HIV/AIDS and the Private Sector –
A Literature Review¹

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Abstract

This paper reviews the literature on HIV/AIDS and the private sector. It encompasses the impact of HIV/AIDS on businesses, the idea of corporate responsibility and the business response to AIDS.

HIV/AIDS has clear, though so far small, effects on a company's workforce and its customer base. The literature suggests that skilled workers are most likely to contract the virus, and that these are extremely difficult to replace. Customers, suppliers and investors in a company will also be affected by HIV/AIDS, and this effect is expected to increase as the virus spreads. The impact of intervention in HIV/AIDS on brands and reputations has received very little attention in the literature, but comparisons with business interventions in other "ethical" fields are instructive.

The paper then goes on to look at the growing debate over the responsibilities of business. It discusses corporate responsibility, looking at positive and negative motivations for involvement as well as employee- market- and brand-driven initiatives. Any business intervention in a non-business realm will involve new partnerships, be they with NGOs, governments, or people living with HIV/AIDS, for example. Public/private relationships have often been cool, and the paper shows how both parties have to adapt if cooperation is to be fruitful. We go on to look at how some private sector firms have successfully addressed this problem in other areas. We assess the potential of private sector intervention in the HIV/AIDS field, using a series of case studies from the literature to demonstrate good practice in the tourism, mining and manufacturing sectors, as well as in other industries that are affected in some way.

The paper concludes by offering some suggestions for going forward. And we call for more up to date research to be conducted into the impact of HIV/AIDS on firms.
I. INTRODUCTION

25 million people have now died of AIDS and the number of deaths is certain to rise from its current level of 3 million per year. Nearly 40 million people are currently living with HIV/AIDS and 5 million were infected with HIV in 2001 alone. Infection rates may be stabilizing in sub-Saharan Africa, home to 70% of those infected with the virus, principally because relatively few high-risk individuals remain uninfected. In other areas, however, the epidemic is still growing. Russia saw nearly a 50 percent increase in HIV infections in 2001, and the number of cases in Eastern Europe and Central Asia has risen by more than one-third in the last year (UNAIDS 2000d, 2001). With UNAIDS also voicing concerns over complacency in the West and in Asia (and with the number of young gay black men in the United States now reported to be infected with HIV rising rapidly), it seems likely that we continue to underestimate the future impact of this devastating epidemic (Haney 2001). Indeed, the number of people living with HIV today is 50 percent above the year 2001 predictions made by the United Nations in 1991 (UNAIDS 2000i).

Much of the existing analyses of responses to the AIDS epidemic have either focused on the individual, or at the other extreme, of governments and non-governmental (non-profit) organizations. A particularly noteworthy example of some of this early work is provided by Philip and Posner (1993) whose book, appropriately titled Private Choices and Public Health, focuses on a range of government interventions and how those influence individual behaviors that ultimately drive the HIV/AIDS epidemic. As another example, the classic AIDS in the World, more than one thousand pages in length, devotes large sections to government policies in a wide range of areas, government funding, national aids programs, and non-governmental sector responses to the epidemic (Mann, Tarantola and Netter 1992). This emphasis is justified since national governments and national and international non-governmental organizations (NGOs) have been at the forefront of responses of the AIDS epidemic and have many significant successes to their credit (as also significant failures). In Senegal, for example, the combined efforts of government, NGOs and Moslem and Christian religious leaders have helped to keep the country’s rate of infection below 2%. The success story of Thailand with regard to its HIV epidemic is most identified with the tremendous leadership of exhibited by the Thai government (Ainsworth, Beyrer,
and Soucat 2001:1). It is also clear, however, that the AIDS epidemic, in many places, is overwhelming these efforts. While the cases of South Africa and Botswana (with infection rates of 20% and 36% respectively) have been well documented, the rise of AIDS in the English-speaking Caribbean, where it is now the leading cause of death among 15-44 year olds, has caught political leaders off their guard (New York Times 2000; UNAIDS 2001).

As a very visible AIDS epidemic develops, the real impacts will start to be felt, with increased morbidity and mortality likely to have significant impacts on economies. It is thus, not surprising, that leaders in the worldwide efforts to address HIV/AIDS have been making calls for help from additional sources – particularly from the private (for profit) sector, especially large corporations. Thus, Dr. Bro Harlem Brundtland, the Director General of WHO, recently stated, “No one constituency can act alone to change the face of this epidemic, whether we are from national governments or international agencies, associations of people living with HIV, NGOs, the private sector, academic institutions, community organizations or public interest groups” (WHO 2000). To consider another example, a key objective of the International Partnership Against AIDS in Africa is to increase financial resources, “...through a combination of expanded financing from existing sources and by mobilizing additional resources from non-traditional sources such as the business community.” (UNAIDS 2000b: 3). The head of UNAIDS, Dr. Peter Piot said “…the hope of solving many problems lies in the development of public/private partnerships. Governments and non-governmental organizations…cannot do it alone. We need the private sector’s help in the fight against HIV/AIDS” (UNAIDS 1997c).

Will these calls to the private sector bear fruit? How will the private sector respond to the call for joining forces for the “social good”? Are there policy lessons to be learnt from existing private sector activities in the field of HIV/AIDS? These questions are the main focus of this paper. The private for profit sector is a crucial force within the vast majority of the world’s societies. However, for much of the past 20 years, the private sector appears to have been quiet on AIDS. A telling example is that since 1997, the combined number of full articles on HIV/AIDS in the Harvard Business Review, Forbes Magazine, Fortune and Money Magazine is just 11. The New York Times, on the other hand, had published 17 articles on the subject in the month this survey was conducted. Apathy, however, is a response, and business responses have taken other forms as
well. A survey in Thailand showed that 12% of businesses fire their HIV-infected staff, while the chief executive of Chilanga Cement in Zambia has argued that the “natural wastage” caused by AIDS deaths, “is allowing us to reach our manning levels” (Bloom et al. 1996; Pramualratana 1999). It is not all negative. The sex work industry in India and Thailand has taken dramatic steps to address the HIV/AIDS epidemic (Misra, Mahal and Shah 2000; Ainsworth, Beyrer and Soucat 2001). The Levi Strauss/UNAIDS AIDS education video, put together in 1998 for employees and their families and then made available to other companies, is another example of a successful business incursion into the field.

We start with the reasonable premise that the private sector is better informed than most about opportunities and threats to its goals, so that exhortations for the private sector to participate in efforts against the global HIV/AIDS epidemic would be effective only if the resultant strategies mesh well with the private sector’s own objectives and values. The paper reviews the existing literature on HIV/AIDS and the private sector from this perspective. It assesses the issues surrounding the involvement of business in the AIDS epidemic. It looks at the effect of HIV/AIDS on workers, customers and reputation. It then asks whether businesses have a role in what has hitherto been the public sector sphere, and what can be gained from business intervention. It looks at both the negative reasons for getting involved (keeping out of trouble), and the positive (looking for new opportunities). Finally, the paper looks at what businesses have to offer when they do decide to act, examines the different ways in which the private sector has influenced efforts against HIV/AIDS, and their likely direction in the future.

Our paper contributes to the literature on HIV/AIDS in three main ways. First it addresses a somewhat surprising omission, the private sector, in most scholarly discussions of impact and interventions related to the HIV/AIDS epidemic. Second, it inquires into a key question that underlies statements by various leaders in the fight against AIDS – how can the private sector be best mobilized in this fight and what outcomes can one hope for? Finally, it presents a systematic review of the currently scattered literature on HIV/AIDS and the private sector.

II. WHAT’S IN IT FOR BUSINESS?

Businesses will react if the HIV/AIDS epidemic affects them. Will HIV/AIDS epidemic be perceived by the private sector as having such an effect? In assessing the impact of HIV/AIDS on
businesses, we take as our starting point what the businesses themselves say. In a 1997 UNAIDS survey of 203 companies in 14 countries, the main motives given for corporate action on AIDS were welfare of employees (46%), safety/prevention (34%), legal implications (24%), health care cost (16%) and concern for the worldwide epidemic (12%), followed by community problems, absenteeism due to illness and public image (Conference Board 1997). These motives can be broadly divided into four main concerns – the effect on the workforce, the threat to the customer base, the impact on brands and corporate reputation, and a concern for the global good.

**The effect of HIV/AIDS on the workforce**

The effect of AIDS on the labor force is disputed in the literature. Tyler Biggs and Manju Shah, in a 1997 survey of nearly a thousand firms in sub-Saharan Africa, concluded that the impact of HIV and AIDS on staff turnover was minimal, although this situation could change as the epidemic matures. They found difficulties in replacing professional staff to be one of the most significant problems, with firms taking 24 weeks to replace a deceased professional, compared to 2 or 3 weeks for less skilled staff (Biggs and Shah 1997). Other smaller studies have shown how, at certain stages in the epidemic, HIV infections can be disproportionately concentrated among exactly these skilled workers. A study in Rwanda found the likelihood of HIV infection for a pregnant woman to be 38 per cent if her husband worked for the government, 32 per cent if he was a white-collar worker, 22 per cent if he was in the army, and 9 per cent if he was a farmer (McNeil 1998). A further study in Zaire found the highest rates of HIV prevalence were among executives (5.3 per cent), followed by foremen (4.6 per cent) and then workers (2.8 per cent) (Over 1992). And Kenya’s agricultural sector has experienced a drop in standards, leading to a decline in profits, due to the loss of skilled labor (Rugalema 1999). The theory that economically active populations tend to be instrumental in the early spread of HIV infection is a plausible one and contradicts the perception of African business leaders, as revealed in a recent World Economic Forum survey, that the disease is more of a problem for the low than the high-skilled (Bloom, Bloom and Riverpath Associates 2000). Epidemics may eventually become concentrated among economically disadvantaged populations, but only because the wealthier and better educated have been in a position to take preventive action (Bloom and Mahal 1993; Farmer 1999).
The loss of a staff member through sickness has theoretical effects on (a) a firm’s stock of “know-how” and (b) the morale of other workers, as well as imposing recruitment costs. These obviously matter to firms. As one Kenyan company manager puts it, “If you lose someone you have trained for twenty years, that is a great loss. Condoms and AIDS education cost peanuts” (UNAIDS 1998a). Furthermore, demand for trained workers may increase, further increasing recruitment costs and inflating wages, while the epidemic adds additional degrees of uncertainty as businesses make recruitment decisions. The Economist, for example, reports examples of multinationals in South Africa hiring 3 workers for each skilled position “to ensure that replacements are on hand when trained workers die” (Economist 2001).

The impact is potentially more damaging among small businesses and in the informal sector, as seen in a 1999 study of micro- and small enterprises (MSEs) and entrepreneurs in Africa. Most MSEs in the study were completely managed by their entrepreneurs, with family members having little knowledge of the business. In the event of the owner-manager dying of AIDS, the business was necessarily taken over by an inexperienced family member, reducing its effectiveness, at least for a time (ILO 1999b). This is backed up by a study of households with an AIDS death in Zimbabwe, which found that crop production was drastically reduced, compared to unaffected households (UNAIDS 2000). Strikingly, the small businesses most affected by the AIDS epidemic in developing countries are those belonging to the sex industry, with HIV prevalence rates among sex workers approaching 50 percent in Mumbai, India, apart from generally being on the high end in a number of Asian and African countries (Bloom and Mahal 1993).

Rising turnover due to AIDS mortality, and resulting pressure on recruitment, is only one example of the potential impact of AIDS on the workforce. Typically, AIDS is a protracted illness and sick workers are likely to become less productive and take more time off work. If workers’ family members fall ill, work hours may also be lost as care needs are met. Medical bills, if paid for by companies, will also increase. Farnham and Gorsky have argued that in the USA, for example, a significant proportion of the costs of the epidemic are borne by the business community, due to the employer-based system of health insurance and the provision to many employees of health-related benefits (Farnham and Gorsky 1994). One study, summarized at Figure 1 below, has
identified the distribution of increased labor costs for a small number of firms in Botswana and Kenya. Death itself can also impose significant costs on businesses. Many firms in sub-Saharan Africa are responsible for funeral costs and face additional costs as other workers attend funerals. Zambia’s largest cement factory, for example, saw a 15-fold increase in funeral-related absenteeism between 1992 and 1995. As a result, the company has restricted employee absenteeism for funerals to only those for a spouse, parent or child. Finally, within some legal systems, HIV-related discrimination can translate into lawsuits.

Given the limited literature on the tangible labor force costs that businesses face during an HIV/AIDS epidemic, it is hardly surprising that intangible costs have been even less successfully measured. Again, small studies support the intuitive belief that there must be some effect. A survey of the agriculture sector in Kenya found that motivation and labor productivity were negatively affected by HIV/AIDS-related illnesses and deaths (Rugalema 1999). One study of entrepreneurs found that HIV/AIDS led to a loss of focus on the business, while the Thai Business Coalition on AIDS highlights poor morale as one factor facing businesses who fail to deal with HIV/AIDS in the workplace (ILO 1999b; UNAIDS 1998a). Teamwork, so vital to modern business, is also threatened by the AIDS epidemic. One extreme example of the latter occurred at New England Bell Telephone in the US, where employees left work (in the presence of television cameras) in protest against working with a colleague who had AIDS (Farnham 1994). No study has been completed, however, detailing the effect on employee morale and productivity in a country with a serious and sustained epidemic.

A number of the studies relevant to the impact of AIDS on businesses through the labor force are listed below – and more are detailed in Table 1. Most of these studies suffer from small sample sizes and cannot necessarily be relied upon individually. However, a pattern of small but significant impacts seems to emerge.
**Benin:** In a 14-firm case study, 50 per cent of those identified as HIV positive held positions considered ‘important’ by the firm. The firms have noticed increased absenteeism. They are holding salary levels constant but reducing workloads, which leads to increased costs and reduced profits (Bollinger, Stover and Martin-Correa 1999).

- **Kenya:** One company experienced a 40-fold increase in funeral expenses between 1992-93 and 1996-97. During the same period, 41 per cent of the employees left the company because of illness or death. Healthier workers had to work overtime – increasing direct overtime costs and possibly indirect costs, such as stress and reduced efficiency among overworked workers (Bollinger, Stover and Nalo 1999).

- **Tanzania:** One company experienced a five-fold increase in its medical care costs per employee during 1993-97 and has now instituted a cap on expenditures per employee. At the Tanzania-Zambia Railway Authority, medical costs associated with AIDS-related illnesses increased in one year to 1995 by 63 percent (ILO study, cited in bollinger, Stover and Riwa 1999).

- **United States:** A scenario study constructed scenarios of the economic cost of hiring a single HIV-infected person under 4 settings (high-cost city, large firm); (high-cost city, small firm); (low-cost city, large firm); (low-cost city; small firm). It included the following costs likely to be borne by firms hiring HIV+ people – health insurance/medical care of employees with HIV, life insurance benefits, sick leave and costs of disability payments – before deducting any monetary benefits in terms of pension savings (offsets) resulting from early death, and adding any hiring and training costs of replacement employees. After discounting (since the death from AIDS of a person infected with HIV at the time of hiring, occurs in the future), the estimated cost of hiring an HIV-infected person is US$31,800, US$20,600, US$4,400, and US$2,300, respectively under the four scenarios (Bloom and Glied 1991; see also Farnham 1994; Farnham and Gorsky 1994).
− **Zambia**: At Barclays Bank, the death rate among employees rose from 0.4 per cent in 1987 to 2.2 percent in 1992 (the company lost an average of 36 of its 1,600 employees annually to HIV/AIDS). *Ex gratia* payments to families increased by nearly 350 per cent between 1991 and 1992. The bank also paid increased funeral costs. More than 70 per cent of the deaths occurred in those under 40 (Bollinger and Stover 1999, Whiteside and Sunter 2000).

− **Zimbabwe**: At a large firm of 11,500 workers, which offers significant health benefits to its employees, a study estimated 3,400 HIV-positive workers in the firm, with 64 having so far died of AIDS. It estimated the cost of AIDS in 1996 to be 20 per cent of the company’s profits, with half the costs due to increased health care. By the year 2005, the costs are projected to triple (Bollinger et al. 1999).

Notice that all of the above are effects on costs and productivity that will be directly visible to individual firms. More broadly, businesses must contend with the possibility that AIDS may have an impact on education systems, through teacher mortality, family illness, the growing number of orphans, and pressure on government finances. Deterioration of educational standards would reduce the skills of new entrants to the workforce, with potential but un-quantified effects on business competitiveness. These latter effects, however, are less likely to be recognized by firms, both because they are likely to be felt in the longer run and because the aggregate effects are likely to be dissipated across the economy, so that no single firm or groups of firms would consider it as part of its policy horizon.

**The effect on the customer base**

Companies have a relatively high degree of control over, and information about, their workforces, but much less about their customers. Clearly, with AIDS beginning to have a substantial impact on the demographic profile of the most-effected countries, markets are changing, but how much effect this will have on businesses is only beginning to be studied.

The theoretical effects can be quickly outlined. The group hardest hit by AIDS – young adults of working age – is also the major source of demand for goods and services. Caring for people living with AIDS is expensive, so while certain industries – principally health care – will see increased demand, most others will see spending redirected towards caring costs. In addition,
those who are sick are less likely to work and therefore will have less money to spend, and there
may also be an eventual deterioration in the whole macro-economic environment (McPherson,
Hoover and Snodgrass 2000). As Daly has said: “HIV/AIDS affects people within their most
productive years…the result is a reduction in savings rates and disposable income…In the long
run, this has the…effect of reducing the market size for business.” There are also potential effects
on foreign direct investment (FDI), tourism and export markets. A healthy population is believed to
be a vital determinant of FDI, while tourism is highly vulnerable to the tourist perception of the
“desirability” of a destination. Overseas buyers may also be discouraged if, for example, they lose
confidence in the reliability of supply from a country. Larger businesses are also exposed through
their supply chain, which is usually populated by large numbers of much smaller companies, and
must ultimately face the judgment of financial markets, with potential effects on share prices and
credit ratings if HIV/AIDS is believed to have increased the risk of the company’s business.
Governments in the hardest hit countries will also be forced to redirect spending towards health,
leading to a reduction in spending on items favorable to growth, such as infrastructure investment
and education.

A number of studies have focused on reduced aggregate purchasing power resulting from
HIV/AIDS. One study, for Cote d'Ivoire showed that monthly consumption per capita of families
living with AIDS was roughly half that of the general population (UNAIDS 2000j). Another
suggested that the epidemic in Thailand was expected to cost Japan 1.2% of its gross national
product (GNP) in 2000 due to the weakening of Thailand as a potential market (UNAIDS 1998a).
However, given that the effects of the AIDS epidemic on the customer base are likely dissipated
throughout the economy, such analyses hardly reflect the effects felt by individual firms, even in
sectors known to be at risk from the HIV/AIDS epidemic – such as tourism and the sex industry.

Effects on the customer base are more likely to be transparent if there are dominant firms,
or firms are organized into business associations focused on the well being of the entire group. It
is, therefore, not surprising that in 1998, the JD Group (South Africa’s leading furniture retailer)
performed its own research on the potential impact of the epidemic on its markets and customer
base. It used a forecast of HIV prevalence among its customers, expecting an increase from 15
percent in 2000 to 27 percent in 2015 and found that changes in demography would reduce the
customer base by 18 per cent by 2015. With increasing illness and death, customers would have less to spend and be less creditworthy (Whiteside and Sunter 2000). The insurance sector is another group likely to be characterized by a small set of firms. A Zimbabwean insurance company estimated that 45 percent of claims were AIDS related in 1995-96 (Bollinger et al. 1999).

**The impact on brands and reputations**

A wider perspective on the impact of AIDS on businesses – especially larger businesses – involves a consideration of the *overall* impact of the disease, rather than its impact on specific components of its operation. Such a holistic perspective normally focuses on brand (a term that encapsulates the values, image and character of a company and/or its products, seen through the eyes of a target market and other stakeholders) and corporate reputation, whereby the “goodwill” that attaches to a company is seen as a valuable asset.

Brand and corporate reputation have an indirect, rather than direct, effect on the bottom line, although markets demonstrate their belief in the importance of brands by valuing some companies’ brands at higher levels than all their fixed or tangible assets. This indirect relationship is demonstrated clearly in the case of pharmaceutical companies, many of which have experienced increased profits from patents on AIDS drugs, while simultaneously facing damaging public criticism that is inhibiting their ability to operate. As a spokesman for Roche Pharmaceuticals admitted recently, “In the last 18 months there have been activities and charity events [for HIV/AIDS] earmarked as PR efforts, and the firms involved got bashed for wasting time and money. This is no time for PR activities, but for real world action... The way that the debate is panning out – and with a groundswell of public opinion – companies cannot expect to be left alone.” Pharmaceutical companies have seen isolated NGO action develop into broad-based and uncontrollable campaigns. Their experience demonstrates the need for companies to respond to challenges to their reputation well before an effect on profitability is discernible.

The literature so far has little to say about the effect of AIDS action/inaction on the brand and reputation of non-pharmaceutical businesses, but problems in other areas, such as child labor, provide precautionary examples. Activist protest – facilitated by improvements in electronic communications – has shown itself to be an effective tool for articulating more broadly felt disenchantment. An inability to effectively target HIV/AIDS has the potential to build on concerns
about the role of science in society and the power of transnational business. As a recent article in *Science* warned: “Rational selection of interventions [in HIV/AIDS] needs consideration within a much broader context than cost-effectiveness, which calculates return on a limited and short-sighted basis” (Bloom and Riverpath Associates 2000).

As well as potential bad will towards a firm created by bad publicity, there is also scope for substantial positive effects on a brand. As McIntosh et al have said, “The rise of AIDS and HIV grants employers the opportunity to provide leadership in one of the major crises of the century.” (McIntosh 1998:149). It thereby enables firms to demonstrate their importance and influence in society. There are few high profile examples of action on HIV/AIDS, although Levi Strauss, United Distillers and Northwest Airlines have reported improved community relations and even increased sales after being associated with work on AIDS (UNAIDS 1998a).

A large international survey conducted in 1991 lends further weight to the idea that consumers’ decisions can be influenced by good corporate behavior. The study found that, with quality and innovation now increasingly taken for granted, customers are beginning to look to factors such as environmental responsibility, community involvement and good treatment of employees as means of distinguishing between brands. Consumers are not naïve enough to think that companies will be altruistic, however – indeed, many are suspicious of activities which are presented as altruistic – but “companies which…sharpen their reputation in areas like the environment…fair trading, community involvement and ethical marketing could see competitive benefits.”

*Weighing the evidence*

The literature on the impact of AIDS on workforces, customers and brands, while patchy, suggests the following. HIV/AIDS can increase workforce turnover and cost of production and the problem is likely to be most serious when highly skilled workforces are affected. These negative effects of the AIDS epidemic are also the most visible to firms. Markets in many countries seem certain to shrink and deteriorating macro-economic conditions may make some regions undesirable, or even more undesirable, “places to do business in.” But these effects will be less visible to individual firms, unless the firm in question is a major player in the market, or is represented via an
association of firms that experiences them. The same reasoning applies to long-term influences on labor supply through declining educational standards and the like.

The above, however, is only a partial picture of factors that can influence the decision making process in the private sector. Firms may still choose to be “good citizens” if doing so raises employee morale, enhances the brand profile, increases customer loyalty, or otherwise influences their prospects for survival. These and related issues are discussed further in Section III.

III. CORPORATE RESPONSIBILITY

The above section focuses on effects that most likely will be perceived in a tangible way by firms and to result in subsequent actions on their part. Some of these also provide reasons to imagine that firms may actually act in areas hitherto considered “long term,” or in “public interest.”

Milton Friedman suggested that, “there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase profits” (Friedman 1962). Throughout the 1980s and 1990s, this view influenced a focus on “delivering shareholder value” as the priority of business (Sen 1987). A side effect of this focus on shareholders has been a growing demand for accountability from firms, with management decisions influenced primarily by shareholders, and managers standing or falling on the profit they deliver. This shift in focus has contributed to increased power and prestige for communication departments, with most top corporations devoting considerable resources to shareholder communication. Indeed, most of the impacts discussed above focused on this particular motivation as a driver of firm behavior.

However, the scale and importance of business in modern society has grown with globalisation, and the powerful effects businesses have on those who come into contact with them have led to calls for a broadening of this accountability from shareholders alone to all stakeholders (Schwartz 1999; UNCTAD 2000). The weakening regulatory power of governments over companies which now span international and continental borders, and the internet-led globalisation of the media (which means that bad conduct abroad can be pounced on by local campaigners and quickly transmitted to consumers at home) have added to the pressure on firms to behave well (Economist 2000). Many companies are responding to these demands, whether for utilitarian
reasons or for purely ethical ones. Others, however, are going beyond the demands and taking on responsibilities beyond their core business.

In practice, the conflict between social and private goals may not be that stark. This section further explores some of the factors that likely drive private sector behavior, while also examining the nature of the relationship between business and other actors in the public sector and civil society that have arisen in this process.

**The nature of corporate responsibility**

Corporate responsibility begins in the workplace. By abiding by the law, respecting workers rights, and being honest in its dealings with customers, a company acts responsibly (OECD 2001). However, globalisation has led to increased pressure, first from NGOs and then from consumers, to move beyond what regulation demands of them (Schwartz 1999). This means moving into the realm of the “social good”.

Markets are generally poor at looking after the social good, in many cases because the associated activities are characterized by significant externalities, as for example in HIV prevention programs. Businesses have been reluctant to get involved because the benefits accrue as much to others as to themselves. However, as noted in the statements earlier, with the public sector worldwide coming under increasing strain and businesses being pressured to contribute in some way to the society in which they exist, the separation of what is public, and what is private is being re-examined. Moreover it is also possible that companies and their shareholders participating in the public good may obtain clear benefits for themselves in terms of brand loyalty.

**Thinking about corporate responsibility**

The reasons for business involvement in social issues can be either negative or positive.

- **Negative** motivations are inspired by the desire to protect a company from problems. Motivations might include a wish to avoid litigation or avert bad publicity, or not to be left behind by competitors who are taking the lead on corporate responsibility. Rao (1996) has shown that bad publicity due to unethical conduct over the environment has a significant and long-term impact on a company’s share price. Many negative interventions will be a
response to demands, either from employees, shareholders, the public sector or civil society. Companies which act due to negative motivations are unlikely to take risks in their social activities, and more likely to participate in consensual actions, possibly in partnership with other businesses.

Positive motivations are likely to be spurred by a desire to seek new business opportunities and stand out above competitors. Boosting employee morale, raising corporate profile and contributing to society are powerful drivers for many of today’s most innovative companies. For firms with positive motivations, individuality is likely to be more important than consensus.

Some companies may have both negative and positive reasons for involvement. If a whole industry is under attack, as the oil industry has been over the environment and the pharmaceutical industry has been on AIDS, companies will take actions in order to avoid further bad publicity. However, many will also be keen to stand out above competitors within their industry, which provides a positive motivation for action.

Within this framework, socially responsible actions can have effects on three areas of a company’s business – the workforce, the market and the brand (see model below). These three areas mirror the areas on which HIV/AIDS has the biggest impact.

As Figure 2 shows, increased levels of involvement in each area can lead to increased impacts on a business. All of these actions can lead to positive effects on both society and business. As we shall see below, the most successful incursions are those that have a) the greatest saliency for a company’s core business, b) the most relevance to a company’s stakeholders (including staff, customers, suppliers and the community), and c) the best fit with a company’s skills and expertise. These considerations are likely to form the main criteria for a company’s decision on how and where to act. Interventions may range from providing expertise
and counsel, through staff volunteering programs, to financial aid, depending on both the issue and
the company’s skills and motivations.

**Partnerships**

The relationship between public and private sectors has traditionally been difficult. The private
sector has often looked on governments and NGOs as inefficient and bureaucratic. The public
sector, on the other hand, has tended to view business as inherently selfish. A recent Economist
article on the Prince of Wales Business Leaders Forum sums up the problems:

> “The old tensions between business and charity remain. Robert Davies, head of the Prince of Wales
Business Leaders Forum, finds that workshops to teach WHO and other UN officials how to work
with firms often disintegrate into shouting matches, with the bureaucrats accusing businessmen of
immorality, while they are lambasted for corruption and inefficiency.”

William Muraskin’s damning report on the Children’s Vaccine Initiative (CVI), which
collapsed after years of squabbling between public and private sector scientists, provides another
example of the difficulties involved. The CVI was conceived by the World Health Organization
(WHO) as a means of increasing investment in vaccines and facilitating their distribution. However,
the public sector scientists who specialized in the research needed to discover the vaccines could
not be persuaded of the value of the private sector’s ability to both develop and distribute their
discoveries. They saw themselves as on a crusade to save lives and regarded business as
immoral. For the private partners in the CVI, on the other hand, profit was seen as the engine that
drove innovation, and they regarded the public sector scientists as untrustworthy, capricious and
wasteful of resources (Muraskin 1998).

There are, however, good examples of private-public-NGO collaboration even in areas
outside HIV/AIDS. Unilever has collaborated with the World Wide Fund for Nature (WWF) to
conserve the world’s fish stocks, and McDonald's’s work with the Environmental Defense Fund
(EDF) in the US – where one of the conditions of the partnership was that EDF representatives
would each spend a day working in a McDonalds outlet - has helped it to cut waste and increase
use of recyclable materials. McDonalds’s idea of taking on EDF people as staff for a day
recognizes the need to understand the circumstances of the “opposing” parties if collaboration is to
be productive. The UK’s Marks & Spencer (M & S) retail chain has also taken this on board in its own community initiatives. M & S has 35 staff on full-time and 200 on part-time secondment to charities, reasoning that the company itself gains from both the new skills learned by the secondee and the boost to the company’s image, while the charity gains from the business skills and the fresh approach to problem solving that the secondee brings. The secondee gains an increased understanding of the public sector and has the chance to contribute to the community. This policy helps to increase knowledge of each other’s work and also, importantly, each other’s working methods. Governments, for example, tend to think in much longer timescales than most businesses, and both parties can benefit from learning about other approaches to time planning (McIntosh et al. 1998: 219).

IV. WHAT HAS BUSINESS DONE IN THE FIELD OF HIV/AIDS?

As we have seen, different companies will have different reasons for getting involved in HIV/AIDS. Interventions will be either employee-driven, market-driven, brand-driven or a combination of the three, depending on both the geographical area and the industry in which a firm is positioned (if a US company with no dealings in Thailand decides to donate money to a Thai AIDS charity, for example, its motivations are likely to be mainly brand-driven, whereas a multinational company with both employees on the ground in badly affected areas and consumers in unaffected areas involvement in HIV/AIDS work will likely be influenced by all three motivations).

Actual responses by business firms reflect the myriad motivations. Consider first the insurance industry. With people dying younger and in greater numbers, insurance payouts will rise. In response, premiums will have to rise, which in developing countries means that many will no longer be able to afford life insurance. Actions on HIV/AIDS, therefore, are likely to be primarily market-driven, given that the insurance industry is often highly concentrated. The actions of Sri Lankan life and health insurance companies in the mid-1990s where they denied participation and benefits to people who are HIV-positive reflect one element of this approach (Bloom et al. 1997). By contrast, the efforts of Thailand’s American International Assurance (AIA), the largest life insurance company in Thailand, have involved donations to NGOs and public health organizations, as well as schemes aimed at promoting HIV/AIDS prevention and non-discrimination against policyholders. It has worked with the International NGO CARE on HIV-prevention among factory
workers. The company gives financial incentives and discounts on insurance to companies with strong workplace and community prevention programs. In this connection it has worked closely with the Thai Business Coalition on AIDS (Daly 2000).

Another example of effective business action in developing countries is provided by the sex industry in India and Thailand. In Calcutta (India), brothel owners, sex workers and non-governmental organizations have come together to jointly work on a number of programs focusing on condom use, prevention messages and the like and succeed in greatly reducing HIV transmission (Misra, Mahal and Shah 2000). Here the effort had multiple objectives – being both employee-driven (since workers were at risk of infection) as well as market-driven, since HIV has the potential of driving customers away. The coalition of brothel owners also helped avoid competition among them for customers who did not wish to use condoms. NGOs brought needed prevention skills and a bridge to the mainstream community to the partnership, which can be characterized, roughly speaking, as brand-driven.

HIV/AIDS has the potential to impact on tourism in all three of the ways outlined in earlier sections. Tourism workers on the ground may be affected due to their mobility and their exposure to highly mobile people; tourism markets may be affected in high-prevalence areas as the necessary increased spending on health limits funds for luxuries such as holidays; and brands may be affected if customers perceive that a country is ravaged by AIDS and therefore unsafe, or that a travel company is making money from a country where a third of the adult population is dying without doing anything to help. Thus, private sector activities in this sector reflect these concerns. For instance, Regent Hotel in Bangkok (Thailand) has a workplace program of HIV/AIDS prevention and awareness, backed by strong commitment from top management. The program focuses primarily on its 650 employees, although it also includes some community outreach and modeling of good practice to other businesses. New staff is given AIDS-related training. The Hotel also participates in a UNICEF-supported project for training young girls (see below). The Regent Hotel has also helped develop an AIDS Workplace manual for the hotel industry. As another example, the Youth Career Development Program in Thailand (Chaturvedi 1998, UNAIDS, 2000a) was a joint program between UNICEF and eight of Thailand’s leading hotels aimed at lowering HIV rates in Thailand and thus protecting both potential employees and the country’s
image as a tourist destination. The scheme was designed to stop young rural women from becoming sex workers by providing them with economic security. The project provided both vocational training in hotel work and education about HIV/AIDS and children’s rights, with the hotels providing training support, uniforms, meals and stipends and UNICEF paying for the training and accommodation. Most of the trainees are now employed in the hotel industry, although the program only covered 135 young people from 1995 to 1998, so its effect on HIV infections is unclear. However, the scheme was endorsed by the Congress of the International Hotel and Restaurant Association (a global industry network – see below), and worldwide implementation of this type of training program is being considered by the industry.

There are other examples of private sector action in the tourist industry as well. The International Hotel and Restaurant Association (IHRA) in Paris is a world-wide trade organization of over 750,000 hospitality operators, associations, and suppliers in more than 150 countries represents the interests of the hospitality industry - an estimated 300,000 hotels, 8 million restaurants and 60 million employees (Daly 2000). Having researched the impact of health issues on the industry, IHRA joined up with UNAIDS, NGOs working on AIDS issues and the Thai Business Coalition on HIV/AIDS to develop workplace programs and guidelines for its members. These guidelines included information about facts related to HIV/AIDS, occupational risks and ways to avoid infection, examples of effective workplace policies, methods for extending the work into local communities outside the workplace, and a directory of organizations that could assist in the development of programs related to HIV/AIDS. Northwest Airlines in the United States, realizing that it had a captive audience of passengers that demanded entertainment, set up the ‘Air Cares’ program – a partnership with, among others, the Pediatric AIDS Foundation – to promote ethical causes to its customers (Steckel et al. 1999). Using in-flight videos, articles in the airline magazine and bonus air miles for passengers donating $50 or more, Northwest delivers its fundraising and public awareness messages to 40 million passengers a year while simultaneously entertaining and educating them, and raising the company’s own ethical profile.

The literature on incursions into the HIV/AIDS sphere by the tourist industry is so far thin. It is especially thin in terms of brand- and market-driven incursions by multinational firms who are either directly involved with or benefit from tourism. However, as the profile of the illness grows as
the number of deaths increases, public expectations may also shift. Airlines, credit card companies and tour operators who are looking to the long-term and neither wish to see popular tourist destinations decimated nor their brands subjected to tough questions may benefit from positive action in the struggle against HIV/AIDS.

The mining industry offers a good example of the potential impacts of HIV/AIDS on a company’s employees and can be seen as a microcosm of the problems facing the industrial sector as a whole. For mining, read also trucking, construction and manufacturing – all industries where workers tend to be away from their families for prolonged periods, moving between different geographical areas is common, shift work is the norm and cottage industries (often including the sex industry) tend to grow up around the mines and factories. Such conditions are fertile ground for HIV/AIDS and, as we have seen in the studies on workers in Section 1, it tends to be the more skilled workers who are affected first. Although the unskilled workers who occupy most mining and manufacturing jobs are easier to replace than white-collar workers, training any new employee is both time-consuming and costly, and the long-term effects of HIV on company morale are difficult to quantify. Furthermore, as the experience of Nike clothes manufacturers in South East Asia has shown, clients are putting increasing pressure on suppliers of raw materials to mirror their own ethical practices. Programs in the mining industry have tended to focus mainly on a company’s employees and the surrounding community – in particular the sex workers in that community.

Anglo Coal (South Africa) collaborates with trade unions and surrounding communities on HIV/AIDS programs (Daly 2000). The company, which has 10,500 employees, has used its data collection systems to collect statistics on absenteeism and opportunistic infections and to measure AIDS awareness among its employees. As well as internal efforts involving condom distribution, awareness programs (using theatre and video presentations) and counseling, Anglo Coal has also formed partnerships with local government authorities in providing mobile STD (sexually transmitted disease) clinics for outside communities and programs promoting healthy lifestyles and better nutrition. In 1996 the company also started the Kriel Project along with Eskom, Ingwe Coal, the University of Zimbabwe and local authorities. This promotes safe sex practices through education of sex workers and their clients and condom distribution, with Anglo Coal providing training and technical assistance.
**Harmony Gold Mining Company Ltd.** (also in South Africa) set up the Lesedi HIV/AIDS Prevention Project in its Virginia mining community in 1997 with NGO Family Health International (FHI) (FHI 2000). Most of Virginia’s 4,000 miners are migrant workers from other parts of South Africa and neighboring countries. Harmony was concerned at the number of its workers falling ill with AIDS-related illnesses. Its initial prevention efforts, which focused on educating employees and making condoms more accessible, were unsuccessful in changing sexual behavior, as miners underestimated the risks of unprotected sex with local sex workers, who themselves had little knowledge of sexually transmitted infections (STIs) and poor access to preventive services. The company therefore decided to target the sex workers. FHI and the South African Institute for Medical Research worked with Harmony Hospital to design a pilot intervention to improve access to STI preventive and curative services for these women. The program was supported by initial activities of outreach workers who sought to promote clinic attendance among the women. To encourage follow-up visits, a few regular attendees were recruited as peer-educators to build community trust in the program. The project has now expanded into other mining communities, and two other mining companies – Gold Fields Ltd and Joel Mine - have got involved. FHI estimates that, by providing treatment and education to 400 women, 40 HIV infections among women and 195 among miners were averted, with savings to Harmony of US$540,000 in medical costs alone (FHI 2000). Examples of similar activities from other countries in the mining sector are also available, as in the case of **Chevron**, in Nigeria (Daly 2000).

The manufacturing sector generally has more contact with the public than the mining sector so many manufacturing firms’ approaches to HIV/AIDS are likely to go beyond a focus exclusively on employees and their communities to market- and brand-driven responses.

**Eskom** (in South Africa), an electricity company with 38,000 employees, made HIV/AIDS a strategic priority in 1998 in response to projected infection rates among employees of 26% by 2005 (UNAIDS 1999d). Although its first actions were employee-driven, Eskom later broadened its focus to use its AIDS interventions to boost its brand among the wider South African public, and also to protect that public. The company set up a strategic committee to monitor the virus - via anonymous testing - and its impact on employee morale and attitudes, along with an operational committee to oversee awareness and prevention campaigns. Counseling and treatment are
provided for those infected with HIV. The company also collaborated with government and NGOs on an education campaign for the wider community, and it makes regular broadcasts on national and regional radio stations. It also provides substantial funding for NGOs working on AIDS prevention and for vaccine research. Amongst other follow-up activities, Eskom has helped other employers start their own programs and is an influential member of South Africa's Business Council on AIDS. Studies have found a high level of HIV awareness among Eskom's employees, lowered levels of discrimination against HIV+ staff and greater willingness to report HIV status.

Get Paper Industry, Nepal operates a public education and prevention campaign, making health education available to the surrounding community (Global Business Council on HIV/AIDS 1998). The company set up a specialist health organization in 1993 to carry out HIV prevention work and raise funds. Over an 18-month period 17,000 people were contacted through individual outreach, another 43,000 were contacted through community events, and 18,000 condoms were distributed. It established AIDS information booths for truck and bus drivers at an exit point in the Kathmandu valley. Work has involved sex workers, migrant workers, and police. The program now covers 12 percent of the country and the company puts 25 percent of its profit into the program.

The Tata Iron and Steel Company Ltd (India) has acted to protect its employees and their families at the same time as asserting its leadership credentials by showing the way forward for Indian manufacturing (Global Business Council on HIV/AIDS 1998). The company runs education programs for high-risk groups both within the company and in the wider society. It works with community groups to distribute condoms free at welfare centers, and has installed vending machines at places visited frequently visited by employees, truckers and police and army personnel. At its hospitals, where HIV-infected people are admitted into the general wards without discrimination, the Tata group also trains counselors. The company liaises closely with government organizations such as NACO (National AIDS Control Organization) and NGOs.

Larsen and Toubro Limited (India), an engineering, construction and cement company has worked with trainers and social workers to train 10,000 employees and their families as well as 1,500 school children – thereby going beyond protecting employees alone to protecting those whom employees care about. There has been a special focus on job trainees, employees’ children and local schools and slum communities. Larsen & Toubro also joined 12 other companies to form
“Industry Response to AIDS” in Mumbai – working on AIDS prevention in communities and developing HIV/AIDS policy guidelines for Indian industries (Daly 2000). Similar examples of activities by private companies have been reported from Botswana, Brazil and the Philippines.\(^\text{12}\)

The following provide further examples of companies in other industries that have found that their business is affected by HIV/AIDS and responded accordingly. The first group has workers in regions which have been hit hard by AIDS, while the second group, based in markets with low infection rates, have used their position and influence to both raise HIV awareness and promote their brands and the sense of well being of their employees.

The **Standard Chartered Bank** is a commercial bank based in the UK but focused on emerging markets, with over 570 offices in over 50 countries. It has 26,000 employees. It provides a good example of a multinational firm that has to make employee, market and brand-driven decisions on a response to HIV/AIDS. The Bank decided to act on HIV/AIDS in response to both increased demand on its managing directors in African countries to take policy decisions about employees living with HIV/AIDS, and the growing impact of absenteeism, employee attrition and medical payments on its profits (Daly 2000). Standard Chartered drew up a non-discriminatory policy on HIV/AIDS along with training and information packs, with local branches allowed flexibility to modify these efforts in line with their local needs. Key elements of the company’s global response have been the participation of top levels of management, both international and local; the utilization of outside organizations to enhance the quality of information about HIV and its impacts; and the careful attention paid to local needs and differences across cultures and countries.

**Polaroid** is an example of a multinational firm that is involved with HIV/AIDS actions directed at both its employees and its brand (Booth 1993, Global Business Council on HIV/AIDS 1998). The company established an intensive HIV/AIDS education program for its employees in 1987. It also made it a company policy that the virus be treated like any other life-threatening illness. To this end, employees infected with the virus are eligible for a full range of benefits, and are employed for as long as they can work. From a brand-driven perspective, Polaroid introduced the pan-European PopShots project, which raised money for UNAIDS by a process of recycling PopShot (single use) cameras. Polaroid committed to a donation of 1 Euro to UNAIDS for each
camera returned by customers after use. This project has obvious benefits for Polaroid’s camera production as well as HIV-related causes.

Glaxo Wellcome is a multinational pharmaceutical company that, along with the rest of this sector, has been the recipient of much damaging publicity regarding its provision of AIDS drugs to developing countries (Global Business Council on HIV/AIDS 1998). In an effort to mitigate the impact on its brand, Glaxo started the “Positive Action Program” in 1992. This is an example of a company with both negative motivations for action (avoiding bad publicity) and positive ones (a wish to stand out above the other companies in its sector). Glaxo’s program involves supporting AIDS service organizations, working with the International HIV/AIDS Alliance to spread good practice in prevention and care programs across the developing world, promoting internal support of workers living with HIV/AIDS and educating young people about the virus. The company uses its transnational position to spread its message worldwide, and the program has effects on the firm’s workers, market and brand.

The remaining examples are companies whose actions have been principally brand-driven, as their core business is conducted in regions with low HIV infection levels.

MTV International is an international television company has made raising awareness and changing attitudes to HIV/AIDS a key element of its programming. MTV’s President, William H Roedy, is the current chair of the Global Business Council on AIDS, and his personal involvement has been the main driver of MTV’s activities (Global Business Council on HIV/AIDS 1998). The company’s primary audience is young people, who are both the group most likely to be infected with HIV and the group most likely to be interested in AIDS as an issue. As Georgia Franklin, Head of Public Affairs, has said, “We have access to them to talk about HIV/AIDS in a way that they will reach out to” (personal communication). MTV, through its actions, gains brand benefits from being associated with an important issue its customers are concerned about.

The Body Shop brand has been built largely on the company’s strong association with social responsibility (Global Business Council on HIV/AIDS 1998). Since 1990, it has raised funds for education, medical research and care and support for people living with HIV/AIDS. It has supplemented this financial support with a “Protect and Respect” campaign to support the work of the San Francisco AIDS Foundation. The company also encourages suppliers based in areas with
high infection rates to get involved with HIV/AIDS activities. It has helped two of its suppliers (Teddy Exports in India and Get Paper Industries in Nepal) to initiate HIV prevention programs. With such a strong and much-trumpeted commitment to social issues, the Body Shop is clearly aware that its business will be under media and NGO scrutiny at all levels, so ensuring that suppliers comply with the company ethos provides security against adverse publicity. *Levi Strauss* was one of the pioneers in action on HIV/AIDS and was instrumental in raising awareness of the virus, and ultimately cutting infection rates, in San Francisco in the early 1980s (Global Business Council on HIV/AIDS 1998). The company’s work initially focused on its employees, but quickly branched out to community projects. Later, the company’s efforts expanded into making educational videos for other companies and public sector organizations. Other examples of HIV/AIDS work with a brand-focus include *Calvin Klein* and *Tanqueray Gin* (Global Business Council on HIV/AIDS 1998; UNAIDS 1998a). Brand name recognition probably also underlies media organizations donating time for HIV/AIDS messages in many countries.  

The above examples show that there can be a role for many different types of business in combating HIV/AIDS, and that their activities will depend on their motivations. In our conclusion, we will assess efforts to bring business on board.

**IV. CONCLUSION: GOING FORWARD**

Traditional private sector action on AIDS has involved businesses working individually with the public sector and non-governmental organizations (the successful awareness and prevention campaigns run by South Africa’s Eskom in collaboration with local community groups and the government are an oft-cited example), but in order for companies to be seen to be benefiting from their own efforts, joint action with other private sector firms — with companies sharing the load, complementing each other’s skills and setting an example for others to follow — is a promising way forward. To facilitate this, business-to-business alliances, such as the Global Business Council on AIDS (GBC), the Thai Business Coalition on AIDS (TBCA) and the South African Business Council on HIV/AIDS have begun to appear. Headed by Nelson Mandela as honorary president, GBC was launched in 1997 and numbers Glaxo Wellcome, MTV International, and Levi Strauss among its members. Among the Council’s activities are advising UNAIDS and other businesses, and running an awards scheme for businesses doing outstanding work on HIV/AIDS. Business-to-business
groups like the GBC are an important complement to private/public links – providing a way of raising the profile of business involvement (thereby giving more firms a brand-driven incentive to join in) and of pooling expertise.

Indeed there are examples of inter-company cooperation, working together with the government and national and international non-governmental organizations. In Thailand, the hotel industry, Citibank, IBM, J. Walter Thompson and media corporate groups have come together with the government of Thailand in projects to help prevent early entry of girls into the sex trade, to educate in order to empower them against deception and forced entry into the trade, and provide them with job training and to help them find socially acceptable jobs. Companies have helped by way of scholarships, media campaigns, part-time jobs, training (UNAIDS 1999a). Such cases are still few in number, however.

United Nations Secretary-General Kofi Annan has recently proposed the formation of a global alliance to tackle AIDS, involving political leaders, health ministers, philanthropic foundations and business. In a recent speech to the American Chamber of Commerce, Annan highlighted the importance of involving and empowering local businesses in the alliance’s efforts (Annan 2001). Encouraging small businesses to take action on AIDS is likely to be an increasingly important part of future business initiatives. However, smaller businesses’ resources in terms of both time and money are usually more limited than larger firms, so new approaches may be needed to bring them on board. A recent survey of 200 CEOs of small businesses in the UK found that their participation in work on issues of social importance is hindered by time pressures and concerns about effects on company profits. Legislation is already in place in many areas to help businesses to act responsibly, but if small businesses are to be persuaded that there are positive as well as negative motivations for social contributions, tax incentives, grants (which are both suggested by the CEOs in the survey) and award schemes might be an effective tool for governments (MORI (Market and Opinion Research International) 2000). In the case of the sex industry, policy changes that either decriminalize or legalize the industry may be necessary in many of the countries.

Other methods of encouraging business involvement might include Chambers of Commerce. Although the UN Secretary-General has recognised the potential of these Chambers,
there is as yet little literature on the role these Chambers (and other business associations) could play. One of the few examples available is that of collaboration between the Zululand Chamber of Business, and the Empangeni Region Department of Education in South Africa to provide training to teachers to support HIV prevention education and counselling among school children (Rogers 2000). Another way for the public sector to access business skills and expertise would be to contract with companies on a paid basis, though again there is little evidence in the literature of this happening.

Organized efforts to involve businesses in the struggle against HIV/AIDS are in their infancy – successful business incursions have so far been largely driven by firms’ own initiative. Innovative thinking will be required on the part of both public and private sectors if the extent of business action is to be widened. The Global Business Council and the UN are leading the way, but local actors will need to play a greater part if real progress is to be made.

A few elements of a successful strategy appear obvious, however. Examples of company interventions suggest that cooperation between the public, private and NGOs are likely to continue to be most common mechanism in intervention projects on HIV/AIDS. This ought not to be surprising. Engagement is the best way to get NGOs on side (the likes of clothing chain Gap, which has faced repeated global protests against its Asian sweatshops, have seen how ignoring protests often serves to exacerbate tensions), and their support will be essential as businesses enter this new market - NGOs which have spent time working on an issue are likely to have built up strong networks of contacts as well as an invaluable knowledge base and public credibility. NGO advocates also might find their case best served by putting tools in business’s hands, which enable them both to understand the effects of the epidemic on their own business environment and to plan commensurate action. Bigger businesses continually strive to understand the conditions they operate in and to take planned action to minimize threats and maximize opportunities. The work of the South African national hospital group, Netcare, and independent employee health services company, Lifeworks, provides an example of this approach. Their ‘AIDS Impact Calculator’ uses a simple Excel spreadsheet formula based on an actuarial model to help companies calculate the impact of HIV on their workforce. A series of actions is then suggested,
including a trust-fund model that enables companies to take prescient action in order to meet future costs from the epidemic.\textsuperscript{16}

Governments' efforts are necessary because their longer time horizons is often key to successful provision of a “social good” and for the political cover they provide for programs. In turn, NGOs and governments, overwhelmed as they are by public good issues such as AIDS, will find working with the private sector can offer a new approach to tackling the problems. If the private sector does decide to get involved in fighting AIDS, it has plenty to bring to the table. The skills prized in the business world are not always prevalent in the public sector. Speed, efficiency, innovation, creative marketing and leadership are all more commonly found in a profitable business than in a government bureaucracy – and all are urgently needed in the fight against AIDS. Business also has more money and more political influence than most NGOs. Private sector skills need not impinge on the extremely valuable work that many NGOs and governments have done in combating the virus: instead they can act as complementary factors.

UNAIDS has grouped the resources business offers under material assets (such as premises, equipment, transport and delivery systems, and money), network of contacts (workforce, customers, other businesses, access to governments, international reach) and skills base (management and communication skills, monitoring capacities, information technology skills and employee knowledge). If these can be combined with team working skills and cooperation with the public sector, important advances will be made. UNAIDS has outlined 10 “key dynamic pathways” that all parties should adopt to facilitate cooperation. These include, among others, acknowledging the drivers that have brought parties to the table; being open about agendas and having an agreed common purpose; bringing a facilitator on board who can inspire and mediate between groups; and understanding what resources and skills each group brings and how they fit with what is needed.\textsuperscript{17} Such clarity can help the private and public sectors to realize that they, as well as those affected by the issue they are working on, can gain benefit from each other’s knowledge.

**Further research**

Further research will aid in efforts to involve the private sector in HIV/AIDS issues. As we have seen, the literature on AIDS and business is quite thin. Table 1 shows that a relatively small number of studies have been conducted, and many of these have used small sample sizes and
focused very narrowly on one or two industries within a single country. Moreover, most of the studies are now dated (referring mainly to the early 1990s, when the epidemic was still in its infancy) and very few have appeared in major journals.

A fresh wave of research would help to clarify the issues and should focus on finding out the extent of the effect of the virus on businesses – looking in particular at workforce turnover, morbidity, health costs and the customer base. In this regard, a set of studies on particular sectors is required: tourism, mining, free trade zones, agriculture, trucking, the informal sector, construction, the police and the fishing industry would all be good starting points, as all are likely to be directly affected by HIV/AIDS. Effects on insurance companies and pension funds should also be studied, as limiting HIV/AIDS is clearly in the particular interest of these sectors. Large sample sizes both within and across countries are essential if a robust enough database is to be drawn up. Research into business awareness and attitudes to HIV/AIDS, and the productivity of infected individuals and attitudes to them among co-workers might also be considered.

Further research should assess the impact of the work that has already been done by businesses with a view to drawing up best practice guidelines for future action. Successful work with NGOs and governments should also be analysed - perhaps using comparisons with private/public sector work in other areas, such as education and the environment – and failures should also be studied to help prevent repetition of mistakes. The Global Business Council on HIV/AIDS recommends promoting these examples of good practice at a national level, and GlaxoWellcome is already promoting its own best practice guidelines across the developing world. More robust studies will give these efforts greater substance.

While evidence is so far limited, the majority of case studies describing business incursions into the HIV/AIDS arena report positive results. Awareness amongst workers and communities is increased, morale is improved and, in some cases, infection rates are down. This would suggest that some business involvement, even if it only extends to educating workforces on AIDS, is desirable. As Georgia Franklin, Head of Public Affairs at MTV – one of the leaders in the business and AIDS field – has said, “The simplest thing a business can do is to take responsibility for its employees in terms of HIV/AIDS.” This behind the scenes work is already going on in many
companies, but firms need to share information with each other and with the public sector if action is to spread.

Many of today’s biggest multinational companies – including the likes of MTV, Microsoft and Levi Strauss – have demonstrated that a commitment to ethical issues can be a core component of a successful business strategy. If the power of business can be harnessed and the public and private sectors can recognize the common purpose and the mutual benefits of combined action on HIV/AIDS, perhaps the epidemic can be reversed. If it is, the involvement of the private sector will have provided a model for a new vision of what business is – and what it can achieve.
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FIGURE 1: Distribution of increased labor costs due to HIV/AIDS for firms in Botswana and Kenya
FIGURE 2: Areas of Impact

Areas of Impact

Levels of involvement
Compliance with regulation
Listening to employees
Programs directed at employees and employees' families
Programs directed at groups, such as the local community, that employees care about

Business Impacts
Avoid litigation
Protect employees' welfare
Make employees happy
Strengthen company loyalty/ increase productivity / make the company more attractive to future employers

Levels of involvement
Compliance with regulation
Honesty in dealings with customers and clients
Programs directed at enhancing the welfare of the market and the local environment

Business Impacts
Avoid litigation
Enhance trust in the company
Protect markets
Increase loyalty to the company

Levels of involvement
Compliance with regulation
Behaving according to stakeholders' expectations
Investing in public goods

Business Impacts
Avoid bad publicity
Protect the brand
Build the brand
The history of tuberculosis provides a salutary lesson here, as complacency over tuberculosis in the US in the 1980s reversed the positive progress that had been made in eradicating the disease over the previous 50 years. See David E Bloom, River Path Associates and Karen Fang (2001)

Witness the draconian responses imprisoning HIV positive individuals and sex workers in India, introduction of HIV testing for getting marriage licenses, and immigration restrictions linked to health (Mann, Tarantola and Netter 1992).

The Harvard Business Review has published 3 full articles on AIDS since 1989 (none in the last 5 years); Forbes Magazine has published 3 since 1997; Money 2 since 1998; Fortune 3 since 2000; the New York Times had published 17 in the month preceding 30 March 2001

Whiteside and Sunter, 2000

National AIDS Fund 2000 (p.2)

Daly (2000, p.13)

Brand image is both an internal and external factor: “Inside the company the brand image acts like a glue and a heartbeat, persuading employees that their product unites them in their daily endeavors, and is something to believe in. Externally, brand image also provides customers with “something to believe in,” to quote the Volvo advertisements of the 1990s.” (McIntosh, Leipziger, Jones and Coleman (1998: 64-5).

PR Week (2001)


In some cases, this pressure leads to more regulatory pressure – UK pension funds, since 2000, have had to state their attitudes towards social responsibility issues in investment policies.

A further study by the Prince of Wales Business Leaders Forum showed that 17% of 25,000 people interviewed across Europe had avoided the products of companies they perceived as not being socially responsible. Cited in Business for Social Responsibility Education Fund: Introduction to corporate social responsibility (http://www.bsr.org/resourcecenter).

Other examples of similar activities by firms include Villares, a Brazil specialty steel and elevator manufacturer, PHILACOR (Philippine Appliance Corporation) the main manufacturer of freezers and refrigerators in the Philippines, the Odebrecht Group (Brazil) a large engineering, construction, chemical and petrochemical group, and the Botswana Meat Commission (Action Brief 1999a; UNAIDS 1998a; UNAIDS 2000g; UNAIDS 1998b).

For example the Safe Sex Campaign in Russia undertaken by the Medicins Sans Frontieres in collaboration with the Russian Ministry of Health (UNAIDS 2000f) and AIDS campaigns in Brazil (Souza, Pimenta, and Izolan 2000).

Another example of a successful private sector-NGO partnership is the Thai Business Initiative in Rural Development (TBIRD) developed by an NGO called the Population and Community Development Association. The projects under this initiative require companies to provide seed funding and training for industrial and agricultural development projects in rural Thailand. Once the project becomes self-sustaining and generates profits, it is jointly operated by PCDA and the corporate sponsor. Nearly 85 companies have commenced projects under TBIRD one of whose objectives is to curb rural-to-urban migration, a major factor in the spread of HIV (Viravaidya and Sacks 1997).

These tools are particularly apposite given findings from a Family Health International (FHI) HIV prevention project in mining communities in South Africa. The organizers found that demonstrating the public health impact of the project to the mining companies via data collection and cost-benefit analysis was “probably most instrumental in ensuring continued support and expansion of the project” (UNAIDS 2000k). Proving the effects of HIV/AIDS is an important way of bringing businesses on board.

http://www.iclinic.co.za/aug00/calculator18.htm

Nelson and Zadek (2000)


Personal communication.