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SA BUSINESSES ALREADY HIT BY ADVERSE IMPACT OF HIV / AIDS

South African businesses are already being confronted by the dire consequences of HIV/AIDS and the response of business to the pandemic urgently needs to be speeded up. Overall, 9% of companies surveyed indicated that HIV/AIDS already had a *significant* adverse impact on their business, while 43% envisage a significant negative impact in five year's time.

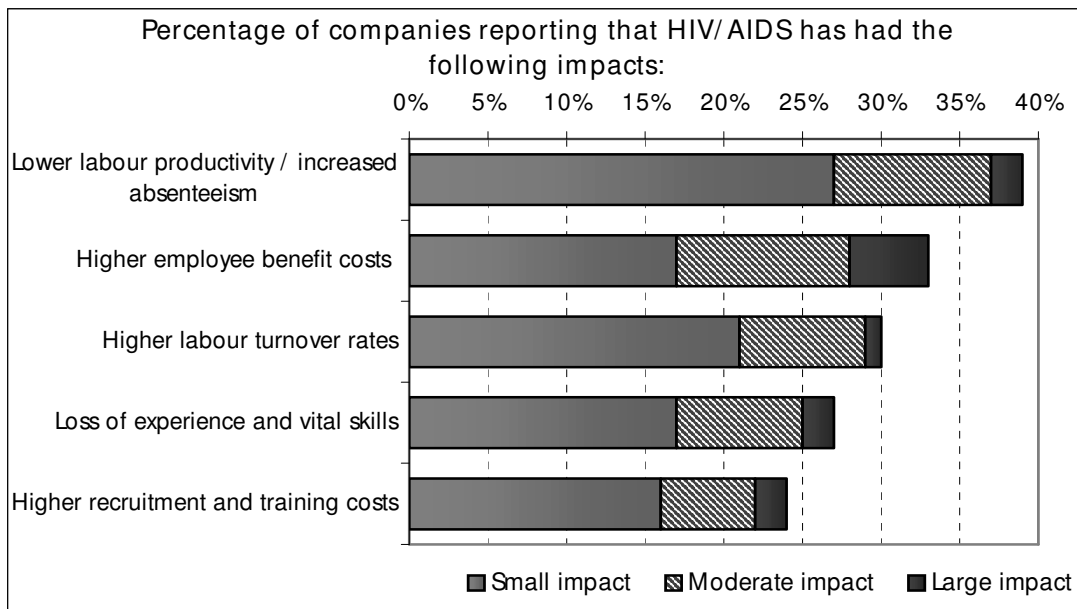
This is according to a new in-depth survey on the impact of HIV/AIDS on business in South Africa released today (10 December 2003) by the South African Business Coalition on HIV & AIDS (SABCOHA).

The survey was conducted by the Bureau for Economic Research (BER) during October and November 2003 among its respondents in the manufacturing, retail, wholesale, motor trade and building and construction sectors. With 1006 companies participating in the survey, it is the largest survey on the impact of

HIV/AIDS on business in South Africa to date. The full report, containing a detailed discussion of the main findings, as well as a breakdown of the results per sector and province, will be published in January 2004.

Dr. Leighton McDonald, spokesperson for SABCOHA said "HIV/AIDS is undoubtedly a bottom line issue for business, as it impacts on production costs and consumer markets. Approximately a third of the companies surveyed reported that HIV/AIDS has already had a negative impact on profits, while more than half expect an adverse impact on profitability in five year's time."

According to him more than a third of the companies surveyed indicated that HIV/AIDS has reduced labour productivity or increased absenteeism, and raised the cost of employee benefits. Some 30% reported higher labour turnover rates; 27% indicated that they have lost experience and skills, while 24% incurred recruitment and training costs due to the epidemic (see graph below).

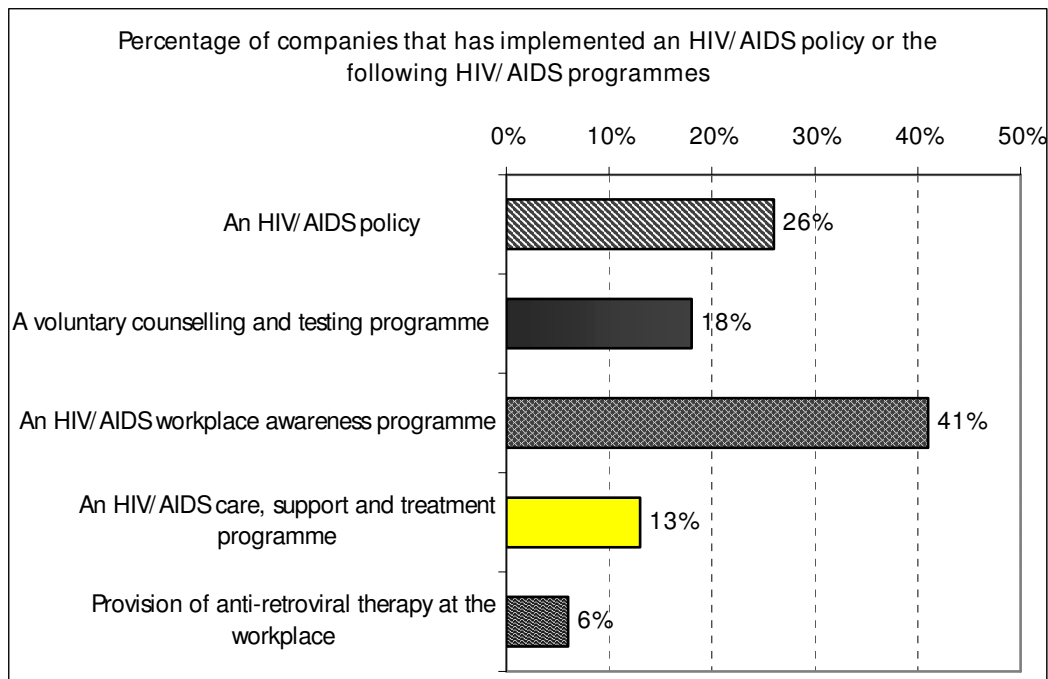


"Given that only 8% of all the companies surveyed expect to be able to pass some of these HIV/AIDS related costs on to customers by increasing their selling prices, it is not surprising that so many reported that HIV/AIDS is having an adverse impact on profits," he said.

However, it appears as if HIV/AIDS has had a smaller or less noticeable impact on the demand side than on the production side of business in South Africa. Less than 10% of the companies surveyed have noticed a negative impact on their sales. However, three times as many expect the epidemic to have an adverse impact on sales in five year's time.

When employers were asked about the impact of HIV/AIDS on their employment decisions, 18% of the companies surveyed indicated that they foresee appointing extra employees (also known as work shadowing) to compensate for the impact of HIV/AIDS on labour productivity, absenteeism and mortality. Less than 15% reported that they were investing in machinery or equipment to reduce their dependence on labour. Only 6% of the respondents indicated that HIV/AIDS has had an adverse impact on their decision to invest in South Africa.

Dr. McDonald said results from the SABCOHA survey suggest that most companies in South Africa have failed to respond to the epidemic. Only a quarter of all the firms surveyed have implemented a formal HIV/AIDS policy, while less than a fifth have a voluntary counselling and testing programme, or provide care, treatment and support to infected workers (see graph below).



Employers are doing slightly better on the softer, less resource intensive interventions, such as the implementation of an HIV/AIDS workplace awareness programme. Overall, 41% of respondents indicated that they have implemented an HIV/AIDS awareness programme.

Employer responses to the epidemic also appear to be linked to company size, with most large companies indicating that they have an HIV/AIDS policy in place and small companies (with less than 100 employees) having done little in the way of action against the epidemic. Small and medium enterprises are an important source of employment in South Africa, and since their existence may be threatened as the epidemic peaks, it is imperative that they react strategically to HIV/AIDS.

The perception of most companies seems to be that HIV/AIDS will have a small to moderate impact on their business and some companies have implemented HIV/AIDS policies and programmes to reduce the impact of the epidemic. However, these perceptions and employer strategies may well be based on insufficient or inaccurate information, as less than 15% of all employers surveyed have conducted research to assess the impact of HIV/AIDS on their labour force, production costs or consumer base.

According to SABCOHA, the response of business to HIV/AIDS needs to be speeded up. With rising HIV prevalence and clear evidence of the adverse impact of the epidemic on business in South Africa, companies should not be lagging behind with regard to the implementation of HIV/AIDS policies and programmes. "It is our hope that the results from this survey will assist the private sector in recognising the business case for further action against HIV/AIDS in the workplace and beyond", said SABCOHA.

About SABCOHA

SABCOHA is a coalition of companies that strives to "co-ordinate businesses response to the HIV/AIDS pandemic in South Africa". It is designed to share best practices in the care and support of HIV/AIDS sufferers and is moving rapidly

towards establishing partnerships with government and civil society to provide such services.

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