children, and improves social and economic equity. It is also an investment that sees a high rate of return, improved gender equity, and improved company reputation in the local community.

Support for quality ECD also leads to improved outcomes in the broader economy. Investments in every sector of ECD services have been shown to reap significant economic returns, resulting in gains for families, communities, and economies. Allowing millions of children to continue to receive inadequate care diminishes their future income, dampening GDP growth in forgone productivity. In some cases, the lost GDP growth from failing to support ECD services is equal to double the current total amount spent on health.

Investing in comprehensive ECD programs is an opportunity for businesses to both multiply the positive outcomes of existing investments in health and education and help to develop a more productive, skilled workforce. At the same time, investing in policies that support families and community in the workplace can have significant immediate benefits on employee productivity and performance.

EARLY CHILDHOOD DEVELOPMENT IS A SMART INVESTMENT

THE EARLIER THE INVESTMENT, THE GREATER THE RETURN

What is Effective ECD?

Effective ECD initiatives support healthy growth by integrating all of the things that children, their mothers, and their caregivers need, including play, early learning, childcare, maternal and child health, protection, and nutrition. Quality ECD interventions lead to better school readiness and academic achievement, and help develop essential skills that are key to success both in school and in the workplace.

What are the Costs of Not Investing?

Not investing early can have long-term negative effects on a child’s educational achievement, health, mental and emotional well-being, and behavior, with consequences for the development of a skilled workforce. In the developing world, 250 million children under five are currently prevented from reaching their full developmental potential by poverty, insufficient nutrition and health services, and inadequate cognitive stimulation. UNICEF estimates that unless ECD provision accelerates, by 2030 almost 70 million children may die before the age of five, with children in sub-Saharan Africa 10 times more likely to die before their fifth birthday than children from high-income countries.
Long-term Benefits of Business Investment in Early Childhood Policies and Programs

- **DEVELOPMENT OF A SKILLED WORKFORCE.** Children who take part in early childhood programs are more likely to enter primary school, less likely to repeat a grade or drop out, and tend to earn higher grades and develop better social-emotional skills such as teamwork and self-discipline. Investments in ECD lead to a more skilled, competent, and equitable workforce that is better prepared to meet the professional challenges of the 21st century and reduces the high costs of training necessary when employees have received an inadequate education.

- **HIGH RATES OF RETURN.** The earlier the investment in a child’s human capital, the greater the return on that investment. In contrast, failure to invest in quality ECD for all costs economies big, reducing GDP, depressing adult wages, and depriving countries of human capital.

- **BETTER OUTCOMES FOR CHILDREN.** Paid leave, health benefits, and parental involvement in the care of young children leads to better health and development outcomes such as higher birth weight, deeper family bonds, better school readiness, and increased family stability.

- **HEALTHIER WORKFORCE.** Investments in health care, nutrition, water and sanitation, and quality care programs lead to healthier pregnancies, healthier children, and healthier employees. This improves worker productivity and reduces the economic costs of poor health, including loss of human capital and higher health care expenditures.

- **INCREASED ECONOMIC GROWTH.** Children at risk of poor development due to poverty could lose an average of 26% of their adult income every year, trapping families in the cycle of poverty. Moreover, the costs of not improving early childhood development outcomes for all children are estimated to be up to twice the amount of governmental expenditure on health. Investments in children’s healthy development are therefore investments in long-term economic growth and poverty reduction.

- **IMPROVED SOCIAL AND ECONOMIC EQUITY.** Children from disadvantaged backgrounds benefit the most from early years interventions, gaining developmental ground not only in nutrition and health outcomes but also in cognitive development, school achievement, and noncognitive skills. Investment in early childhood development therefore helps to close the achievement gap and to prevent the potential loss of talent and economic production that occurs when children are ill or malnourished, die young, or are excluded from learning.

- **IMPROVED GENDER EQUALITY.** Access to affordable childcare and preschool options allows mothers, grandmothers, and older sisters to work and attend school rather than staying home with young children. Investment in early childhood development offers the opportunity for more girls and women to become educated, enter the workforce, and contribute their skills to the local economy, helping close the gender gap in health, education, and professional achievement. Additionally, better-educated girls tend to raise healthier children and earn more as adults.

- **BETTER STANDING IN THE COMMUNITY.** By supporting local early childhood initiatives and investing in better quality of life for young children, businesses improve their reputation, leadership, and relationship with local communities and can increase brand visibility and customer loyalty.
WHAT CAN BUSINESS DO TO SUPPORT EARLY CHILDHOOD?

IMPLEMENT FAMILY-FRIENDLY POLICIES

Balancing work and home responsibilities is a significant challenge for working caregivers. Concerns over childcare — whether it be undependable daycare options or the sudden need to care for a sick child during a work day — are a significant source of stress for parents and reduce employee focus, productivity, and effectiveness. Employers can institute a wide range of family-friendly policies to support working parents and ensure young children receive the care they need for healthy growth, while simultaneously improving employee retention and performance. Further, studies have shown the benefits of these policies balance or outweigh their costs. The diverse range of options means that all companies, small and large, can choose policies that work for both them and for their employees.

Create leave policies and flexible working options that help working parents balance professional and personal responsibilities.

- Offer paid maternity, paternity, and adoption leave.
- Offer paid sick leave for parents to go for a routine doctor visit, care for a sick child, or bring a child to the doctor for urgent care.
- Offer flextime or compressed work options.
- Offer telecommuting options.
- Consider part-time or job-sharing arrangements for new parents.

Offer quality health benefits to employees and their dependents.

- Offer a variety of high-coverage plans, where employers cover a large percentage of the cost or offer employees options to save and offset out-of-pocket costs.
- Support maternal and paternal health by providing in-house access to nutritious food, exercise facilities, and other wellness services.

Support employees’ access to quality, affordable, dependable childcare.

- Invest in improving and expanding local childcare facilities in the community, so parents have affordable, quality options available.
- Partner with a local care provider or nonprofit to subsidize or guarantee spots for employees’ children.
- Issue childcare vouchers to employees that subsidize care at the provider of the employee’s choosing. This offers greater choice for parents on program and location.
- Create an on-site care center, either free for employees or fee-based. On-site care is extremely convenient for employees and can conform to the specific working hours of the business.
- Companies that cannot afford to create a care center on their own can pool resources to jointly establish or support one.

Provide space and time for working mothers to breastfeed or express milk.

- Provide clean, private lactation rooms where mothers can nurse children or express milk.
- Give employees paid breaks to breastfeed.
- Foster a company culture that encourages and promotes breastfeeding.

Educate employees on safe pregnancy, breastfeeding, and early childhood development.

- Through posters, leaflets, brown bag lunch seminars, and health resources, ensure parents are well informed about health care during and after pregnancy, the importance of breastfeeding, and local parenting and community resources.
- Educate managers on how to best support pregnant women and working parents. Without full buy-in from management and a supportive attitude from supervisors, employees may not feel comfortable utilizing family-friendly policies.
INVEST IN ECD IN LOCAL COMMUNITIES

Businesses can also support ECD through investments in local communities or even globally. Businesses have a myriad of options for engaging in early childhood in local communities, which can be tailored to the company’s size, industry, and desired level of involvement. Early investments not only offer the best opportunity for maximum impact, they also lead to healthier communities, support better learning outcomes, diminish poverty and inequality (and their economic costs), and foster a more skilled future workforce. Further, by going into communities to assess what services are needed, companies establish themselves more firmly as part of the community, which deepens their relationship with communities and fosters positive brand image and customer loyalty.

Invest in development, maintenance, and running of high-quality childcare facilities and preschools in local communities.

- Support facility construction, expansion, and maintenance.
- Invest in teacher training and salaries.
- Subsidize fees for low-income and marginalized children.
- Support creation and purchase of play and learning materials.

Invest in missing elements of early childhood development services.

- Invest in play and learning materials for health clinics, daycare centers, preschools, and community centers.
- Build water and sanitation facilities at health clinics, schools, and care centers to protect children’s and community’s health and hygiene.
- Provide nutritious meals for children at daycare centers and preschools to safeguard their healthy growth.
- Support health care interventions at daycares and preschools such as routine check-ups and vaccinations.

Provide business expertise to support the development and improvement of local early years services.

- Counsel local service providers on how to improve business practices, expand services, and ensure financial sustainability.
- Provide advice on good management, tax code, sustainability, supply chains, human resources policies, and marketing.

Invest in research and development to create better ways to deliver existing services or find new treatment and prevention options in support of healthy early childhood development.

- Develop new or adapt existing healthcare products and services to reduce costs, increase safety, and better reach children in resource-poor settings.
- Adjust value chains to local markets to lower costs and better address the health needs of poor and hard-to-reach women and children.
- Invest in fortifying existing food products and sourcing grains from farmers who grow micronutrient–enriched staple crops.

Ensure business practices are child friendly.

- Ensure supply chains are free of child labor.
- Label products clearly and fairly.
- Take care that children are not exploited in marketing campaigns.
- Ensure child models and actors are paid well, protected from abuse and exploitation, and work no more hours than is permitted by law.
- Certify products and services are safe for small children and go through rigorous research and testing that complies with national and international standards.

19 Best Start. (2010). “How to be a family friendly workplace.”
33 UNESCO. “Children’s Rights and Business Principles.”