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YOUTH PROGRESS INDEX 2021

TOWARDS GREATER IMPACT FOR OUR YOUTH

**SOCIAL
PROGRESS
IMPERATIVE**



FOREWORD

Impact | /'Impakt/ | verb: "to have a strong effect on someone or something."

Government, the private sector and civil society continue to make an impact when improving the lives of young South Africans. According to the latest SA Living Conditions Survey 2014/2015, South African households spend an average of 2.5% of their total household consumption expenditure, showing a decline, between 2008 and 2014, of 10.5%. This can be attributed both to worsening economic conditions over the period. What will the impact of this be?

Digital poses both serious challenges for the democratisation of education and opens new opportunities for the provision of learning and educational content in a cost-effective and more efficient way. More work has also been put into providing no-fee education, particularly at primary and secondary education levels. According to the 2020/2021 Annual Performance Plan, under 50% of Grade 6s in public schools have at a minimum of one computer lab in their school and approximately 65% of Grade 12s had at least one computer lab in their schools. The latest Stats SA General Household Survey (GHS) revealed that in 2019, a mere 22.7% of households had access to at least one computer. What will the impact of this be?

There is a lot of emergent literature available on Gender Responsive Budgeting, with a budgeting approach aimed at analysing the impact of budget appropriation on gender equity and equality. With inequality, low levels of quality education, lack of access, high poverty levels and marginal social development, it is highly recommended that we extend this literature and explore the socioeconomic responsiveness of our current budget appropriation for

the education and development programmes. It is further recommended to journey towards having a subnational/provincial view of the socioeconomic responsiveness in order to possess the scope and insights to inform more targeted interventions within the appropriation process.

Our pursuit, therefore, has to emphasise that in a resource-constrained environment which has been particularly worsened by the COVID-19 pandemic, impact-based budget appropriation has to be way forward in order to accelerate against the fulfilment of true development for the South African youth. Many monitoring and evaluation tools simply target the fulfilment against certain metrics without having a qualified view on the impact that the metric has on youth development. It further lacks in showcasing opportunities for the youth to take advantage of, denying their rightful place as owners of the country's future. Now more than ever, impact has to be at the centre of all our efforts.



Sifiso Skenjana

Chief Economist and Thought Leadership Executive, IQbusiness

THE DIRE NEED FOR YOUTH INTERVENTIONS

Since 1994, South Africa has made significant leaps in multiple socioeconomic dimensions. Access to education, nutritious food, health systems, adequate shelter, as well as public infrastructure such as electricity, clean water and sanitation, has appreciably improved under the democratic dispensation. An eagle's view of the main indicators of development over three decades reveals a consistent social progress. The Human Development Index (HDI), which tracks population wellbeing by measuring three basic functions of human progress

— life expectancy, knowledge level and gross national income (GNI) — has been on a steady upward trajectory since 1990. The HDI varies from 0 to 1, where the former indicates low levels of development while the latter indicates high development levels. To this end, South Africa is positioned in the higher percentile of the HDI distribution and is ranked 114 out of 189 countries. As indicated by Table 1 below, between 1990 and 2019, the country's HDI value increased by 13.1%.

A Time-Series Overview of South Africa's HDI trend

Year	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (PPP\$)	HDI VALUE
1990	63.3	11.4	6.5	9,975	0.627
1995	61.6	13.0	8.2	9,387	0.653
2000	56.0	13.0	8.8	9,881	0.631
2005	53.4	12.9	8.9	11,233	0.622
2010	57.7	12.8	10.2	12,195	0.664
2015	62.6	13.8	10.1	12,528	0.701
2016	63.2	13.7	10.2	12,357	0.703
2017	63.5	13.7	10.2	12,322	0.705
2018	63.9	13.7	10.2	12,232	0.707
2019	64.1	13.8	10.2	12,129	0.709

Source: UNDP (2020)

Life expectancy at birth increased by 0.8 years, while GNI surged by 21.6%. Between 1990 and 2019, mean years of schooling improved by 3.8 years while expected years of schooling increased by 2.4 years. This is consistent with an earlier finding by Girdwood & Leibbrandt (2009) in an intergenerational analysis of educational mobility in South Africa, which established that the average number of years of education has increased from three years for grandparents; six years for parents; to 10 years

for the current generation. This is further reflected in the country's youth literacy rate which increased from 85.2% in 1980 to the current rate of 93.9% (Stats SA, 2021; Knoema Data, 2021). However, despite progress in these functions of societal development, evidence of their role in improving the quality of life for South Africa's youth has been largely inadequate.

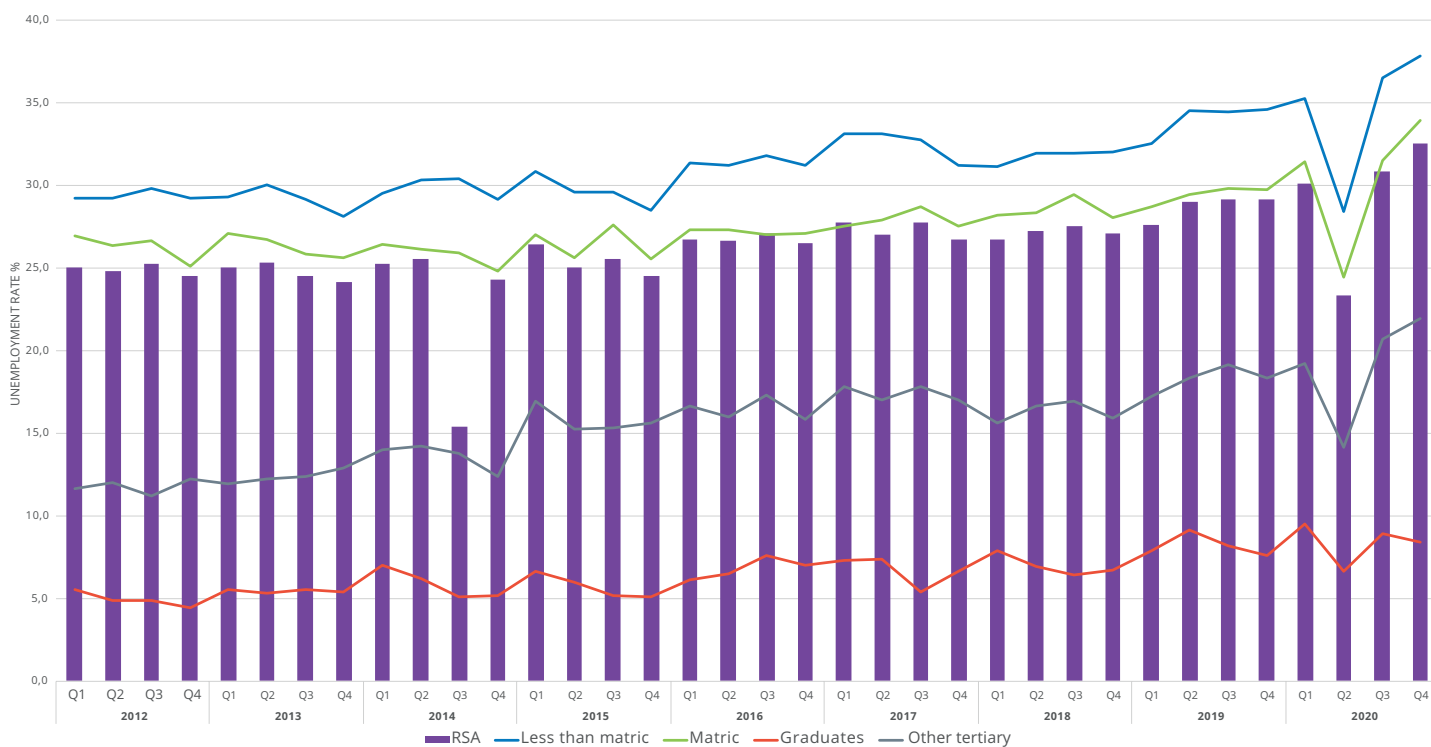
Current State of South African Youth

Approximately 20.4 million or 63.3% of the population is constituted of individuals in the 15-34 age category (Stats SA, 2020). The skewedness of South Africa's population distribution toward this age category means that, as the country's economic woes deepen, the disproportionate brunt thereof is endured by the youth. Results contained in the Quarterly Labour Force Survey (QLFS) for the first quarter of 2020 — calculated using pre-coronavirus lockdown data — not only confirmed this point but painted a bleak picture of the state of the youth.

The latest unemployment figures released from Stats SA, based on Q1 2021, revealed that the country's unemployment rate has increased to 32.6%, while the number of young people classified as 'not in employment, education or training' (NEET) increased by 1.9%, representing a staggering 43.6% of 24.4 million youths. As employment correlates with educational attainment, the high NEET rate is a stark indication of the asymmetry existing between evolving trends in labour market requirements and relevant skills needed to fulfil them.

Perhaps the greatest evidence is the finding in the QLFS that unemployment rates between the fourth quarter of 2019 and the first quarter of 2020 increased from 24,1% to 33,1% among graduates. Apart from the evident mismatch that exists between the demand and supply tiers of the labour market, this finding indicates a falling of private capital investment into the economy primarily, though not exclusively, driven by negative growth prospects as accentuated by the previous years' GDP contraction of -7%. Nevertheless, poor educational outcomes appear to be the leading contributor of the quandary facing South Africa's labour market. The unemployment rate is more pronounced at lower levels of the education attainment hierarchy. When unemployment data for the first quarter of 2021 was unpacked by level of education, approximately 54,8% of the proportion of individuals classified as unemployed had education levels below matric, while a total of 35,4% comprised individuals with matric as the highest education qualification. By contrast, graduates and individuals in possession of other tertiary qualifications accounted for 2,3% and 6,8% respectively. This trend has been consistent for nearly a decade, as illustrated in the figure below.

Unemployment by level of education, 2012-2020



Since 2012, matriculants and non-matriculants are more vulnerable to unemployment relative to other categories. Employment or lack thereof is substantially correlated with educational levels. This finding, therefore, is hardly surprising as individuals who occupy lower levels of the education attainment hierarchy are, by definition, also likely to be employed in occupations characterized by high elasticity to economic changes which often results in job loss, which, in turn, accelerates their descent to poverty. For example, the Living Conditions Survey (LCS) by Stats SA (2015) established that an estimated 33,4% of youth aged between 15-24 were considered poor on a multidimensional scale as a direct consequence of lack of education attainment. Furthermore, using a money metric methodology, the LCS estimated that a fifth of South Africa's youth aged between 18-34 fell into the lower bound poverty line of R664 per person per month. As extreme poverty is inextricably linked with income inequality, this partly explains the widening gap of income inequality plaguing the country, broadly, and the youth, specifically.

The World Economic Forum's (WEF) inaugural Global Social Mobility report (2020) ranked South Africa 77 out of 82 countries in its Social Mobility Index (SMI), with a score of 41.4. The WEF SMI measures the ability of countries to facilitate social mobility across their population by benchmarking five prime pillars of equality of opportunity as well as the degree to which these translate to social mobility outcomes. Given this context, the WEF defines social mobility as "...moving 'upward' or 'downward', whereby people see their circumstances become better or worse off than their parents or within their own lifetimes." Social mobility as defined hereto is divided into five dimensions:

I. Intragenerational mobility: The ability for an individual to move between socio-economic classes.

- II. Intergenerational mobility: The ability for a family group to move up or down the socio-economic ladder across the span of generations.
- III. Absolute income mobility: The ability for an individual to earn as much as or more than their parents at the same age.
- IV. Absolute educational mobility: The ability for an individual to attain higher education levels than their parents.
- V. Relative income mobility: How much of an individual's income is determined by their parents' income
- VI. Relative educational mobility: How much of an individual's educational attainment is determined by their parents' educational attainment.

For purposes of this report, however, we narrow our focus onto relative income mobility as it concerns the state of the youth relative to previous generations. Relative social mobility unpacks the socioeconomic status of individuals at any point in time by measuring intergenerational income elasticity. The basic principle of intergenerational elasticity takes the following form:

- a. Intergenerational income elasticity = 0, therefore there is no relationship between family background and children's income outcomes in adulthood.
- b. Intergenerational income elasticity = 1, therefore children's social backgrounds have a direct, causal relationship to their economic status as adults.

The former implies that a child born into abject poverty has the same likelihood of earning a high income in adulthood as a child born into affluence. By contrast, the latter assumes the opposite; that is, a child born into poverty is highly likely to be poor as an adult while

rich children are likely to be rich. In the Global Social Mobility Index report (2020), the WEF noted that across all economies analysed, children born in less affluent families tend to have higher barriers to economic opportunities than those born into more affluent families which, as the WEF reflected, "...fosters long-term economic inequalities as well as deep economic cleavages." Against this backdrop, South Africa's performance was among the poorest in the index at ameliorating the second dimension of intergenerational income elasticity. When relative social mobility levels are controlled across all countries, it would take a total of 9 generations for children born in low-income households in South Africa to reach the country's median income level. This points to deep wealth centralization in the country alongside stagnant social mobility brought about by stark differences in equality of opportunity between low-income and high-income households.

South Africa's overall SMI score of 41.1 was driven by poor outcomes in health access and quality (49.7), fair wages (26.0), incidence of low pay (32.4%), incidences of corruption (43.0), as well as the worst unemployment rate (32.5%). South Africa ranked 80th out of 82 countries in the education quality and equity category with a score of 26.5. 8.4% of children of primary school age are out of the education system and 14.9% are enrolled in school. General Household Survey (GHS) established that lack of books, large classrooms, poor facilities and high fees were the leading issues confronting public schools and were contributing to poor education outcomes in South Africa (Stats SA, 2019).

In addition, the GHS uncovered that two-thirds or 65,5% of schoolchildren walked to school (Stats SA, 2019). These constraints inevitably discourage resource-poor schoolchildren from not only enrolling into educational facilities but, most importantly, excelling to levels that

make them attractive to an increasingly skills intensive labour market. Therefore, these constraints require a series of carefully curated strategic interventions designed to facilitate the upward transition of young people within the broader social mobility hierarchy through improved educational outcomes. Although there are several interventions that may be deployed to ameliorate the economic and social plight of youth in South Africa, none has a far greater potential to simultaneously effect than access to modern technological tools.

As relative income mobility is a function of access to equitable, quality education, inequality of opportunity in this regard is a great constraint for resource-poor young people. However, interventions aimed at access to technology can eliminate this barrier by providing high-quality learning material irrespective of one's socioeconomic status. For example, using the three main constraints to school attendance, access to technology has the potential to eliminate scarcity of books by providing school children open access to research portals containing unlimited content to supplement prescribed learning material.

Similarly, online learning has dual potential to reduce classroom overcrowding and the use of non-appropriate learning facilities. Furthermore, technology adoption can enhance earning potential by exposing people to a wide virtual market where they can leverage their skills for employment or trade assets. From a macroeconomic perspective, the WEF sums up the value of technology in facilitating economic growth as follows: "New technology adoption drives business growth, new job creation and augmentation of existing jobs, provided it can fully leverage the talents of a motivated and agile workforce who are equipped with future-proof skills to take advantage of new opportunities through continuous retraining and upskilling."

However, the successful deployment of technological tools as enablers of favourable education outcomes depends, almost exclusively, on adequate internet access. Once again, we turn to the GHS for a broad overview of households' internet access by area of access.

10,4% of households in South Africa have internet access. The distribution of households with internet is concentrated in Western Cape (30,5%), Gauteng (17,5%) and Free State (13,4%). Next to mobile devices (45%), educational facilities (3,5%) are the most reachable hotspots for internet access in rural areas. As illustrated in the table, mobile devices (60,1%) account for the largest share of mediums through which the internet is accessed.

A survey commissioned by Stats SA (2020) to assess the impact of Covid-19 on households and learning

outcomes established that 75,9% of households have Smartphones that could be leveraged for home learning, followed by laptops (61,2%) and tablets (36,1%). 44% of households cited cellular devices as the main source of internet access against only one-quarter or 24,9% who had fibre and 13,3% who connected on free WIFI hotspot areas. A concerning finding is that 6,1% of households do not have access to any form of internet connection for learning purposes. This points to the gaping digital divide that continues to confront South Africa's youth. To this end, there have been several corporate social investment (CSI) initiatives aimed at narrowing the internet access gap in underprivileged communities across South Africa.

Households' access to the Internet by place of access, urban/rural status and province, 2018

Place where internet is accessed	Province (Per cent)									
	WC	EC	NC	FS	KZN	NW	GP	MP	LP	RSA
At home	25.8	4.1	4.6	7.6	5.6	3.0	16.7	4.4	1.7	10.4
At work	21.1	11.8	11.4	11.1	15.1	7.6	25.8	6.5	5.7	16.2
Mobile devices	61.7	53.7	53.9	63.6	54.9	57.2	68.3	68.8	43.3	60.1
At internet Cafes or Educational facilities	14.1	9.0	2.6	8.3	7.8	6.7	16.1	3.7	2.7	10.1

Source: Stats SA (2019)



Chapter Summary

Efforts to foster social progress in South Africa are gradually yielding diminishing returns as the country's social fabric weakens at the back of poor educational outcomes, surging unemployment, excessive drug and alcohol abuse as well as a high violent crime rates. The weakening of South Africa's social fabric is a function of the country's gaping inequality of opportunity between different income class hierarchies. South Africa's GINI coefficient of 0.63 points to the scale of income polarisation that continues to cast a dark cloud over economic prospects of the youth. Consequently, intragenerational income mobility or the capacity of individuals to move between different socioeconomic classes is severely constrained. This is accentuated by the World Economic Forum's

finding that it would take a total of nine generations for children born in low-income households to reach the country's median income level. As approximately 55.5% or 30.3million of South Africa's population live in the upper bound national poverty line of R992 (World Bank, 2021), inequality of economic opportunity will continue to be passed down from generation to generation which will accelerate the ubiquity of societal ills.

Although there are multiple intervention strategies that may be administered to 1) eliminate rampant income polarisation and 2) facilitate intragenerational income mobility among South Africa's youth, none perhaps has greater potential for optimal returns than improving educational outcomes through leveraging technology.

THE ROLE OF MONITORING AND EVALUATION IN ENHANCING IMPACT ASSESSMENT FOR CORPORATE SOCIAL INVESTMENT

The concept of (CSI) has become a well-established practice with organisations around the world becoming increasingly conscious of their responsibility to improve the social, economic, and environmental imperative of communities. As a result, corporates have begun to acknowledge and integrate broader societal concerns into their business strategies.

In recent years, there has been a growing interest in assessing the impact of CSI initiatives on beneficiary communities. Accordingly, research has revealed that South African corporates are becoming increasingly conscious of the need to account for the impact of their social investments (Triologue, 2020). Despite several organisations adopting monitoring and evaluation policies over the past few years, stakeholders have become disillusioned about the impact and value-add of their CSI programmes (Next Generation, 2019). Therefore, several case studies of failed CSI interventions have led to a fundamental need to rethink the role of monitoring and evaluation in enhancing impact assessments (Next Generation, 2019).

The Theoretical Predicament – Misaligned Thinking regarding Impact in CSI and M&E Theory and Practices

In defining the concept of Corporate Social Responsibility (CSR), Bowen referred to the social responsibilities of an organisation as “actionable policies that are desirable in terms of the values and objectives of society” (Agudelo, Jóhannsdóttir & Davídsdóttir, 2019). This definition suggests that an organisation’s responsibilities are not just economical in nature but must engage or pursue those actions that will lead to a desirable social outcome. A socially responsible organisation is expected to execute desirable CSR activities/projects with focus given to

the impact of such interventions on their respective beneficiaries.

It could be argued that one of the fundamental problems with the concept of impact assessment in the context of CSI is embedded in the theoretical tradition of CSR. This is discernible in the fact that the theory of CSR provides an impoverished comprehension of impact in the context of CSI initiatives.

Monitoring and evaluation (M&E) serve as a critical enabler in enhancing impact assessment in the context of CSI. This is observable in that the rationale for monitoring and evaluating the social investments of organisations is predicated on the fact that M&E intends to provide the corporate sector with a better means to assess impact by learning from past experiences, improving service delivery, and optimising resource allocation, inter alia (Rampersad, 2015). In addition, M&E provides an objective and systematic assessment of the state of a project, its design, implementation, and results (Rampersad, 2015). Therefore, M&E serves as a feedback loop to all stakeholders concerning the status of an ongoing or completed CSI project/initiative. The current literature on M&E places a strong emphasis on measuring inputs, activities, and outputs. Rampersad (2015) notes that inputs are concerned with allocating resources (people, financial and other) to activities (designated actions such as feeding learners and donating equipment, inter alia) in order to reach specific outputs (short-term, immediate, and visible results such as the number of equipment donated and learners fed, etc). Thus, embedded within M&E thinking is a misaligned conception of impact as the mere allocation of resources to activities that intend to reach a particular set of outcomes.

Moreover, the lack of an enriched and robust conception of impact in the context of CSI can also be attributed to current M&E practices. In this regard, current M&E practices not only measure inputs and activities but are also geared towards compliance and reporting for reporting's sake (Gubic, 2014). Current M&E practices have led to a narrow understanding of impact that tends to not concern itself with the outcomes of CSI projects in beneficiary communities.

Furthermore, perhaps the multiplicity of M&E frameworks partly explains the current misaligned view regarding impact. This is evident in the fact that globally there are 40 models that measure the efficacy of CSR programmes (Rossouw, 2014). Rampersad (2015) highlights that a detailed analysis of the 40 existing models revealed that each methodology had its own strengths and weakness, and thus lack a sense of universal applicability. In addition, none of these methodologies have been widely adopted in the development or CSI sector. Therefore, there is a lack of a comprehensive M&E framework catered to the needs of the development sector and that allows CSI practitioners to optimise their impact assessments to enhance the efficacy of CSI projects.

The State of M&E in Corporate South Africa

Despite the importance of M&E in South Africa, current M&E trends paint a bleak picture about the institutionalisation of impact assessment in the CSI sector. Research carried out by Trialogue (2020) revealed that less than half of companies (45%) had a stated policy on M&E. In addition, the depressing state of M&E is further compounded by the fact that only 38% of corporates claimed to allocate a portion of their budget to M&E (Triologue, 2020). This suggests that significant strides need to be made for M&E to become embedded in the CSI sector.

In terms of the provision of human capital, one-third of companies did not have an appointed representative to manage their M&E function, whether that be internal staff and/or external consultants (Triologue 2020). However, half of the companies (50%) had allocated at least one part-time internal person to manage their

M&E function. In addition, only 18% of corporates in South Africa have more than one person dedicated to carrying out M&E. This suggests that M&E and the resultant notion of impact is perhaps not given requisite attention in the context of CSI.

In terms of measuring outcomes in the CSI sector, just over half of corporates (52%) assess and measure outcomes for all grants regardless of the size, a figure that is down from 81% in 2019 (Triologue, 2020). In this regard, companies that measure CSI projects' outcomes sometimes did so based on 21% of companies engaged in M&E based on grant size (Triologue, 2020).

Data collected when engaging in M&E tends to be utilised for strategic purposes. 93% and 82% of corporates and Non-Profit Organisations (NPOs) respectively used M&E data for reporting to the board (Triologue, 2021). In terms of planning or revising programmes/projects, 80% of companies used the M&E data to plan or revise CSI programmes, projects, and strategies. Notably, more than one in five companies (22%) used their M&E data to influence public policy or government funding choices.

Looking Ahead

The fundamental reason for the implementation of M&E should be for gauging, understanding and optimising impact; to aid in the process of deriving maximum benefit for beneficiaries. In the context of CSI, boards should hold executives to account for the magnitude of the impact that they are producing, rather than the number of resources deployed. The future of the practice of M&E should be one in which sufficient attention is given to issues of outcomes and impact. In addition, public and private partnerships can amplify the impact of CSI projects. In accordance with this, metrics need to be tweaked so that we manage the outcomes that we produce more deliberately. Monitoring input-based metrics, whilst necessary, simply isn't enough if we want to be deliberately impactful.

THE ROLE OF EDUCATION, FINANCIAL INCLUSION AND DIGITAL ENABLEMENT IN IMPROVING YOUTH DEVELOPMENT OUTCOMES

In 1965, the member states of the United Nations (UN) adopted the *Declaration on the Promotion Among Youth of the Ideals of Peace, Mutual Respect and Understanding Between Peoples*, recognising the importance of young people in society. The said declaration envisaged the promotion of sustainable development outcomes for millions of young people around the world. In addition, the UN endorsed the *World Programme of Action for the Youth to the Year 2000 and Beyond* in 1995, to direct international efforts towards the challenges confronting the youth into the next millennium.

While the global community has committed itself to the imperative for youth empowerment, several studies indicate that young people face a dim future. Accordingly, the Global Youth Progress Index - which measures the quality of life of young people, their social progress and their inclusion and participation in society independently of economic indicators - revealed that for the first time ever, the youth are at risk of being worse off than their parents (Youth Progress Index, 2017). At a national level, 62.2% of South Africa's youth live in extreme poverty; this is further compounded by the fact that 58.1% of the youth aged 15-24 and 35.6% for those aged 25-34 are unemployed across all levels of education (Youth Progress Index, 2020; BizCommunity, 2020). Therefore, policymakers and stakeholders must recognise the critical role of education, financial inclusion and digital enablement in improving youth development outcomes.

The Case for Education: The Great Equaliser and the Challenges Facing South Africa

In the 19th century, Horace Mann- a pioneer of the American public school system- held that “education, then, beyond all other divides of human origin, is a great equaliser of conditions of men—the balance wheel of the social machinery.” This is evident in that education serves as a critical enabler in improving economic and social development outcomes (Ozturk, 2001; Patrinos, 2016). In this vein, the return on investment in education is observed in the human capital development of nations over time. Therefore, Gary Becker, in his seminal work *Human Capital*, concluded that education is indispensable to economic growth.

Accordingly, globally there has been a growing commitment to improve educational outcomes for young people. Countries have concentrated their efforts towards the realisation of universal access to education. In recent decades, universal access to primary school enrolment increased and led to higher demands for secondary schooling (United Nations, 2018). In addition, the United Nations adopted the Sustainable Development Goals (SDGs) in 2015, of which quality education was identified as a key priority. Thus, ensuring access to free, equitable and quality education for young people became a sacrosanct objective for the international community.



Despite these efforts and commitments, access to secondary education and tertiary enrolment remains low in developing countries (United Nations, 2018). Notably, educational systems in these regions are often characterised by inadequate infrastructure, lack of opportunities, affordability, and accessibility, inter alia (United Nations, 2018). Additionally, young people are not adequately prepared to meet the demands of a globalised world owing to poor-quality education and training systems. Moreover, the state of the insufficient and poor-quality education in the developing world has left the youth socially and economically vulnerable.

While South Africa has made significant progress in ensuring the right to education for young people since the end of apartheid, educational outcomes in the country continue to be bleak. Research has revealed that children in almost 80% of South African schools are exposed to an education that is deemed as among the very worst in the world; while 55% of first graders never end up writing their national senior certificate (NSC) matric examinations (Foley, 2018). In addition, only 41% of mathematics pupils and 36% of science

pupils in Grade 9 had acquired basic subject matter knowledge.

Furthermore, a report by Amnesty International (2020) suggested that South Africa has a broken and unequal education system which perpetuated poverty and inequality. The report highlights that the country's education system is plagued by crumbling infrastructure, overcrowded classrooms, and relatively poor educational outcomes (Amnesty International, 2020). For instance, findings by Amnesty International (2020) revealed that for the poorest 60% of learners, class sizes increased on average from 41 to 48 learners per class between 2011 and 2016. In addition, a recent study revealed that more than three quarters of children aged 9 in South Africa cannot read for meaning; notably, in the Eastern Cape and Limpopo, the percentage of schoolchildren who cannot read for meaning is as high as 85% and 91% respectively (Amnesty International, 2020). Thus, there is growing need to address these challenges to advance human capital development outcomes for young people.

Financial Empowerment: The Need to Promote Financial Education in order to Advance Youth Outcomes in the Country

Globally, young people are accessing financial services at approximately half the rate of adults (Youth Economic Opportunities, n.d.). Accordingly, research by the World Bank Group (2021) highlights that 44% of youth between the ages of 18-25 have an account at a formal financial institution, in contrast to 55% of older adults aged 26-64. In addition, only 18% of youth reported to have saved formally in the past year, and 6% had borrowed money formally (World Bank Group, 2021). Moreover, unbanked adults are disproportionately young i.e., globally, 30% of unbanked adults are aged between 15 and 24 (World Bank Group, 2017).

The concerning state of financial inclusion for young adults globally is also mirrored in the national context. This is evident in that only 46% of South Africans aged between 15 and 34 have access to formal financial services, while 45% of the said age group have a formal banking account (Khan, 2017). In addition, in measuring and profiling the state of financial literacy in South Africa, Nanziri and Leibbrandt (2018) found that 50% of young

people between 18 and 29 years old are financially literate. This implies that concerted steps must be taken to promote financial inclusion for young people in South Africa.

It is important to understand financial literacy amongst the youth from the perspective of the propensity it has to empower them. Several studies have found that financial inclusion plays a pivotal role in development (World Bank Group, 2017).

Furthermore, there has been a growing acknowledgement of the need to make South African citizens financially literate. Several steps have been taken to ensure that institutions prioritise financial education as a vehicle of financial inclusion. In this vein, the Financial Sector Charter provided that financial institutions should make significant commitments to educating consumers to enhance financial literacy (Pearson, Stoop & Kelly-Louw, 2017). In addition, the Charter required that financial institutions invest a minimum of 0.2% of their after-tax profits on consumer education in line with government's commitment to have a financially literate population. Therefore, the need to prioritise financial education as a critical enabler in promoting financial inclusion is imperative in the context of youth empowerment.



Moreover, critical to the conversation around financial inclusion as an instrument of youth empowerment is the need to ensure that young people access and engage with financial products and services. The idea here is that the youth should be able to exhibit knowledge, skills and behaviours that lead to sound financial decisions that are suited to their financial well-being.

Digital Enablement and Youth Empowerment:

The advent of the Fourth Industrial Revolution (4IR) has accelerated global digitalisation. Developments in industry and technology have given rise to a digital revolution that has had an impact on every aspect of our livelihoods. The increasingly pervasive digital environment presents a unique opportunity to promote youth empowerment.

It must be stressed that there is a growing recognition of the role of digitalisation in meeting development needs and advancing socio-economic outcomes. In developing countries like South Africa, the value-add of technological innovation can be realised by the significant impact of digitalisation on socio-economic issues like unemployment, education, and skills development (Van Rensburg, Telukdarie & Dhamija, 2019). In this vein, with youth unemployment sitting at 74% for young people aged 15-24 and 30% of the said group not being in any form of employment, education, and training (NEET), there is a grave need to unlock the potential of digital technologies in improving youth developmental outcomes (Neves, 2021; Mthunzi, 2020).

However, digital enablement can serve as a critical enabler in advancing youth outcomes in the field of education. This is evident in digital technologies which have the potential to and can address the problem of youth unemployment and also address the key underlying issue of an unskilled and inadequately educated workforce (Newton, 2018). As a result, the South African government has recognised the critical role of digitalisation in advancing the dissemination of knowledge and skills for young people in order to ensure that the youth are able to meet the demands

of the digital economy and the 4IR (Department of Education and Digital Technologies, 2020; SA News, 2019).

Furthermore, digitalisation can also play a critical role in promoting entrepreneurship among young people. Equipping the youth with skills can create new opportunities to start businesses, create new products and services, and participate in the global marketplace (OneWorld, 2017). In addition, digital technologies reduce barriers to entry, increase productivity and ensure that youth-led businesses become competitive (CTA, 2021).

Moreover, there is a growing need to address the challenges of digital enablement in South Africa. Notably, reducing data costs and making it cheaper for young people to become digitally connected is imperative to promoting digital inclusion of the youth. Additionally, developing a cohesive national digital transformation policy that unifies public and private players behind a singular objective of promoting digital enablement in education and entrepreneurship is essential to improving youth developmental outcomes. Therefore, it is imperative that stakeholders address the challenges confronting digital enablement in order to ensure that South Africa reaps the youth dividends of digitalisation.

As we journey forward, it is imperative for various stakeholders in the public and private sector to recognise the role of education, financial inclusion, and digital enablement in addressing youth developmental outcomes in South Africa. Youth developmental outcomes can be improved by ensuring that they are equipped with the necessary knowledge and skills to participate in the global economy. In addition, public and private partnerships can lead to comprehensive financial inclusion educational programmes which can empower young people to make sound financial decisions suited to their livelihoods. Moreover, digital technologies can also enable young people to access the formal economy and improve their socio-economic circumstances through youth entrepreneurship.

2021 YOUTH PROGRESS INDEX

At IQbusiness, we aim to grow people, grow business, and grow Africa by helping to solve the social, economic and environmental issues facing our nation and the continent. We are committed to catalysing the conversations that will result in greater shared prosperity for all.

Our quest to understand, document and ultimately contribute to the achievement of measurable social impact led us to the Social Progress Imperative, a non-profit organisation that has developed the Social Progress Index (SPI) to accurately measure the real things that matter to real people. Since partnering with the Social Progress Imperative in 2019, we have, on an annual basis, created sub-national indices, focusing on social progress at a provincial level in South Africa. Last year, we launched the inaugural Youth Progress

Index (YPI) for South Africa, the first-ever sub-national YPI. This chapter deals with the 2021 edition of the YPI, wherein we turn our attention to the notion of impact.

The Decision to Focus On The Youth

We believe that unlocking economic and other opportunities for the youth is key to a prosperous future for South Africa, a belief that our partners and the Social Progress Imperative also share. It is for this reason that they produced the inaugural global Youth Progress Index (YPI) in 2017. The Social Progress Imperative observed that today's youth are facing incredible challenges and threats to their wellbeing. For the first time ever, they are at risk of being worse off than their parents. Globally, young people are at risk for poverty and social exclusion.



They are under-represented in decision-making, and too often are prevented from being able to fully access their rights. This rings true for the plight of South African youth as well, which is why we took the decision to collaborate with the Social Progress Imperative to conduct a YPI at a sub-national level for South Africa. Simply put, the rationale is that the existence of a sub-national YPI can, amongst other things:

- Help stakeholders understand and diagnose challenges that the youth face at a provincial level, which could result in optimal targeting of interventions.
- Serve as a useful tool to understand and track social progress amongst the youth in a manner that has not been done before.
- Serve as a unifying force, bringing together the various stakeholders around a mutual diagnostic tool.

About The YPI

The 2021 YPI follows the same conceptual and methodological approach as the Social Progress Index (SPI), with a key difference being that a youth focus is taken. As such, youth-specific indicators are used in the compilation of the index in order to provide as accurate a picture of youth outcomes as possible. Given the alignment to the SPI, it is worth pointing out the key design principals and the framework of the SPI, as the same principals carry through to the YPI.

The SPI is aligned to the UN's Sustainable Development Goals (SDGs) on a common mission to improve the lives of people around the world. The Social Progress

Imperative compiles an SPI scorecard for every country for which there is available data. This measurement tool equips leaders and change managers in business, government and civil society to guide policy and programmes. The SPI asks universally important questions such as:

- Do people have enough food to eat and are they receiving basic medical care?
- Can people drink water and keep themselves clean without getting sick?
- Do people have adequate housing with basic utilities?
- Do people feel safe?
- Do people have access to an educational foundation?
- Do people live long and healthy lives?
- Is this society using its environmental resources so they will be available to future generations?
- Are people's rights protected?
- Are people free to make their own choices?
- Is no one excluded from the opportunity to be a contributing member of society?

The SPI (and by implication the YPI) is based on four unique design principles. These principles allow for an exclusive analysis of social progress, which is devoid of hard economic indicators, thus enabling an exploration of the relationship and influences between SPI and GDP.



Design principles of the Social Progress Index

Indicators used in the SPI are outcomes-based. The index is not intended to simply serve as an academic exercise that ranks regions. Instead, it is designed with actionability in mind, which is why the indicators that are used in the index can – and should – be used for future strategic planning by all relevant stakeholders.

The framework on which the SPI is based has three dimensions, each of which has four components.

SPI Framework



In the context of the YPI, the 3 dimensions can be understood as follows:

- Basic Human Needs considers young people's ability to survive with adequate nourishment and basic medical care, clean water, sanitation, adequate shelter, and personal safety.
- Foundations of Wellbeing captures whether our society offers building blocks for young people to improve their lives, such as gaining a basic education, obtaining information, and access to communications, benefiting from an effective healthcare system and living in a healthy environment.
- Opportunity captures whether young people have the freedom and opportunity to make their own choices. Personal rights, personal freedom and choice, tolerance and inclusion, and access to advanced education all contribute to the level of opportunity within a given society.

Results of The 2021 YPI

Full details of the methodological approach followed, the data that was used to construct the 2021 YPI, as

well as an interactive dashboard, showing data trended over seven years is available at: <https://iqbusiness.net/yip>

Framework for the SA Provincial YPI

The figure that follows represents the final framework that is used in the calculation of the YPI. More than 100 potential indicators were considered and details on how the final framework below was derived is contained in the above-mentioned methodology report. The main data sources used were:

- General Household Survey (GHS; Statistics South Africa)
- South African Social Attitudes Survey (SASAS; Human Sciences Research Council)
- Mortality and causes of death in South Africa (Statistics South Africa)
- Recorded Live Births (Statistics South Africa)
- Quarterly Labour Force Survey (Statistics South Africa)
- Education Statistics in South Africa (Department of Basic Education)
- Annual Crime Report (South African Police Service)



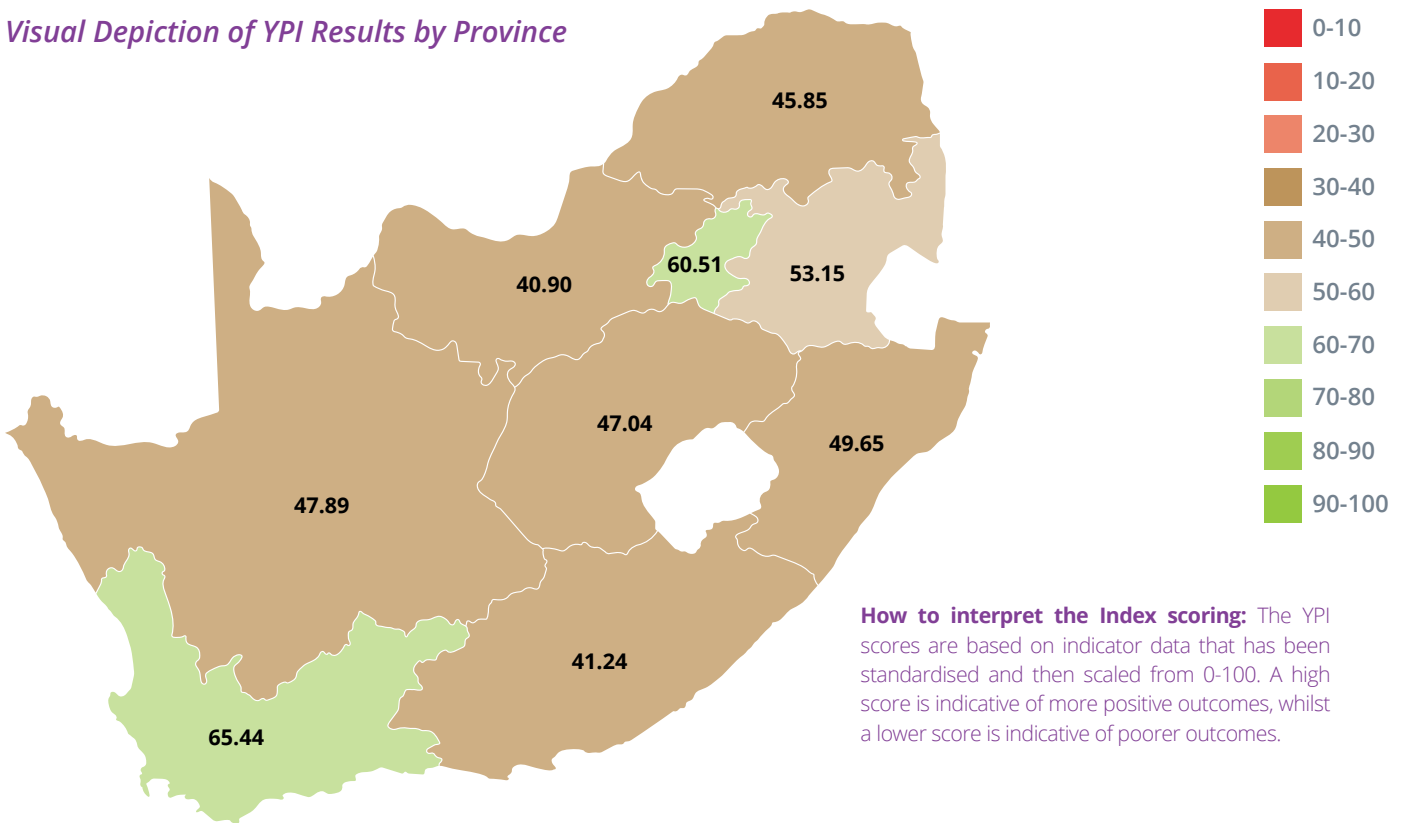
Basic Human Needs	Foundations of Wellbeing	Opportunity
<p>Nutrition and Basic Medical Care</p> <ul style="list-style-type: none"> • School nutrition programme beneficiaries • Infant death rate • Institutional maternal mortality ratio <p>Water and Sanitation</p> <ul style="list-style-type: none"> • Access to piped water • Schools with pit toilet only • Satisfaction with water and sanitation • Access to flush toilet <p>Shelter</p> <ul style="list-style-type: none"> • Informal dwelling • Connected to mains electricity supply • Satisfaction with electricity services <p>Personal Safety</p> <ul style="list-style-type: none"> • Murder rate • Feeling safe on the streets in the day • Worry about home being burgled • Worry about being a victim of violent crime • Sexual offences 	<p>Access to Basic Knowledge</p> <ul style="list-style-type: none"> • Matric pass rate • Children not at school due to disability • Still schooling at 18-29 years of age • Adults with no formal schooling <p>Access to Information and Communications</p> <ul style="list-style-type: none"> • Schools connected to the Internet • Households with access to the Internet • Internet access through smartphone • TV in household <p>Health and Wellness</p> <ul style="list-style-type: none"> • Deaths: 'Other forms of Heart Disease' • Deaths: 'Disorders involving immune mechanism' • Suicide rate • Deaths: 'Tuberculosis' • Deaths: 'Influenza and Pneumonia' • Deaths: 'Other viral diseases' <p>Environmental Quality</p> <ul style="list-style-type: none"> • Environmental problems: Water • Environmental problems: Air • Environmental problems: Land degradation • Environmental problems: Litter • Satisfaction with refuse removal services 	<p>Personal Rights</p> <ul style="list-style-type: none"> • Trust in police • Trust in courts • Perceived efficacy of police • Trust in SABC • Perception of improvement in race relations <p>Personal Freedom and Choice</p> <ul style="list-style-type: none"> • Corporal punishment at school • Teenage pregnancy • Unqualified, fully clean municipal audits • Employed with paid sick leave • Discouraged youth <p>Inclusiveness</p> <ul style="list-style-type: none"> • Race-based discrimination • Age-based discrimination • Gender-based discrimination <p>Access to Advanced Education</p> <ul style="list-style-type: none"> • Not in employment, education or training (NEET) • Grade 12 Bachelor's entry pass • Post-matric education (completed) • Post-matric education (enrolled)

Wherever possible and appropriate, respondent data from the youth (i.e. persons aged between 14-35) was used. For instance, 'Satisfaction with electricity services' reflects youth (14-35) satisfaction, as opposed to satisfaction data from the entire survey sample. There are some indicators, such as the matric pass rate, which are inherently relevant to the youth and was therefore used in its original form.

In the context of the YPI, the 3 dimensions can be understood as follows:

Outlined in the figure and tables below are the results of the Provincial YPI. Unless otherwise stated, these results represent 2019 indicator data (the most recent year for which data was available for most indicators at the time of this exercise). Interpreting the scores: Throughout the Index, a score of 100 represents the ideal situation that we are striving for in the long term.

Visual Depiction of YPI Results by Province



How to interpret the Index scoring: The YPI scores are based on indicator data that has been standardised and then scaled from 0-100. A high score is indicative of more positive outcomes, whilst a lower score is indicative of poorer outcomes.

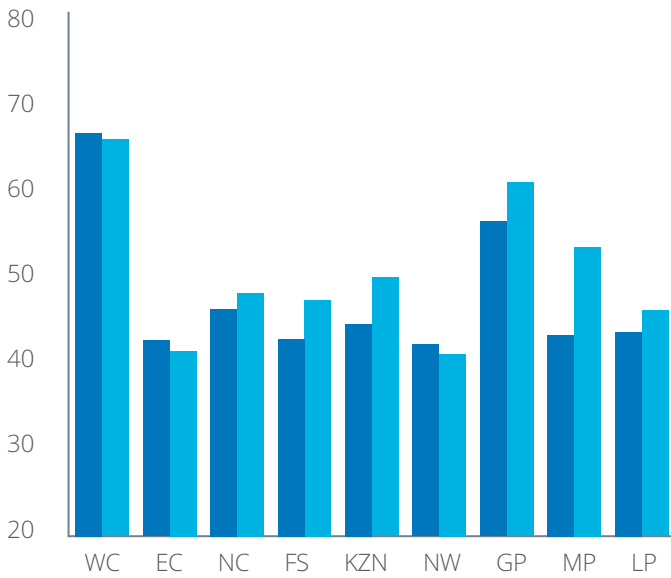
Provincial Results by dimension and Overall YPI Scores

	Basic Human Needs	Foundations of Wellbeing	Opportunity	Overall YPI
Western Cape	58.53	78.35	59.44	65.44
Eastern Cape	43.67	47.63	32.43	41.24
Northern Cape	54.13	49.72	39.82	47.89
Free State	44.99	49.74	46.39	47.04
KwaZulu-Natal	48.99	55.92	44.03	49.65
North West	41.76	50.85	30.09	40.90
Gauteng	52.04	71.81	57.67	60.51
Mpumalanga	58.32	56.41	44.72	53.15
Limpopo	49.43	48.46	39.65	45.85

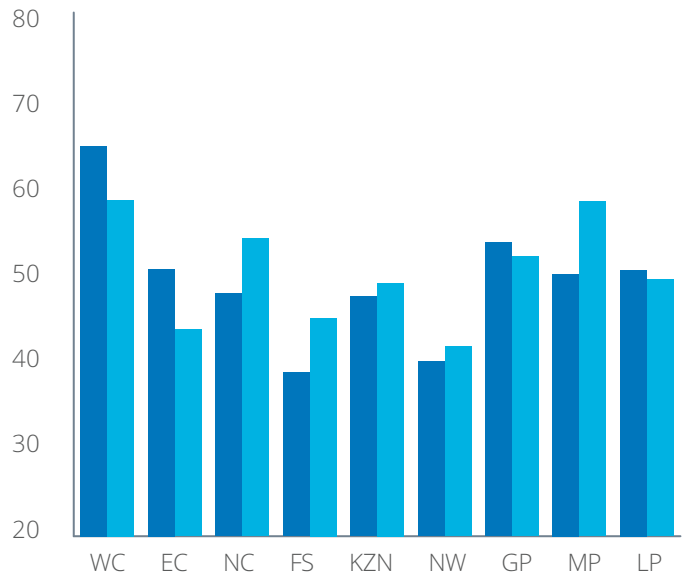
The Western Cape and Gauteng stand apart from the rest of South Africa on youth progress, with Mpumalanga not far behind. The strongest dimension in relative terms is Foundations of Wellbeing, whilst the weakest dimension is Opportunity, an area that was also highlighted in the inaugural 2020 edition of the YPI.

Trend analysis

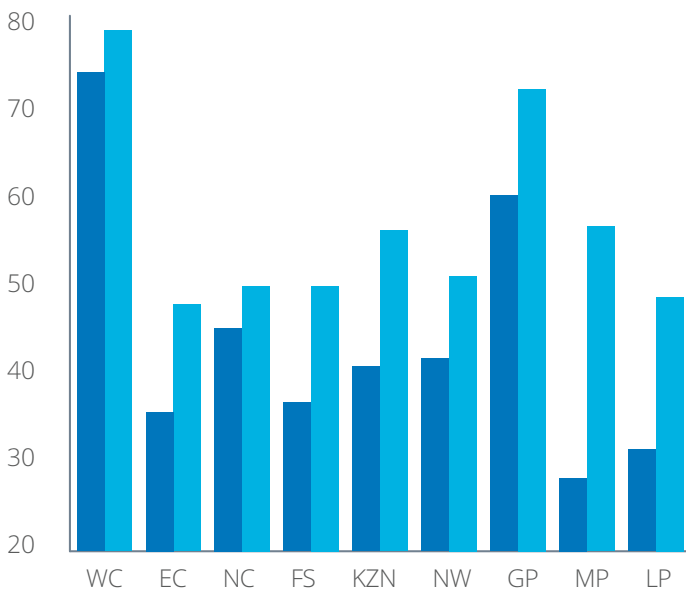
YPI Score - 2015 vs 2021



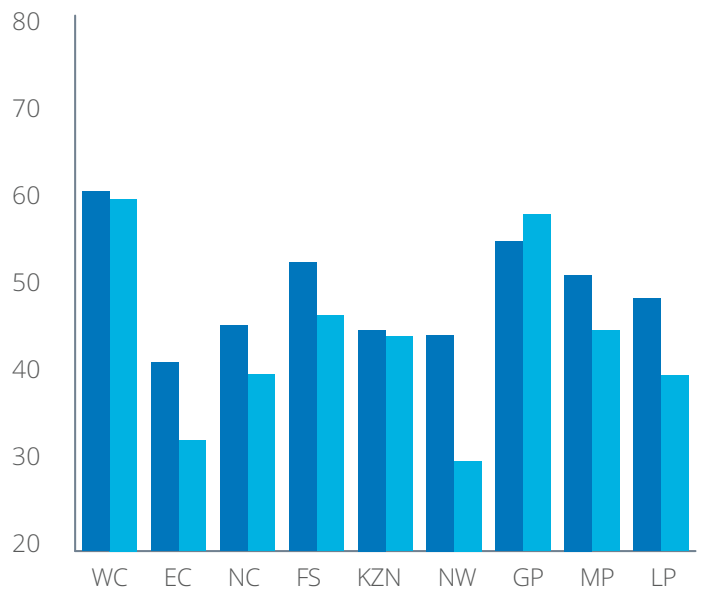
Basic Human Needs - 2015 vs 2021



Foundations of Wellbeing - 2015 vs 2021

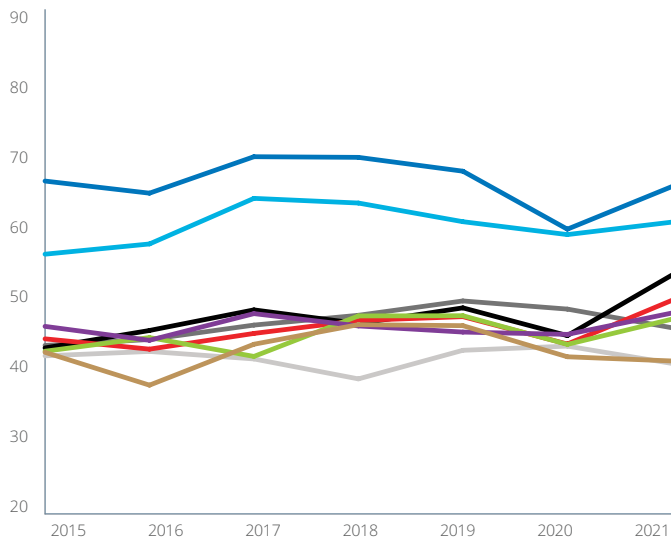


Opportunity - 2015 vs 2021

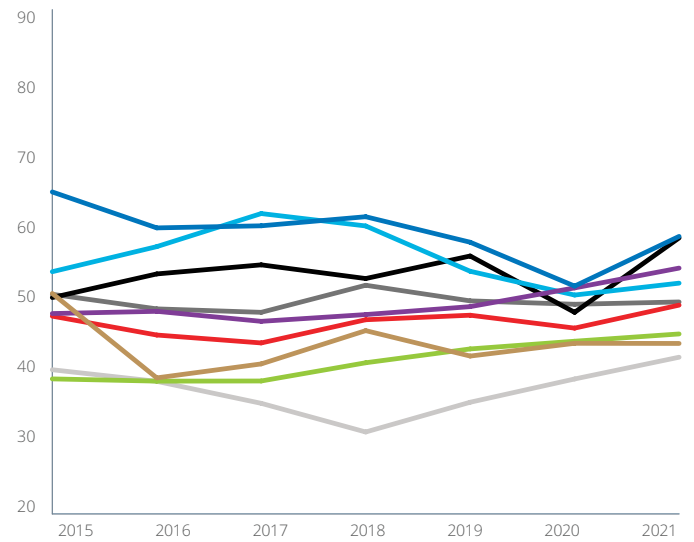


■ 2015 ■ 2021

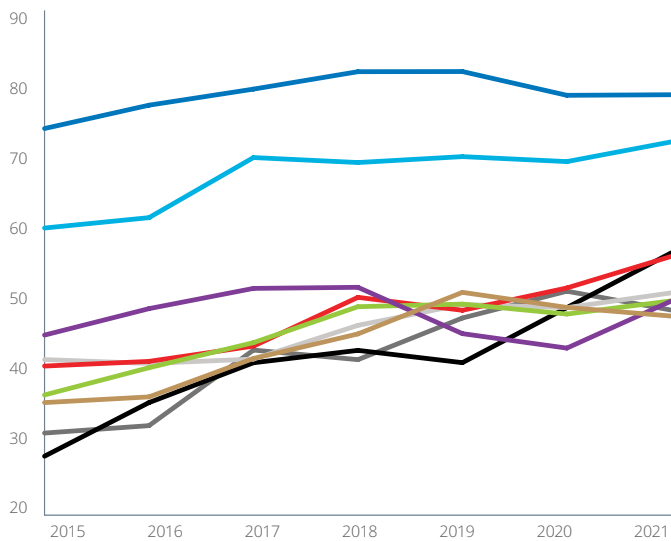
YPI Score



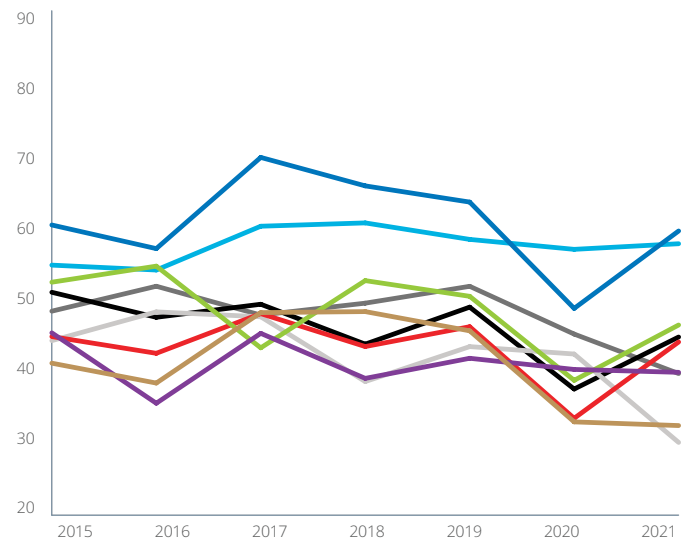
Basic Human Needs



Foundations of Wellbeing



Opportunity



- Western Cape
- Free State
- Gauteng Province
- Eastern Cape
- KwaZulu-Natal
- Mpumalanga Province
- Northern Cape
- North-West
- Limpopo Province

Time series analysis reveals that the Western Cape, Eastern Cape and North West have regressed in youth outcomes between 2015 and 2021. Encouragingly, all provinces have advanced on Foundations of Wellbeing since 2015. This is driven by improvements made in access to basic knowledge, access to information and communications and health and wellness. From a basic education perspective, improvements in the matric pass rate, as well as a reduction in the number of adults with no formal education have contributed to this advancement. The largest contribution to the advancement of the Foundations of Wellbeing dimension is Access to Information and Communications, and this component's improvement is largely attributed to more young people now having access to the internet. For example, according to the SASAS survey (HSRC, 2021), more than three quarters of youth in Gauteng have access to the internet through a smartphone. Whilst the advancement in access to the internet has been a global phenomenon over the last two decades, progress made in our developing context should not be ignored or taken for granted, especially in light of the Fourth Industrial Revolution and the digital advancement needed for our youth to be globally competitive.

According to the latest GHS report from Stats SA, 63.3% of South African households have at least one household member accessing the internet, either at home or outside the home. This is up from 53.5% in 2015. Still, it is vital that we do not rest on our laurels because the Opportunity dimension is supposed to enable is stagnant at best. In fact, between 2015 and 2021, it is only Gauteng Province that has evidenced an advancement in youth outcomes in the Opportunity dimension.

Unpacking the Opportunity Dimension

Improvements within the Opportunity dimension have been made in some areas and indicators. For example, less than 7% of schoolchildren at schools are reported to have experienced corporal punishment in 2019 compared

to 16.6% in 2009 (STATS SA, 2020). There has also been a gradual increase in the percentage of matriculants who achieved a Bachelors-level pass over the past 10 years (DBE, 2020). Similarly, the percentage of persons aged 20 or older that have some form of post-matric education has risen according to the GHS.

So, given these positive trends, why is the Opportunity dimension looking so bleak? The answer lies in the components Personal Rights and Inclusiveness. Personal Rights speaks to the notion of whether young people's rights are upheld, and it is comprised of indicators such as trust in the police, the courts, the SABC and perceptions around the improvement in race relations. According to the latest SASAS data, only 45% of youth in South Africa trust or strongly trust the courts to deliver justice. 31% have trust in the police. 61% of youth trust of, strongly trust the SABC organisation. Regarding race relations, only 43% of youth perceived an improvement in race relations in the year prior to the said SASAS survey. This brings us to the issue of the extent to which young people feel included in society, another problematic area under the Opportunity dimension. For example, according to the latest SASAS data, in KwaZulu-Natal, 18% of young people feel that the group that they identify with are discriminated against on the basis of race, followed by 7% and 30% for the age- and gender-based discrimination indicators respectively. This suggests that in our efforts to advance youth outcomes through commonly monitored areas, we cannot ignore the rights of young people and whether they feel included in the society.

Province by Component Breakdown

	Nutrition and Basic Medical Care	Water and Sanitation	Shelter	Personal Safety	Access to Basic Knowledge	Access to Information and Communications	Health and Wellness	Environmental Quality	Personal Rights	Personal Freedom and Choice	Inclusiveness	Access to Advanced Education
Western Cape	83.24	79.27	37.14	34.49	76.43	52.65	94.25	90.06	46.17	76.09	52.96	62.52
Eastern Cape	56.14	42.18	62.61	38.64	49.37	43.43	61.71	56.69	45.02	34.64	41.42	22.94
Northern Cape	49.28	63.90	56.26	47.06	59.96	57.99	46.96	33.97	29.05	38.94	65.69	25.62
Free State	42.20	55.90	50.01	31.84	71.43	41.89	61.45	24.20	33.83	38.84	74.17	38.73
KwaZulu-Natal	61.95	40.23	50.07	43.71	58.23	40.96	73.04	51.46	29.91	35.59	81.16	29.46
North-West	41.56	44.22	34.10	47.17	64.27	34.64	63.40	41.08	30.52	39.01	19.88	30.93
Gauteng	71.30	74.79	16.30	45.78	83.42	65.36	79.55	58.90	27.09	59.51	74.53	69.56
Mpumalanga	51.88	42.42	68.27	70.72	63.50	58.90	76.22	27.01	43.50	38.71	65.21	31.45
Limpopo	48.15	24.56	65.02	60.01	30.88	26.85	81.00	55.10	40.45	30.10	64.43	23.61



Western Cape

At 58%, the Western Cape has one of the lowest percentages of school-going children who depend on the school nutrition programme (public schools) for food (Stats SA, 2020). This figure is at 90% in Limpopo by comparison. This province also has one of the lowest infant death rates and the lowest maternal mortality rate at 84 per 100 000 live births (Stats SA, 2017). By comparison, the second lowest maternal mortality rate in South Africa is Gauteng at 128 per 100 000 live births. It is for these reasons that the Western Cape is the top performer on Nutrition and Basic Medical Care. Water and Sanitation, with 76% of households in the province having access to piped water (Stats SA, 2020), no schools that use pit toilets (DBE, 2020) and the highest youth satisfaction with water and sanitation services (70%) (HSRC, 2021). The Western Cape also is the top performer on Environmental Quality and has the highest percentage of municipalities that have clean audits, which is partially driving the strong performance on the Personal Freedom and Choice component. On the down side, the Western Cape performs relatively poorly on the Shelter component, a finding that is driven by the fact that almost 19% of households are classified as informal dwellings in the province (Stats SA, 2020).

Eastern Cape

Despite being the second-worst performer on the YPI, the Eastern Cape performed relatively well on the Shelter and Health and Wellness components. Regarding Shelter, at 6%, Eastern Cape has one of the lowest proportions of households that are classified as informal dwellings (Stats SA, 2020). The province performed poorly on Water and Sanitation, where it records the highest percentage (30%) of public schools that use pit toilets for sanitation purposes (DBE, 2020). Safety is another area that the Eastern Cape performs poorly. It has the highest murder rate in the country (59.5 per 100 000 population) and the highest rate of sexual crimes (134 per 100 000 population) (SAPS, 2020). 59% of young people in the province feel unsafe to walk in the streets during the day, and 59% and 55% of youth in the province worry about being burgled and being a victim of violent crime respectively (HSRC, 2021). Finally, 10% of youth have post-matric qualifications

(Stats SA, 2020), thus contributing to the poor performance on the Access to Advanced Education component.

Northern Cape

One of the Northern Cape's stronger areas is Water and Sanitation, and no schools in the province use pit toilets. Only 53% of households have access to piped water (Stats SA, 2020). The province has some of the highest percentages of reported environmental issues around water quality, air quality, litter and land degradation (Stats SA, 2020). Only 41% of youth are satisfied with refuse removal services (HSRC, 2021). Finally, the Northern Cape has the lowest percentage of bachelors pass matriculants in 2019 (DBE, 2020) and also evidences only 8.5% of youth that have a post-matric qualification (Stats SA, 2020). Access to Advanced Education is also one that requires attention in this province.

Free State

The strongest component for the Free State is Inclusiveness, wherein relatively fewer young people in the province experienced discrimination on the basis of race, age and/or gender (HSRC, 2021). The second strongest component for the Free State is Access to Basic Knowledge, wherein it boasted the highest matric pass rate in 2020 (85%) (DBE, 2020). Only 58% of the youth in the province feel safe to walk in the streets during the day, and as much as 55% and 56% of youth worry about being burgled and being a victim of violent crime respectively (HSRC, 2021). Also, at 119.58 per 100 000 population the rate of sexual crime offenses in the province is also high (SAPS, 2020). The Free State is also the worst performer on Environmental Quality and also performs poorly on Personal Freedom and Choice, much work lies ahead for advancing opportunities for young people in this province.

KwaZulu-Natal

KwaZulu-Natal is the country's most inclusive province for the youth based on the 2021 YPI, with some of the lowest amounts of reported discrimination on the basis of age, race and gender. The province also performs well on the Health and Wellness component. Areas that are in most urgent need of attention in the province

is Personal Rights and Access to Advanced Education. Regarding Personal Rights, only 35% of young people trust the police and a similar percentage believe that the police are being effective in what they are supposed to do (HSRC, 2021). Then, with respect to Access to Advanced Education, only about 10% of youth have post-matric qualifications (Stats SA, 2020), which in a province as economically active as KZN is, should ideally be much higher.

North West

The North West is South Africa's poorest performer on the 2021 YPI, with at-best average performances on some components and some very poor performances on other components. The province's poorest performance is on the Inclusiveness component, suggesting that youth experiencing a notable amount of discrimination on the basis of age, gender and race (HSRC, 2021). Moreover, 17% have experienced discrimination on the basis of their age. Another area of concern in the North West is the Shelter component, which shows 18% of households are considered informal housing (Stats SA, 2020), and even though 91% of houses are connected to the mains electricity supply, only 50% of youth are satisfied with electricity services (HSRC, 2021). Personal Rights is also a problematic area for, with only 29% expressing trust in the police and only 35% feeling that the police are effective in what they are supposed to be doing (HSRC, 2021).

Gauteng

Gauteng is the second-best performing province in the 2021 YPI. Access to Basic Knowledge is the province's strongest component. This is driven by a few indicators as evident in the province's relatively high matric pass rate (84% in 2020 and 87% in 2019). The province has one of the lowest percentages of adults with no schooling (1%) and persons aged 18-29 that are still in basic education (7%) (Stats SA, 2020). The province also does relatively well in Health and Wellness, Inclusiveness and Water and Sanitation. An area that is of serious concern is the Shelter component. This is driven by the facts that Gauteng has the highest percentage of dwellings that are considered informal (19%), and that only 84% of

households are connected to the mains electricity supply (Stats SA, 2020). 44% of young people are satisfied with electricity services in the province (HSRC, 2021).

Mpumalanga

Mpumalanga is the only other stand-out province with a YPI score of more than 50 index points. Some strong performances come through on Health and Wellness and Inclusiveness, but the stand-out components are Shelter and Personal Safety. Mpumalanga is the safest province for our youth based on the 2021 YPI, and this is because it has one of the lowest murder rates (22.71 per 100 000 population) (SAPS, 2020). 86% of our youth feel safe to walk on the streets during the day and only 22% worry about becoming victims of violent crime (HSRC, 2021). From a Shelter perspective, 7% of are considered informal dwellings (Stats SA, 2020) and 70% of youth are satisfied with the supply of electricity services (HSRC, 2021). The biggest downside is the Environmental Quality component, where there have been consistent complaints of environmental issues. For example, 64% of respondents in the GHS have complained of land degradation issues and 52% of litter. Not surprising, then, that only 29% of youth in the province are satisfied with refuse removal services in the province (HSRC, 2021).

Limpopo

Limpopo ranks 7th, with a strong performance on Health and Wellness as well as Shelter. On Shelter, only 4% of households are considered informal (Stats SA, 2020). There is much to be desired when it comes to Water and Sanitation, where only 12% of households have access to piped water (Stats SA, 2020) and 12% of schools still use pit toilets for sanitation purposes (DBE, 2020). Only 24% of youth is satisfied with water and sanitation services (HSRC, 2021). Limpopo is also the worst performer on the Access to Information and Communications component, with less than 4% of public schools connected to the internet (DBE, 2020) and only 77% of young people live in households that have a TV set (HSRC, 2021).

TOWARDS A SUSTAINABLE BUSINESS STRATEGY:

ALIGNING ORGANISATIONAL OBJECTIVES WITH CORPORATE SOCIAL INVESTMENTS

The philosophy of positive social and environmental impact as an overarching function of commercial enterprises has become standard practice across the world and indeed South Africa. Since the mid-1960s, there has been a worldwide tectonic shift away from profit-maximisation as the principal pursuit of business to a moral impulse to embed social development and environment protection into organisational core objectives. Driving this trend has been a realisation that the sustainable growth of any profit-seeking firm is a function of the extent to which the market it services is socio-economically developed and the environment in which it operates is conserved. In light of this, for-profit organisations have since adopted Sustainable Business Strategy (SBS) to anchor their standard operating procedures to positive environmental and social impact. Contrary to conventional corporate philanthropy, the SBS approach oversees business growth through “...integration of economic, environmental, and social aims into a firm’s goals, activities, and planning, with the aim of creating long-term value for the firm, its stakeholders, and the wider society” (Long, 2020). In this context, SBS de facto removes the ‘zero-sum game’ connotation attached to corporate social responsibility and, instead, repurposes it as a long-term strategic investment with tangible, financial returns.

A universal conduit for implementing SBS is corporate social investment (CSI). The value of CSI as an active enabler of SBS is that it can be utilised to enhance profits, raise average investments returns, and increase sales volumes (Forte, 2013). Of course, different organisations have different objectives underpinning their CSI modus operandi. After all, an investment implies that a return is expected and since all returns are measured relative

to firms’ objectives, the value of integrating CSI into organisational aims is worth exploring in depth. This section, therefore, unpacks CSI best practice through the lens of SBS.

Aligning CSI Best Practice with Organisational Objectives

A critical point of departure in fostering SBS is to align social development to the creation of shareholder value. The linking of these two dimensions justifies corporate social investment within a business context, guaranteeing long-term value and prosperity for businesses (Hart, Milstein & Caggiano, 2005). However, linking sustainable business strategy to social development does not occur by chance. It relies, almost exclusively, on purposefully orientating CSI initiatives toward creating economic value. CSI accrues economic value for organisations through enhancing brand perceptions. As consumer consciousness levels rise, consumption patterns increasingly tilt toward brands whose CSI best practice is aligned with causes they support. This trend appears to be more ubiquitous among millennials and, to an increasingly large degree, centennials. Younger generations leverage their purchasing power to put pressure on brands to prioritise social impact and they reward companies that heed these signals and boycott those that do not. Organically integrating CSI into an organisation’s objectives is vital for sustainability in a market whose demand is driven less by classical indicators (price, quality, etc) and more by positive social impact. In this context, SBS is uniquely positioned as a driver of social change, high-impact marketing tool as well as reliable strategic revenue model. The advantages of amalgamating SBS into organisational operating

procedures include: enhanced customer loyalty, increased revenue, as well as improved brand equity.

- Enhanced customer loyalty:** Sustainable Business Strategy, via corporate social investment, solidifies customer retention through consumer perceived value. According to the Global Web Index (2021), 17% of all internet consumers in the UK and USA (the highest percentage share in the index) reported a brand's commitment to social wellbeing as a leading variable in the list of factors influencing repeated purchasing habits. Meanwhile, 11% cited firms' direct involvement in local communities as instrumental in their choice of brands to support. In fact, CSI has been incorporated in multiple customer loyalty models as both a customer attraction and retention strategy (Pérez and Rodriguez, 2015).
- Increased revenue:** At aggregate level, between 2011 and 2019, consumers' willingness to pay a premium on products supplied by firms with strong CSI practice in the UK and USA rose from 49% to 57% (Global Web Index, 2021). The rise in question was more pronounced among 24 to 34 year olds — an indication, perhaps, that as a corporate philanthropy framework, SBS will be an important economic value-extraction tool in the future as millennials become active participants in the economy. This is also an opportunity for corporations to study these trends closely in order to monetise them. The Global Web reports that 62% of electronics consumers, 54% of automotive and transport consumers as well as 43% of supermarket consumers indicated willingness to pay above-market rates for products supplied by social impact conscious brands.
- Brand equity:** Cause-related marketing has become standard practice in a globalised and highly competitive business environment where parameters of what constitutes competitive advantage have shifted to encompass a wide array of factors. Sustainable Business Strategy informed CSI is a very effective competitive advantage. A study aimed at assessing

the extent to which CSI transforms brand reputation into brand equity found that 60% of consumer purchase intention was influenced by brand perception, against 40% about product price offering (Mahmood & Bashir, 2020). 42% of a company's image perceptions is derived from CSI activities. The prevalence of social media has had a significant influence in providing oversight of activities different brands are involved in, which, in turn, has shaped consumers' attitudes and spending decisions.

Concluding remarks

The strategic anchoring of organisational aims onto social causes that appeal to an increasingly conscious market is a vital sustainability and economic viability tool.



The competitiveness, market relevance and indeed financial success of corporations is intertwined with their role in developing the communities in which they trade. Far from being a "force for good", SBS facilitates long-term growth through increased market share and reputational rapport while driving the socio-economic agenda in line with the National Development Plan (NDP) and SDGs.

THE WAY FORWARD

Unemployment figures released in June 2021 revealed that the country's unemployment rate has increased to 32.6% and that the number of young people classified as NEET increased by 1.9% in the first quarter of 2021, representing a staggering 43.6% of our 24.4 million youths. More than a year on, the COVID-19 pandemic has exacerbated the situation. In theory, true progress shouldn't mean that young unemployed people have jobs; true progress should mean that young people's quality of life becomes progressively better; that they are in a position to choose work that is fulfilling based on their aspirations rather than given unfulfilling jobs out of pity. The utopia that we are after is a future in which young people are far better placed to shape their own destiny. At the current pace it would take a total of nine generations for children born in low-income households to reach the country's median income level. This is something that has to change, and the privileged sections of our society must play their role in this change. However, until we reach that utopia, it is understandable that job creation is the immediate focus for government and economists.

As noted earlier, some of our youth are forced to use pit toilets at schools, whilst others do not have access to tap water and electricity in their homes. Young people should have the right to feel safe and to feel protected by the police, whom they should trust. They should feel included in society. However, as the evidence that we have presented suggests, very often this is not the case. So, much work lies ahead for those of us who have taken the decision to deliberately make this situation better. In this section of the report, we have distilled some of our thoughts on changes to the status quo that could yield more impactful results for our youth.

The Role of M&E

CSI projects often result in M&E being conducted, and as noted by Gubic (2014) current M&E practices are not only focused on measuring inputs and activities, but are also geared towards compliance and reporting for reporting's sake. Gubic explains that M&E practitioners have not looked beyond measuring inputs and activities and accounting for financial expenditure in their CSI reporting. This must change. In the same way that corporations cannot simply look at achieved sales/revenue when analysing financial performance, they can no longer simply measure input factors, such as resources invested in an initiative, when demonstrating the positive impact that they are having on society. Although challenging to measure, more emphasis must be placed on the notion of impact and whether initiatives have the requisite impact. This would enable them to be more efficient, since less-effective interventions can then be discontinued in favour of more effective ones. However, this optimisation cannot happen if impact remains unknown. What is measured is managed. Could reporting to the board also entail a measure of impact alongside other indicators in telling the board how well the executive team have performed? If so, how can M&E and its system of reporting play a deliberate role in this?

The Adoption of a Business Strategy such as Sustainable Business Strategy (SBS)

Perhaps one of the reasons that CSI can sometimes fall into the traditional philanthropic trap of simply ensuring that the organisation is doing good for society, is that although CSI, through its use of the word

'investment', implies a tangible return for the corporation. This return might not always be tangible enough on account of a lack of alignment between business and philanthropy strategies. As noted earlier, the SBS approach oversees business growth through, "...the integration of economic, environmental, and social aims into a firm's goals, activities, and planning, with the aim of creating long-term value for the firm, its stakeholders, and the wider society." SBS repurposes the social and environmental efforts of a corporation as a long-term strategic investment with tangible, financial returns. Therefore, the propensity for key decision-makers to buy into these initiatives and even repeat them in the future becomes greater, since it is part of the very business strategy that the executives are monitoring on a regular basis.

Rethinking BBBEE In Its Current Form

Strong/high BBBEE certification is highly sought-after in business given its positive impact on brand perceptions and business opportunities. In spite of its imperfections, BBBEE is a powerful avenue through which change can

happen. The five pillars that make up BBBEE are: Equity ownership, Management control, Skills development, Enterprise development and Socio-economic development. It so happens that socio-economic development, the aspect of BBBEE that relates directly with CSI, is only given a weighting of 5%. What is needed is an objective assessment of the extent to which the current appropriation of weighting is optimal in the context of advancing the outcomes of disadvantaged South Africans. In doing so, we may very well find that the 5% weighting against the socio-economic pillar is sub-optimal.

Budget Appropriation on The Basis of Impact

There are various factors, indicators and metrics that are used when deciding on how budget, particularly, that of the State, is appropriated. In practical terms, however, the notion of impact is not sufficiently taken into account when this appropriation takes place. In a resource-constrained context such as ours, choices need to be made, and how beneficial it would be if the notion of impact was objectively given due consideration when these choices are made.



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About IQbusiness

IQbusiness is the leading independent management consulting firm in South Africa, helping clients overcome their business challenges and achieve better results. Since 1998, we have been enabling banks, insurance companies, retailers and others to take their products to market faster, improve customer satisfaction, upskill teams, eliminate waste and strengthen governance and compliance.

Drawing on our core strengths - consulting, research and contracting - we solve clients' problems by providing innovative, faster and more cost-effective services and solutions, backed by teams with real expertise and experience.

Although proudly South African, our perspective is international through the experience of our people, our clients and our business partners. IQbusiness is privately owned and fully empowered with a level 3 B-BBEE certification.

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About The Social Progress Imperative

The Social Progress Imperative is a global nonprofit based in Washington, DC, providing decision-makers and everyday citizens with the very best data on the social and environmental health of their societies and helping them prioritize actions that accelerate social progress.

Since it first launched in 2014, the Social Progress Index has been embraced by innovative leaders from London to India to the rainforests of Brazil. They are applying its rigorous framework to navigate today's social challenges and accelerate efforts to drive equitable, inclusive and thriving societies.

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