



Developing the Global Workforce of Today and Tomorrow:

Investing in Early Childhood Development

Business leaders everywhere know that the success of their company and their country depends on the ability of people to solve problems, work in teams, develop new ideas and envision a bright future. All of these factors start in the earliest years of life. Business leaders are helping create an environment that gives children a fair start, helping them become the future employees, customers, citizens and neighbors that their communities and nations need.

Businesses need well-qualified employees, but are not getting them

Business leaders across the world want to hire skilled employees, find customers who can afford their goods and services, and operate in an environment that spurs innovation and economic vitality. But countries are not creating the productive adults they need.

ReadyNation is an international business membership organization that supports executives—large company CEOs to small business owners—to take actions that improve the economy and workforce through effective investments in the early years. We help countries develop their own networks of business leaders for early childhood.

“Early childhood is the moral, social and economic imperative of our time.”

John Pepper, former Chairman & CEO, Procter & Gamble

- ▶ **The world faces a shortage of millions of skilled workers**, and children today must be prepared for jobs that don't even exist yet. According to the World Economic Forum, only 65% of the world's talent is being optimized through education, skills development and deployment.¹
- ▶ **Yet today's students are not prepared—** 23% of students in 34 countries belonging to the Organisation for Economic Cooperation and Development (OECD) did not achieve even the baseline proficiency level on the 2012 Programme for International Student Assessment (PISA) mathematics assessment² and 18% did not reach even baseline proficiency in reading.³ These figures are much worse in developing nations.

- ▶ 43% of children under age five living in low- and middle-income countries are at risk of poor development due to poverty and malnourishment. On average, these 250 million children will likely have 26% lower adult income.⁴
- ▶ The World Bank estimates that on average countries that did not eliminate chronic malnourishment when today's workers were children are losing 7% of GDP. Scaling up interventions to address this would have an average benefit cost ratio of 15:1.⁵

Fixing this problem requires giving children a good start

Extensive evidence shows that the foundation for solving this problem lies in giving children a good start that will prepare them for success in school and in life.

It all starts with healthy brain development in the early years

- ▶ During the first five years, a child's brain develops one million synapses—neural connections that support learning and skills—every second. These connections lay the foundation for knowledge and executive functioning skills such as persistence, creativity and conflict resolution that help determine later success.⁶



“High-quality early childhood programs should be a global priority...such programs can yield positive results across diverse cultures and nations.”

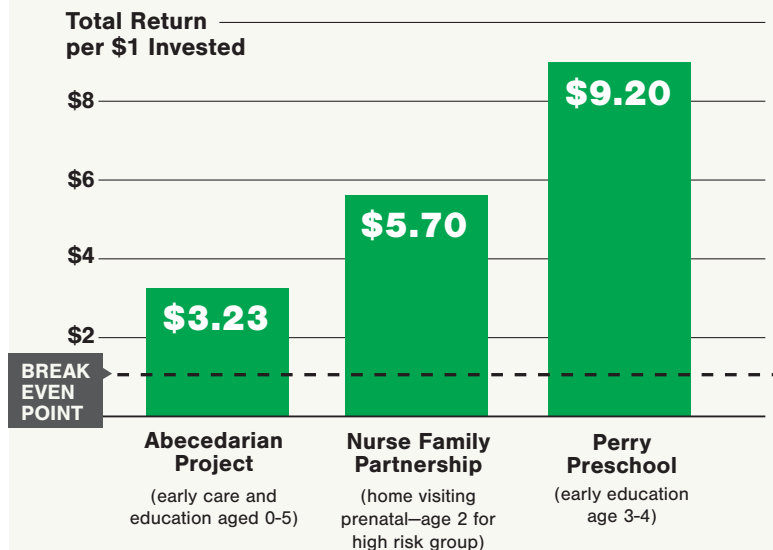
Gideon Badagawa, Executive Director,
Private Sector Foundation Uganda

- ▶ Differences on cognitive and behavioral assessments between children in higher and lower income families are evident as early as nine months old.⁷
- ▶ Learning gaps show up well before entry into primary school—one study showed lower income children had half the vocabulary of higher income children by age three.⁸
- ▶ Science magazine reports “Preschool children’s knowledge of mathematics predicts their later school success into elementary and even high school. Further, it predicts later reading achievement even better than early reading skills.”⁹

Early childhood programs, such as education, health care, nutrition and parental supports, can have life-long impacts

- ▶ A study of 30 programs across 23 countries in **Europe, Africa, Central/South America, and Asia** found positive impacts of early childhood programs on health, education, cognitive ability and emotional development.¹⁰
- ▶ A 20-year follow up of an early childhood health and nutrition program in **Jamaica** showed that participants had a 25% increase in earnings, higher levels of education, better social skills, and less involvement in violent crimes.¹¹
- ▶ Research on early education and parent mentoring programs in the **U.S.** have shown impacts on education, employment, crime, drug abuse, teen pregnancy and other important outcomes.

Quality Early Care and Education Pays Off: Cost/Benefit Analyses Show Positive Returns



Source: Nobel Laureate Dr. James Heckman; Karoly et al. (2005)

Nobel Laureate James Heckman and others have found that early education for disadvantaged children can generate an annual return on investment of 7 to 10%.¹²

- ▶ In **Germany**, center-based care was found to strengthen children's skills in language, socializing and behavior management among 2 to 3 year olds. By ages 5 to 10, children also had improved non-cognitive skills and grades.¹³
- ▶ Numerous studies demonstrate the impacts of early education in **Brazil**, including: increased 2nd grade literacy, improved math scores in 4th grade, and increased rates of educational completion through college.¹⁴
- ▶ Reforms in **Norway** that increased paid/unpaid maternity leave (49 weeks full salary; 59 weeks at 80% pay¹⁵) led to decreased secondary school dropout rates, with the greatest impact noticeable for children with lesser-educated mothers.¹⁶
- ▶ The World Bank noted that early childhood interventions yield higher annual rates of return than those directed towards older children and adults.¹⁷

Business leaders are taking action

Given this compelling research, executives around the world—from multi-national CEOs to shop owners in small towns—are taking action to support the conditions that will help young children become healthy, productive adults. These actions fall into six categories:

1. **Build** political will to influence public policies at the local, state, national or international levels
2. **Educate** key audiences, including the media
3. **Social innovation**—producing products or services that also contribute to social goals.
4. **Inform** customers about the importance of early childhood
5. **Support** and educate employees
6. **Benefit** the community by providing funds, volunteers, expertise or other resources to local programs

Other ReadyNation publications highlight dozens of examples of company actions across the world¹⁸—here are just a few:

- ▶ The Executive Director of Private Sector Foundation **Uganda** is leading a new business group that has successfully advocated for policy change. In 2016, business executives created ReadyNation **Australia**, which will mobilize business leaders to advance better early childhood policies.



“ In an era when most policies are divisive and disappointing, early childhood development has a magic to it. Nurturing kids' brains can improve education, health, childcare, future productivity of the workforce and crime prevention all at once.”

Simon Kuper, *Financial Times*

- ▶ ReadyNation member John Pepper, former Chairman and CEO of Procter & Gamble in the U.S., has authored media articles and testified before the U.S. Congress in support of early childhood.¹⁹ From 2013 to 2016, ReadyNation members helped win policy victories that increased state and federal funding for early childhood in the U.S. by more than USD \$3 billion, and generated more than 500 earned media pieces on the business case for early childhood.
- ▶ **Romania's** 2016 business leader summit on early childhood generated 34 media pieces.
- ▶ KPMG's worldwide Family for Literacy initiative distributes free books, and its executives have spoken out for more public funding for early childhood.
- ▶ Mobile Creches in **India** has worked with more than 200 builders to provide child care services to children living on the construction sites and slums of Delhi.²⁰
- ▶ Siemens AG, the largest engineering company in Europe, is promoting early science education by distributing science experiment kits to preschools in **Germany**.²¹

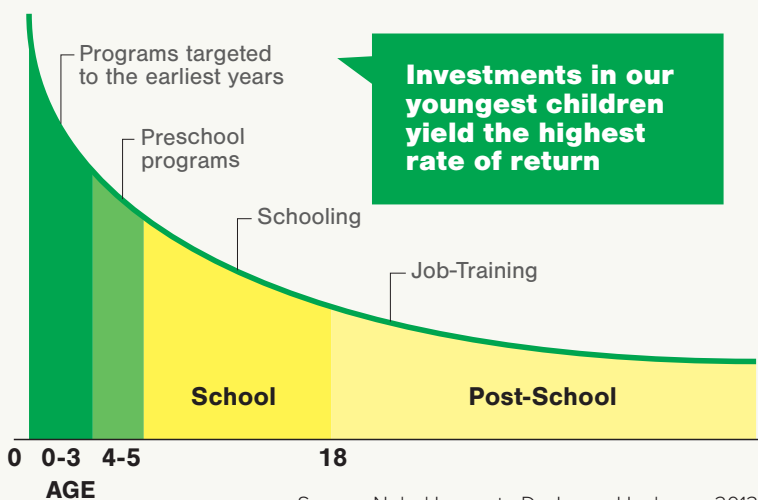
ReadyNation as a Resource

Founded in 2006, ReadyNation is the leading organization helping countries create their own networks of business leaders who advocate for increased public and private investments in young children to help them fulfill their potential.

Under ReadyNation International we helped create ReadyNation Australia, Early Steps Uganda, and ReadyNation RO in Romania. In 2015, we hosted the first Global Business Summit on Early Childhood with 200 business and civic leaders from 15 countries, and organized two Open Letters to the UN, signed by more than 150 executives worldwide, supporting early education in the Sustainable Development Goals. In 2016 we organized the first European Business Forum on Early Childhood, sponsored by five foundations.

ReadyNation welcomes business people from all countries to join our free network and learn how we can help you create the next generation of productive employees.

Rate of Return to Human Capital Investment at Different Ages



Global organizations endorsing early childhood as an economic priority:

Organisation for Economic Cooperation and Development

World Bank

U.S. Federal Reserve
(including current and past chair)

Inter-American Development Bank

European Commission



“Providing early childhood development is both morally right and economically smart.”

—Jim Yong Kim, President, World Bank Group

**For endnotes please see our website at ReadyNationInternational.org.*



ReadyNationInternational.org

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Endnotes

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