

ILO/VW project on OSH and Supply Chain

# **HIV/AIDS in the workplace for Small & Medium Enterprises in the Supply Chain**

**A background document**

*Prepared by:*

***Claudia Shilumani***

## Content Page

Content Page .....	2
1. Introduction .....	3
2. The impact of HIV infection on SMEs .....	3
3. Challenges faced by SMEs .....	4
4. Best practices in South Africa .....	6
5. Guidelines informing policies and programmes .....	6
6. The HIV/AIDS component for the ILO/VW project .....	7
7. Annexures .....	9
8. References .....	9

# 1. Introduction

UNAIDS has reported in its 5<sup>th</sup> global report of 2005, that Sub-Saharan Africa is home to more than 27 million people living with HIV and AIDS<sup>1</sup>. It has been reported also that three out of four HIV infections are among the working group.

South Africa is one of the most hit countries by the HIV/AIDS epidemic in Africa, with over 6 million people currently living with the virus. Like many of the countries in Sub-Saharan Africa, more than two thirds of the South African employees are found in the small and medium enterprises – those employing 200 or less employees<sup>2</sup>.

Large companies in South Africa have well developed HIV/AIDS programmes that are supported to a large extent by effective policies. However, SMEs have not been able to come on board to develop policies and programmes, and implement them as the large companies have. This has been due to one or more of several reasons which are described in the subsequent sections.

## 2. The impact of HIV infection on SMEs

HIV/AIDS has been reported to pose a serious threat to all sectors and at all levels of the economy. It has also been indicated previously that businesses in the second economy are more vulnerable than the larger businesses. More often than not, small businesses are individually owned, and illness or death of the operator is therefore very likely to lead to the closure of the business. As a result, jobs are lost. HIV/AIDS thus deepens poverty and intensifies economic inequalities.

The costs of HIV/AIDS for informal sector enterprises are the same as those in the formal sector, both directly and indirectly. Direct costs include expenditure on medical care, drugs and funerals. Indirect costs include loss of time due to illness, recruitment and training costs to replace workers, and care of orphans. Profit margins are usually very tight, and access to official support mechanisms is extremely limited. When small enterprises lose their profitability and their potential for growth, they often fall down the drain with no resuscitation. .

Many informal sector operators and workers living with HIV/AIDS either lose their means of livelihood or see their businesses collapse due to their inability to work.

Even if they enter a period of recovery it is often difficult to resume work because they will have depleted their personal resources while unable to work.

The impact of HIV/AIDS on informal sector activities, which are often family enterprises or are operated or owned by sole breadwinners, begins as soon as a family member starts to suffer from an HIV-related illness. This rapidly leads to loss of income of the informal sector operator and increased expenditure on medical and other expenses. Eventually there are also funeral costs. Children are often removed from school to save on educational expenses and increase the household's labour, but this ultimately reduces the family's earning potential and affects the human resource base of the whole country.

HIV/AIDS does not affect only the size of the informal sector's labour force; it also affects its quality. A considerable number of those infected with HIV are experienced, skilled workers within the sector. The loss of these workers, together with the entry into the labour market of orphaned children who have to support themselves, is likely to child labour eradication efforts as well as the skills and experience of the informal workforce. Its gender composition is also expected to change as more orphaned children and widows seek employment in the informal sector.

### **3. Challenges faced by SMEs**

It is well documented that informal economic activities account for the bulk of employment in developing countries, and that in times of crisis and economic downturn these activities become even more crucial as a form of social assistance and a means of poverty alleviation. Workers in the informal sector represent the largest concentration of "needs without a voice". They are excluded from or under-represented in social dialogue and processes with and in institutions. Unlike the formal economic sector, there is little contact between the informal economy and NGOs, and government's HIV interventions reach few of its workers. Moreover, the sector is usually not a focal point of service providers with regard to HIV/AIDS interventions.

The difference between large and smaller companies extends also to the challenges that each face. With HIV/AIDS policies and programmes, the challenges are even massive for SMEs than for large companies. The major reasons that lead to SMEs failing to implement effective HIV/AIDS programmes for employees include:

- a. Employers and employees still lack the basic information about HIV and AIDS
- b. Low perception among top management about the relationship between HIV/AIDS and productivity
- c. The cost associated with implementing HIV/AIDS programmes may be too high for small business to invest
- d.

It is important to note that SMEs are largely vulnerable to HIV/AIDS epidemic because most of its employees are drawn from low educated groups, often engaged in short term or contracted work. Understanding of HIV/AIDS issues among such a group is usually very low.

It is therefore important for South Africa and the region to put more effort into capacity building among SMEs to enable them to develop and implement sustainable workplace HIV/AIDS policies and programmes. Such effort will contribute to decent and safe work for employees, even at the SME level where government initiatives have not managed to reach.

It is hoped that the SME level workplace HIV/AIDS interventions will:

- Promote non-discrimination and openness around HIV/AIDS.
- Enable enterprises to develop prevention education programmes for all workers and to specifically invest in targeting situations of high risk.
- Enable enterprises to develop their own responses, so that people are taught skills to enable them to put the information into practice.
- Complement education with supportive services.
- Ensure greater involvement of people living with HIV/AIDS as central to effective workplace programmes.
- Capacitate SMEs to develop strategies and projects in areas of economic and social development which address poverty, income inequality, the bargaining power of women, housing, migrancy, etc.

## 4. Best practices in South Africa

Several companies in South Africa have plausible HIV/AIDS programmes. Although these are mainly large companies, it is worth mentioning them in order to extract replicable practices that apply to SMEs as well. In addition to Volkswagen South Africa (VW-SA), some of the companies that have been identified as having good policies and programmes in place include:

- Metropolitan Life
- BMW – South Africa
- Daimler Chrysler – South Africa
- Heineken
- Eskom
- Illovo sugar – South Africa
- Unilever
- South African Breweries

Almost all the companies mentioned above operate through a supply chain, where they outsource some of the non-core functions to suppliers, mostly companies that fall under the SME category. Although their programmes cannot be transported as one glove fits all to the suppliers, the relationship between the mother company and its suppliers can be exploited such that the suppliers also conform to both international and national laws, regulations and standards.

## 5. Guidelines informing policies and programmes

Internationally and locally, there are guidelines that have developed in order to guide the response towards the HIV/AIDS and mitigate its impact in the world of work. Such guidelines include [An ILO code of practice on HIV/AIDS and the world of work](#), the Department of Labour's *Code of good practice on key aspects of HIV/AIDS and employment*, International Conference of free trade unions' *framework of action towards involving workers in fighting HIV/AIDS in the workplace*, Family Health International's *Private sector AIDS policy: Businesses managing AIDS – A guide for managers* as well as COSATU's *Campaign against HIV/AIDS: a guide for shop stewards*.

These guidelines are available on the websites of the institutions and a couple have been annexed to this document.

## **6. The HIV/AIDS component for the ILO/VW project**

The nature of work at SME level means that entrepreneurs and workers engaged in informal economic activities are often hard to reach and are consequently out of reach of educational and health interventions related to HIV/AIDS. Involvement in the informal economy is often driven by poverty. The informal nature of the sector often provides both a “last chance” opportunity for survivalist economic activities for those most hit by poverty as well as an “economic space” for those already affected with HIV. The fact that large numbers of this sector are illiterate or not functionally literate makes this sector more difficult to reach using conventional methods.

With the above background, the ILO/VW project provides a unique opportunity for collaboration between participating stakeholders in the development of a SME level approach to HIV/AIDS in the workplace, particularly those that are in the supply chain.

In addition to improving occupational safety and health within the suppliers of Volkswagen, the project aims at building capacity for the suppliers to be able to develop and implement successfully their own HIV/AIDS in the workplace policies and programmes.

To achieve this, the project works very closely with the HIV/AIDS in the workplace team of VW-SA, whose workplace HIV/AIDS programme won the company an international award from the global coalition on HIV/AIDS through a partnership with GTZ. The project also taps on the experience and similar programmes from GTZ to magnify the impact.

The active involvement of the South African business coalition on HIV/AIDS ensures that the approach is based on tested methods, and tailor made specifically for the SMEs. The toolkit (annexure 1) that was developed by SABCOHA will be very instrumental when reaching out to SMEs.

Briefly, the toolkit consists of the following modules:

- HIV/AIDS Programme Introduction & Management Summary;
- Management Pathway – overview, guide and process to setting up an effective HIV/AIDS Programme;
- Steering Committee Guide – Relevant processes and documentation on how to get started with an HIV/AIDS programme;
- Champion’s Reference – supporting documentation and resources for the workplace Champion and Steering Committee;
- Frequently Asked Questions (contained on index cards); and
- Resource materials – brochures, posters, a video with information on living positively with HIV/AIDS.

A training strategy has been developed for both the labour inspectors and the suppliers in order to ensure synergy between the two groups. The ILO manual on HIV/AIDS for Labour and Factory Inspectors as well as the ILO code of practice on HIV and the world of work will be used as the basis for the development of training manuals to be used during the training courses. Other supporting documents will be used as well so that the training is comprehensive and equips the participants with the necessary tools to implement HIV/AIDS programmes with ease.

With regard to the Prevention Service System (PSS), HIV/AIDS will form part of the system where experts on different aspects of the matter will form part of the network and solutions regarding HIV/AIDS problems will be provided. It is expected that a guideline on HIV/AIDS in the workplace for SMEs will be developed as a tool for all SMEs countrywide.

## **7. Annexures**

## **8. References**

<sup>1</sup> UNAIDS (2005): 5<sup>th</sup> global report on HIV/AIDS

<sup>2</sup>The Economist (2005): HIV/AIDS in the workplace for SMEs