Health of South African Workers: How companies respond to the HIV / AIDS challenge

ROGOVSKY, Nikolai and Sims, Emily, *Health of South African Workers: How companies respond to the HIV / AIDS challenge,* in Corporate success through people. Making international labour standards work for you, Geneva: International Labour Office, 2002, 42-44.

Case 3: Health of South African workers: How companies respond to the HIV/AIDS challenge

By 2001, upwards of 4.7 million South Africans were infected with HIV/AIDS (UNAIDS, cited in Segel and Sprague, 2001), and the number of HIV infected people is constantly growing. According to *The Economist*, "A typical South African company can expect a fifth of its workforce to die of AIDS in the next decade" (The Economist, 10 Feb. 2001). There is growing recognition that the costs of AIDS to companies will be significant. After much initial resistance, businesses have begun to estimate the costs to their organization, and to calculate the benefits of action to prevent the syndrome and to maintain the health of employees. The economic repercussions of HIV/AIDS in business were measured as reduced productivity, increased labour costs, loss of customers, and a further depression of profits from costs incurred through absenteeism, replacement, recruitment, training, increased payouts to medical schemes and employee benefits.

The impact of AIDS on profitability is unpredictable, but probably huge. By 2015, South Africa's population is expected to be 23 per cent smaller than it would have been without AIDS, and per capita income will be no higher than today (ibid). This will affect demand for everything that South African firms sell. By one estimate (ibid), each HIV infected employee costs a South African firm roughly twice that worker's annual salary. Additional indirect costs include the negative impact of AIDS on staff morale and accompanying disruption in the workplace; management and labour meetings to discuss AIDS as the crisis deepens, and loss of profit as the disease begins to affect the client base of the organization (Metropolitan AIDS Research Division website, cited in Segel and Sprague, 2001). AIDS also hurts uninfected workers financially, as medical and other benefit resources dry up (The Economist, 10 Feb. 2001).

Most South African employers believe that the government has not responded adequately to the AIDS crisis, and that business therefore has to play a larger role in halting the disease in the workplace. Dr. Clive Evian, a community health specialist and Director of AIDS Management and Support at The Metropolitan Group, one of the largest financial service companies in South Africa, emphasizes that the workplace plays a vital role in containing the disease in South Africa: "Employees are 'captives', attending the same place day after day, it [the workplace] has the most available financial and people resources, and it has a vested interest in preventing as much of the problem as possible" (Metropolitan AIDS Research Division website, cited in Segel and Sprague, 2001). Dr. Jack van Niftrik confirms: "The bald answer lies in private sector initiative. Much as some employers may dislike the fact, they must accept that their long-term survival lies entirely in maintaining a reasonably productive workforce" (AIDS and employers in South Africa, see Segel and Sprague, 2001). The threat of losing employees is exacerbated by the fact that South Africa's economy is characterized by an acute shortage of skills. Companies may have to replace sick employees with workers who are less experienced or less skilled.[1]

So, HIV/AIDS is a "bottom line" problem for many South African enterprises. What have they done to tackle this problem?

Many South African companies invest a lot of time and money in studying the specific impact that HIV/AIDS might have on the well-being of their workers and

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[1] A similar argument to that of Deloitte and Touche.

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enterprise bottom line performance. Efforts are also aimed at studying ways to prevent the spread of disease.

Many South African enterprises are setting up AIDS prevention programmes, which range from distributing free condoms to educational theatre, to voluntary testing and counselling. For instance, AngloGold, the largest South African gold-mining company, hands out AIDS leaflets in various African languages to miners and their girlfriends, and hires specialists to train "peer educators", miners who teach other miners about safe sex, as well as prostitutes who teach other prostitutes. AngloGold also offers voluntary HIV testing and counselling. And South African Breweries (SAB) conducts role-playing exercises to show how quickly infection can spread.

At regional level, Coca-Cola Africa, the largest private employer in Africa, has adopted minimum standards on ensuring that people with HIV/AIDS do not suffer discrimination in the workplace. The standards require local producers and distributors to form AIDS committees which include representatives of management, human resources, labour organizations and medical personnel. Coca-Cola Africa is deploying its unique infrastructure and presence to support AIDS education, prevention, and treatment programmes in local communities. For example, in Zambia, it is providing assistance to the Family Health Trust, an education project that works with young people in more than 2,500 anti-AIDS clubs throughout the country. And in Nigeria, Coca-Cola is supporting the work of the National HIV Sero-Prevalence Sentinal Surveillance Survey for women attending antenatal clinics, and providing marketing support to advertise the project.

In some cases, a company's medical services may be the only source of health care in a community. Compagnie Fruitière, a major banana producer which operates in Cameroon, Ivory Coast, and Mauritania, has committed to providing medical care, vaccinations, prevention programmes, laboratory and pharmacy services, and maternity clinics. Such a substantial commitment to the well-being of the community sends a strong signal that Compagnie Fruitière is a place that cares about its workers. Consequently, the company has no difficulty in recruiting and retaining reliable workers.

Mondi, a paper-making MNE, also goes beyond preventive measures. Mondi provides health insurance, drugs and nutrition supplements to infected workers, as well as job rotation to lighten tasks. And all Mondi staff are trained to perform several different jobs so that they can cover for their sick colleagues who need to stay at home to rest.