

**CORPORATE SOCIAL INVESTMENT AND HIV/AIDS IN**

**SOUTH AFRICA**

BY

**RENITHA RAMPERSAD**

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**Promoters: Dr H. Rugbeer**

**Professor G. Mersham**

**Co-supervisor: Dr Y. Rugbeer**

## **ABSTRACT**

### **CORPORATE SOCIAL INVESTMENT AND HIV/AIDS IN SOUTH AFRICA**

BY

**Renitha Rampersad**

This dissertation presents the results of an analysis of corporate social investment and HIV/Aids programmes in South African corporations.

The study measures the growing debate over the responsibilities of business and the examination of Corporate Social Investment (CSI) programmes and communication strategies used in HIV/Aids awareness programmes by the top 100 listed companies on the Johannesburg Stock Exchange (JSE).

The first part of the study reviews theories and literature relevant to defining the understanding and the impact of HIV/Aids on businesses, the idea of corporate social investment/responsibility and the business response to AIDS.

Subsequent chapters describe the construction of a survey instrument employed to measure and evaluate the extent of CSI and HIV/Aids in South African corporations and the findings of the survey.

Penultimate chapters blend the insights gained from this literature review to interpret the results, obtained through the quantitative research methodology, to describe a set of conclusions and recommendations in the context of applying corporate social investment and HIV/Aids to the South African business environment.

## **DEDICATION**

This study is dedicated to two very special young ladies, my daughters Pooja and Juhi, who have given me the strength and determination to reach this milestone.

## ETHICAL STATEMENT BY RESEARCHER

With the signature below I, Renitha Rampersad, hereby declare that the work that I present in this dissertation is based on my own research, and that I have not submitted this dissertation to any other institution of higher education to obtain an academic qualification.

A handwritten signature in black ink, appearing to read 'Rampersad', written over a horizontal line.

R. Rampersad

15 February 2007

Date

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## WRITING CONVENTIONS

The following conventions are used in this study:

- An abbreviated style of referencing is used in this study, for example Whiteside and Sunter (2000:23), meaning Whiteside and Sunter 2000, page 23.
- When reporting current events from the print media the name of the publication is presented, followed by the date of publication in brackets as in (Daily News, 08/03/06).
- Illustrative tables and figures are all given as Figures 1 – 30 and Tables 1- 54 in their chronological sequence of appearance.
- A conscious effort has been made to limit the use of footnotes as far as possible in order to facilitate the uninterrupted reading of the dissertation.
- For commonly used terms full terms are used in headings. Acronyms are used in paragraphs.
- Relevant material relating to Corporate Social Investment and HIV/Aids was tracked down from websites. Such website addresses are included in the dissertation, both for verification purposes, and for acknowledgement of the source of information. An example of a typical website address is: <http://www.cliffedekker.co.za/literature/corpgov/index.htm>. The World Wide Web (WWW) is transient and ever changing, therefore one should expect that websites from which information is gathered will be offline or may alter the contents of the website a period of time.
- In instances where the electronic document has been downloaded from a website, the author is given, followed by the website address as in Global-Philanthropy (2005: [www.global-philanthropy.org](http://www.global-philanthropy.org)).
- The bibliography has been separated into authored and non-authored references.

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## *Chapter 1*

### INTRODUCTION, PROBLEM DESCRIPTION AND OBJECTIVES

#### **THE RATIONALE FOR THE PRESENT STUDY**

This study focuses on the conceptual assessment to which organisations have implemented HIV/Aids programmes into their corporate social investment programmes. This study will focus on evidence of concrete strategies and plans of action available for the effective management of HIV/Aids in the workplace and will highlight government legislation and the input of other role players.

According to Ellis and Terwin (2004) the HIV/Aids pandemic is now a global crisis, and constitutes one of the most formidable challenges to development and social progress. Most corporations are ensuring that employees are educated and trained in HIV/Aids related issues and are in possession of facts relating to the HIV virus. Corporate South Africa sees HIV/Aids as a critical part of the management agenda, therefore the challenge is for companies to take the moral initiative, and the failure to do so may damage the company's reputation.

According to Global-Philanthropy (2005: [www.global-philanthropy.org](http://www.global-philanthropy.org)) HIV/Aids has given rise to immense social challenges in South Africa. Individuals and business worldwide have come together to meet these challenges. A growing number of large businesses have come up with a fascinating example of taking a social and moral responsibility beyond their legal requirements in allocating resources to address one of the most serious pandemics, HIV/Aids. Twenty years after the first clinical evidence of Acquired Immuno Deficiency Syndrome (AIDS) was reported on the global front, HIV/Aids has emerged among the great health, development and security issues in human history. One third of the estimated 40 million people living with HIV/Aids on the global front are between 15-24 years old.

According to Avert (2005c: <http://www.avert.org/aroundworld.htm>) when AIDS first emerged as a disease over twenty years ago, few people could have predicted how the

pandemic would evolve. Towards the latter part of 2001 it was noted that 21.8 million people around the world had already died from this deadly virus, 4.3 million of them were children. Nearly twice that many - 40 million are now living with HIV, the virus that causes AIDS. The most recent UNAIDS/WHO estimates show that, in 2003 alone, 5 million people were newly infected with HIV.

According to a UNAIDS (2006) study, South Africa is currently experiencing one of the most severe HIV pandemics in the world. By the end of 2005, there were five and a half million people living with HIV in South Africa, and almost 1 000 AIDS deaths were occurring every day, according to UNAIDS estimates.

According to Rockey (2002: 179), the repeated calls for business to lead the way in combating the pandemic results in part, from the void created by government vacillation on the issue, and also because the private sector has the resources and expertise to make a real impact. The private sector is motivated by a number of factors, not least the need to assess the impact of HIV/Aids on workplace productivity and recognition of their responsibility toward workers. In particular, they have a moral obligation where workplace practices have amplified the spread of the disease, such as in the mining industry which is characterized by migrant labour and single sex hostels, and in the road transport industry, where long-haul drivers face nights away from home in HIV prevalent environments. Aside from any moral or business imperative, HIV/Aids is appealing for corporate compassion.

It is therefore essential for organizations to have a clear strategic emphasis on the structure of their HIV/Aids plans and programmes. This study examines and evaluates criteria in order to determine if a particular strategy will be considered successful or not. (These criteria are essential for the organization's survival in the long term). The role of important stakeholders also forms a crucial part of this study. Management will be confronted with various options in determining a proper strategy or action plan that will effectively and efficiently combat and manage the spread of the pandemic within the workplace (Rockey 2002: XIV).

A study by UNAIDS (2004: <http://www.unaids.org/bangkok2004/GAR2004html/ExecSummaryen/ExecSummen06.htm#P29536229>) shows that in most countries, HIV prevention, AIDS treatment and care are complex problems that exceed the capability of any one sector. The study confirms that for an effective response, it is important to:

- Combine strong national leadership and ownership;
- Ensure good governance, resource mobilization, multisectoral planning and coordination;
- Reinforce capacity to use resources well and implement programmes;
- Closely monitor and evaluate the AIDS response;
- Significantly involve communities, civil society and the private sector.

The UNAIDS study (2004: <http://www.unaids.org/bangkok2004/GAR2004html/ExecSummaryen/ExecSummen06.htm#P29536229>) also reveals that political commitment has recently increased in the hardest-hit countries. In sub-Saharan Africa, as well as some countries in Asia and the Caribbean, more leaders have taken personal responsibility for implementing the national AIDS response. For example, in Lesotho in March 2004, Prime Minister Pakalitha Mosisili and more than 80 senior civil servants were publicly tested for HIV, in an attempt to break the stigma that discourages testing.

However, in many countries where HIV is spreading quickly, such as those in Asia and Eastern Europe, a lack of leadership may result in a delayed response. Furthermore, in low prevalence countries where the pandemic is concentrated in key populations at high risk, such as sex workers and injecting drug users, many senior political leaders remain detached from the response to AIDS.

The study therefore concludes that only 20% of transnational companies have adopted comprehensive workplace policies on AIDS. At country level, implementation of workplace policies is generally poor. Although workplace AIDS programmes are increasing in many affected countries, employers and trade unions could still play a much larger role. It is evident that business can contribute to the AIDS response at different levels (2004: <http://www.unaids.org/bangkok2004/GAR2004html/ExecSummaryen/ExecSummen06.htm#P29536229>).

## **CONTEXTUALISATION**

### **The South African Situation**

In South Africa accountability and duties of business are highlighted, especially since the country is faced with severe social, political and economic tribulations, including the legacies of apartheid. Business is facing growing pressure and demands from society to become part of the solution to these problems and particularly the problem of HIV/Aids.

Dickinson (2004: 1), reports that an account must be taken of inescapable tensions that tangibly link internal and external environments in ways that pre-date and exist independently of any strategy seeking to respond to HIV/Aids. Four such tensions are identified: political, moral, industrial relations, and socio-economic. While progress has been made by business in responding to HIV/Aids, these conflicts remain significant. Dickinson (2004) further believes that a critical question is whether companies can resolve wider socio-economic tensions - a necessity if they are to protect workers and their skills. In contrast to unitarist calls for a 'war' on AIDS, offering an appropriate corporate response presents a complex and formidable challenge, but also an opportunity for South African management to establish a new role within the post-apartheid order.

Mersham (1992a: 54-55) draws attention to the aspect of social responsibility as a national development philosophy with a moral (normative/ethical) imperative in the South African context:

Social investment calls for the acceptance of the idea that an organization is socially accountable – that it can see more than just making a profit, and turn its actions and operations to the benefit of the community and to the wider society in which it functions ... the concept of social responsibility includes an organisation's relationship to the society in which it operates, and its involvement in the problems of national significance that face that society.

Corporate Social Investment (CSI) is a major issue in South Africa. Several companies are involved in CSI activities, which support a cross-section of projects throughout South

Africa. HIV/Aids programmes are one of those investment projects that source funding from the South African business sector. HIV/Aids in South Africa is a source of personal suffering and affects every level and every sector of society. It is also a cause of serious productivity problems in business. Bloom *et al.* (2002: 6), report on a study by Tyler and Shah (1997), on nearly a thousand firms in Sub-Saharan Africa.

The study found the replacement of professional staff to be one of the most significant problems, with firms taking 24 weeks to replace a deceased professional, compared to 2 to 3 weeks for less skilled staff.

Rockey (2002: 193) maintains that from a community perspective there is a strong moral obligation for business to contribute to combating the virus. The challenge now is to link corporate social investment to assist in the fight against HIV/Aids, in order to optimise impact, both for the business and for the community at large. There exists the need for business to move from the 'awareness' stage into the 'action' stage. As HIV/Aids becomes more visible, companies are experiencing 'multiple loss' (more than one death), which can lead to lowered staff morale.

Increased costs arise from increased staff turnover, training costs, medical health, insurance and funeral costs. Unless, companies act quickly with new strategies HIV/Aids costs will escalate. In the area of manufacturing and distribution, companies are facing ongoing absenteeism, which inevitably leads to lower productivity, and a higher cost of production. Higher production costs if absorbed lead to lowered profitability. Absenteeism is one of the primary forces of rising costs and declining productivity (Rockey, 2002: 193).

Business leaders are still grappling with the impact of HIV/Aids specific to their firms. Appropriate management of HIV/Aids requires leadership and an understanding of the impact of the pandemic. Long-term sustainable responses will only be achieved if all stakeholders are convinced of the business rationale for action. Without sufficient stakeholder acceptance of HIV/Aids as a strategic priority, the development of an HIV/Aids policy will be hampered and the implementation of programmes will be jeopardised (Rockey, 2002: 193).

Richard Feachem, Director of the United Nations backed Global Fund to fight Aids, Tuberculosis and Malaria, is *cited* as saying that South Africa has the highest number of victims in the world, with estimated infections of 5.3 million among its population of 45 million. The UN organisations, UNAIDS, estimated that 26.6 million people in sub-Saharan Africa are infected (Feachem: 2004).

## **PROBLEM DESCRIPTION**

HIV/Aids has become a harsh reality for South African business. According to Brown (2004: 3) the HIV/Aids pandemic is Africa's most serious development crisis, with Southern Africa bearing the brunt with one in seven of the adult population living with HIV/Aids. The scale, severity and impact of HIV/Aids on these societies is threatening the capacity of governments and communities to function effectively.

The pandemic has already reached the level where it will seriously affect the production capacity of the country. The average life expectancy in South Africa is expected to fall from 60 years to around 40 years between 1998 and 2008. Towards the end of 1998, 50 percent of all new infections in Southern Africa that occurred that year, were in South Africa, and eventually caught up with neighbouring countries such as Botswana, Namibia, Swaziland and Zimbabwe (Moore, 1999: 3).

According to Kinghorn (2000: 23), it is absolutely imperative, that management play an active role in formulating suitable strategies for implementation in the short, medium and long term. The importance of this study lies in the investigation of strategies and methods to reduce the impact of HIV/Aids on the economy and more importantly, in the workplaces of organizations. More effective management methods are needed to produce a positive impact on employees and operation processes within the business environment. Comprehensive responses to the implementation of action programmes and cost-effective strategies will benefit business directly and will have wider benefits in communities and society at large.

While a great deal of research has been carried out on the many and complex aspects of the pandemic, few studies have addressed the question of how South African business is addressing the pandemic within the Corporate Social Responsibility and Triple Bottom

Line frameworks. The findings from this study will be an important benchmark in describing how the private sector is responding to the pandemic.

In addition, a comprehensive study of this nature has not, to date, been undertaken among South African Corporations. New knowledge ought therefore, to emerge with regard to the communication methods that are employed in such programmes and the effectiveness of such methods.

### **CONTRIBUTION TO THE FIELD OF STUDY**

The results of this study are applicable to listed and non-listed companies in the private sector, namely, corporate organizations. However, these findings could have broader implications for other stakeholders. Professional bodies, tertiary educational institutions, companies in the public sector, corporate strategists, external interest groups and the international community will be able to access crucial information on the communication strategies that exist for dealing with HIV/Aids at a corporate level.

Specific contributions that relate this study to the fields of corporate communication and public relations are:

- It provides a holistic empirically based theory that describes the management of HIV/Aids policies in the corporate sector.
- It determines exactly what procedures the corporate sector is undertaking at present.
- It provides a benchmark against which South African companies can compare their existing policies and strategies.
- It provides empirically researched data that South African companies can use when assessing and writing new strategies for their organizations.
- It provides academics with a well-researched guideline for teaching post graduate students about strategies and corporate communication, so that when these students take on management positions in industry they will be able to make use of these contributions to make informed decisions for their company.

## RESEARCH QUESTIONS

Against the background of this study the following general research question can be asked:

***What is the role of business in supporting HIV/Aids programmes in South Africa, through their CSI programmes?***

The purpose of this study is to investigate and examine the corporate social investment programmes of the top 100 listed companies on the Johannesburg Stock exchange (JSE) and to determine the extent to which their programmes strategically include an HIV/Aids component. The following questions were explored:

- To what extent do companies and organizations commit resources to this effort?
- What are the criteria and policies, relating to CSI and HIV/Aids programmes that come into play in an organization?
- How do large private sector organisations view their policies and CSI responsibilities in the current political, social and economic circumstances?

This study is important in order to examine realistic strategies that exist and to ensure that the gap in South African organisations in terms of the pandemic is addressed. Such strategies would ensure competence within all organizations in the interest of productivity and long term sustained growth.

### **Specific research questions are:**

- Does the company have a strategic corporate social investment programme in place and if they do, what is the nature of the programme?
- What percentage of the budget is allocated to HIV/Aids?
- Does the company have an HIV/Aids policy in place and what is the nature of such a policy?
- How are the policies and activities communicated to stakeholders?
- What is the proportion of corporate business support for HIV/Aids awareness?
- What is the proportion of corporate business support towards HIV/Aids treatment for its employees?
- What are the other funding initiatives of the company?

- What general and specific theoretical conclusions can be drawn from the Mersham *et al.* (1995) model for corporate social investment and development communication?

## **RESEARCH OBJECTIVES**

The central objective of this study is:

*To highlight the role of business in supporting HIV/Aids in the South African society where evolving political, social and economic issues are of significance.*

Specific objectives are:

- To establish the scope of the HIV/Aids pandemic and provide a chronological outline of growing awareness of the problem in the business sector.
- To describe the development of Corporate Social Responsibility in South Africa and its specific characteristics in the context of the country's social, political and economic development.
- To describe how HIV/Aids programmes initiated by the business sector are situated in the context of their CSR programmes.
- To examine how CSR has become incorporated into the Tripple Bottom Line (TBL) and therefore how HIV/Aids programmes are included in TBL reporting.

## **THEORETICAL ARGUMENTS**

To conceptualise this study, the theoretical approach employed the communication model for development proposed by Mersham (1992b). Communication equality between communicator and recipient in this graphic communication model for development and public relations is debated. The model allows for a heuristic approach to evaluating the different components of the communication process in the CSI context (Mersham, 1992b).

Based on the above the study focused on an investigation of corporate social investment and the communication strategies/policies used for HIV/Aids awareness programmes in South African organisations.

The following were examined:

- Analysis of the Communicator
- Analysis of recipients
- Analysis of the Message(s) and the signs and symbols of the coding process
- Interaction between participants
- Media used in the process.
- Interpretation and expression of messages

The socio-cultural circumstances of communicators and recipients in the broader context of South African society were also examined.

In most companies the public relations practitioner (PRP) or corporate social investment co-ordinator are the communication champions. They facilitate the communication of messages between the stakeholders and the organization. In this case the PR practitioner or the CSI coordinator will monitor the communication process between the employees within the organization and the external stakeholders regarding the HIV/Aids scenario.

Mersham's (1992b) graphic communication model for development provides a basis for evaluation of the corporate social investment opportunities and HIV/Aids strategies/policies of the sample.

## **METHOD OF INVESTIGATION**

As this is a quantitative study, the data collected formed the empirical research. A structured questionnaire was administered to the sample of 100 companies. The sample was selected from a special supplement in the *Sunday Times*, Business Times survey on the Top 100 Companies listed on the JSE. The companies were chosen based on their financial performance and other factors which included, corporate governance, empowerment commitment, strength of management, investability (value buy and tradability). A detailed discussion on the research methods is found in Chapter Six.

## **LITERATURE STUDY**

For the initial survey a Nexus search was conducted to determine the nature and extent of research regarding Corporate Social Investment and HIV/Aids in South Africa. The search revealed that there is no ongoing or completed research in South Africa regarding Corporate Social Investment and HIV/Aids among the top 100 listed companies on the JSE. These facts were taken into cognisance when the researcher initially formulated the research problem for this study.

The literature was also used to compile theoretical guidelines and to determine the context in which South African corporations function in terms of HIV/Aids policies. The literature was furthermore studied to obtain background information on the companies that are included in the study.

## **DEFINITION AND CLARIFICATION OF CONCEPTS**

The terminology used throughout the study is explained below:

### ***AIDS***

According to Whiteside and Sunter (2000), AIDS is an acronym for “acquired immuno deficiency syndrome”. It is the clinical definition given to the onset of certain life-threatening infections in persons whose immune systems have ceased to function properly as a result of being infected with HIV. Whiteside and Sunter (2000), explain the acronym as follows:

- The ‘A’ stands for Acquired. This means that the virus is not spread through casual or inadvertent contact like flu or chickenpox. In order to be infected, a person has to do something which exposes them to the virus.
- ‘I’ and ‘D’ stand for Immuno Deficiency. The virus attacks a person’s immune system and makes it less capable of fighting infections.
- ‘S’ is for Syndrome. AIDS is not just one disease but it presents itself in a number of diseases that come about as the immune system fails.

### ***Antiretroviral Therapy (ARVs)***

According to Redribbon (2006: <http://www.redribbon.co.za>) Antiretroviral Treatment includes ethical and clinical and specialized laboratory support to patients. With significant improvements in the cost and availability of antiretroviral therapy (ARVs), more and more companies are now directly treating their employees and dependents. ARVs require ongoing monitoring and supervision by trained medical personnel with access to the necessary clinical tests. ARVs are a long term commitment: their considerable benefits continue for only as long as they are taken.

### ***Corporate Social Investment (CSI)***

Leoka (1985: 71) defines CSI in the South African context as the “conscience of the capitalist system”. Mersham *et al.* (1995: 89) further suggests that this is not a view that is necessarily shared by all members of big business in South Africa. Visagie (1993: 1) argues that CSI “is neither an admission of guilt for their share of the agony of the deprived, nor is it implying responsibility for the socio-economic welfare of the country”.

### ***Corporate Social Responsibility (CSR)***

Hopkins (2004: 1) articulates that CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. ‘Ethically or responsible’ means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic responsibility. Stakeholders exist both within a firm and outside. The natural environment is a stakeholder. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation. CSR therefore means the ethical behaviour of business towards its constituencies or stakeholders.

### ***Pandemic***

According to the Online Dictionary and Encyclopaedia (2006:<http://www.answers.com/topic/pandemic>) a Pandemic is the occurrence of cases of disease in excess of what is usually expected for a given period of time. Pandemics are commonly thought to involve outbreaks of acute infectious disease, such as measles, polio, or streptococcal sore throat.

More recently, other types of health-related events such as homicide, drowning, and even hysteria have been considered to occur as “pandemics.”

In contrast to pandemics, endemic problems are distinguished by their consistently high levels over a long period of time. Lung cancer in males has been endemic in the United States, whereas the surge of lung cancer cases in women in the United States represents an pandemic problem that has resulted from the increase in cigarette smoking among women in general. A pandemic is closely related to an epidemic, but it is a problem that has spread over a considerably larger geographic area; influenza epidemics are often global.

### ***HIV***

According to International-Health (2006: [www.international-health.org/AIDSEconomics](http://www.international-health.org/AIDSEconomics)) HIV stands for *Human Immuno Deficiency Virus* (HIV), the virus which causes *Acquired Immuno Deficiency Syndrome* (AIDS). HIV attacks and slowly destroys the immune system by entering and destroying the cells that control and support the immune response and system. After a long period of infection, usually 3-7 years, enough of the immune system cells have been destroyed to lead to *immune deficiency*. The virus can therefore be present in the body for several years before symptoms appear. When a person is immuno-deficient the body has difficulty defending itself against many infections and certain cancers, known as “opportunistic infections”. It is possible to monitor the development and degree of immuno-deficiency, and while the impacts of the disease can be mitigated with proper treatment; there is no cure for AIDS once a person is infected with HIV.

### ***HIV Testing***

According to Avert (2005d: <http://www.avert.org/testing.htm>) HIV testing is a medical test to determine a person’s HIV status. The standard HIV test looks for antibodies in a person's blood. When HIV (which is a virus) enters a person's body, special proteins are produced. These are called antibodies. Antibodies are the body's response to an infection. So if a person has antibodies to HIV in their blood, it means they have been infected with HIV. The only exception might be an HIV negative baby born to an HIV positive mother. Babies retain their mother's antibodies for up to 18 months, so may test positive on an HIV antibody test, even if they are actually HIV negative.

### ***King Report on Corporate governance***

According to Cliffdekker (2005: <http://www.cliffedekker.co.za/literature/corpgov/index.htm>) the King Report is South Africa's own ground-breaking voluntary code of conduct relating to company governance. In 1994 the King Report on Corporate Governance (King I) was published by the King Committee on Corporate Governance, headed by former High Court judge, Mervyn King S.C. King I, incorporating a Code of Corporate Practices and Conduct, was the first of its kind in the country and was aimed at promoting the highest standards of corporate governance in South Africa. Over and above the financial and regulatory aspects of corporate governance, King I advocated an integrated approach to good governance in the interests of a wide range of stakeholders. Although, groundbreaking at the time, the evolving global economic environment together with recent legislative developments, have necessitated that King I be updated. To this end, the King Committee on Corporate Governance developed the King Report on Corporate Governance for South Africa, 2002 (King II). King II acknowledges that there is a move away from the single bottom line (that is, profit for shareholders) to a triple bottom line, which embraces the economic, environmental and social aspects of a company's activities.

### ***Corporate Governance***

According to the University of Technology in Sydney (2006: [http://www.ccg.uts.edu.au/corporate\\_governance.htm](http://www.ccg.uts.edu.au/corporate_governance.htm)), corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance. However corporate governance has wider implications and is critical to economic and social well being, firstly in providing the incentives and performance measures to achieve business success, and secondly in providing the accountability and transparency to ensure the equitable distribution of the resulting wealth. The significance of corporate governance for the stability and equity of society is captured in the broader definition of the concept offered by the World Bank: "Corporate governance is concerned with holding the balance between economic and

social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society."

### ***Tripple Bottom Line (TBL) Reporting***

According to Environment.SA (2006: <http://www.environment.sa.gov.au/sustainability/tripplebottomline.html>) the tripple bottom line is a measure of sustainability in terms of economic social and environmental performance of an organization.

Businesses are using a range of approaches to achieve cost savings and improve environmental performance. Among these is cleaner production, environmental management systems (EMS) and, more recently, tripple bottom line (TBL) reporting. TBL reporting to stakeholders focuses on the economic, social and environmental aspects of corporate activities.

### ***Knowledge, Attitude and Perceptions (KAP)***

According to Accountancy SA (2005: <http://www.accountancysa.org.za>) implementation of the so-called KAP survey, can enhance the design of training programmes. The (KAP) survey assesses the following in respect of both employees and management respectively.

- Knowledge: Insight into HIV/Aids, how it is transmitted and how it can be prevented.
- Attitudes: Perceptions of personnel risks towards the disease.
- Practices: Sexual behaviour in the community, as well as discriminatory behaviour.

Such a programme, therefore, plays an important role and is also seen as the most important stage towards the development of an effective Aids training strategy.

### ***Prevention, Education and Awareness***

According to Redribbon (2006: <http://www.redribbon.co.za>) company education programmes need to set out clearly how HIV can and cannot be contracted so that staff

can arm themselves with information for protection purposes. Such programmes play a vital secondary role in fostering more supportive working environments for employees who may be infected with HIV. Companies should incorporate strategies into their HIV/Aids programmes and policies that are sensitive to the specific needs of female and male workers.

### ***Non - Discriminatory Policy***

According to Redribbon (2006: <http://www.redribbon.co.za>) A non-discriminatory policy is a document that sets out an organisation's position on a particular issue. The establishment and implementation of a non-discriminatory policy is the cornerstone of any effective HIV workplace program, underpinning campaigns to promote the take up of voluntary counselling and testing as well as treatment. A Company should state clearly that its employees will not be discriminated against on the basis of their actual or perceived HIV status. Policies should also guarantee the confidentiality of infected or affected employees.

### ***Monitoring and Evaluation***

According to Business Fights Aids (2006: <http://www.businessfightsaids.org/wpptool.asp>) monitoring and evaluation are traditionally essential parts of public health interventions to demonstrate the effectiveness of any given programme. Companies have developed indicators to suit their own individual business environment, such as rates of sexually transmitted infections, numbers of staff accessing services such as VCT (Voluntary counselling and Testing), condom distribution and regular KAP (Knowledge, Attitude and Perceptions) studies.

### ***Stigma***

Online Dictionary and Encyclopaedia (2006: <http://www.answers.com/topic/aids>) reveals that AIDS stigma exists around the world in a variety of forms, including the ostracism, rejection, discrimination against and avoidance of HIV infected people; compulsory HIV testing without prior consent or protection of confidentiality; violence against HIV infected individuals or people who are perceived to be infected with HIV; and the quarantine of HIV infected individuals.

## ***Strategy***

Steyn and Puth (2003: 2) confer that the word strategy is often (mis) used by corporate communication practitioners to describe something 'important' (as in strategic messages, strategic direction) or to describe 'activities' (as in communication strategy).

An effective strategy should provide the following:

- Leadership of thought and activity processes for all communication programmes
- The context, and a guiding principle, for all communication activities
- The link between the 'why' and the 'how'; the logic that binds objectives and tactics together

## ***Socially Responsible Investment (SRI) Index***

According to the JSE (2005: [www.jse.co.za/sri/docs/BackgroundandCriteria\\_final.2003.pdf](http://www.jse.co.za/sri/docs/BackgroundandCriteria_final.2003.pdf)) the SRI Index is a Socially Responsible Investment Index on the JSE Securities Exchange, comprising a list of companies that conform to a range of social, environmental and economic sustainability issues. The list was launched in the first quarter of 2004.

## ***Voluntary Counselling and Testing (VCT)***

According to Redribbon (2006: <http://www.redribbon.co.za>) Voluntary Counselling and Testing (VCT) is quite separate from anonymous prevalence testing campaigns, and forms the primary entry point for successful prevention and testing programmes. Because of the sensitivities, need for confidentiality and potential concerns of staff, VCT can also be the hardest component of a workplace strategy to implement. Yet poor take up of VCT by staff, by definition, significantly reduces the number of staff taking advantage of other company HIV services, particularly treatment. It is therefore crucial for companies to develop active campaigns to encourage their employees to seek VCT.

### ***Wellness Programme***

According to Absenger (2006: [http://www.amacf.org/2006/11/approaches\\_to\\_2\\_1.html](http://www.amacf.org/2006/11/approaches_to_2_1.html))

The purpose of any wellness program, in any company, is to control and/or prevent at-risk workers from developing chronic diseases stemming from poor nutrition, lack of exercises, high blood pressure, obesity, and stress. Eventually the program should cover disease management of rare chronic conditions.

To develop a cost effective wellness program, the needs of the program should be based on employee demographics and medical cost drivers. Most companies should focus on wellness for all workers rather than disease management for a relative few:

### ***Workplace programme***

Workplace programmes focus on the prevention of new HIV infections through formal education of all employees about HIV/Aids and through peer education to effect safer sexual practices. In addition, supervisory training programmes ensure a workplace that is free of discrimination or stigmatization, while contributing towards effective and fair performance management.

## **ABBREVIATIONS**

Abbreviations listed below have been widely used in this study.

AIDS	Acquired Immune Deficiency Syndrome
ART	Anti-Retroviral Therapy
CBOs	Community Based Organisations
CEO	Chief Executive Officer
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DOE	Department of Education
DOL	Department of Labour
EAP	Employee Assistance Programme
HIV	Human Immunodeficiency Virus
HRC	Human Rights Commission
ILO	International Labour Organisation

KAP	Knowledge, Attitudes and Practices
KZN	Kwa-Zulu Natal
MRC	Medical Research Council
MTCT	Mother to child transmission
NAC	National Aids Council
NACOSA	National AIDS Co-ordinating Committee of SA
NAPWA	National Association of People Living with HIV/Aids
NDA	National Development Agency
NGOs	Non-Governmental Organisations
NPO	Non profit organisations
PBOs	Public benefit organizations
PPPs	Public-private partnerships
PWA	People with HIV infections or AIDS
RSA	Republic of South Africa
SA	South Africa
SAGA	South African Grantmakers Association
SAS	Statistical Analysis System
SMEs	Small Medium Enterprises
SPSS	Statistical Programme for Social Sciences
SRI	Socially Responsible Index
STDs	Sexually Transmitted Diseases
TB	Tuberculosis
TBL	Tripple-bottom line
UN	United Nations
UN-Aids	Joint United Nations Programme on HIV/Aids
VCT	Voluntary HIV Counselling and Testing
WHO	World Health Organisation.

## **OVERVIEW OF THE STUDY**

### ***Chapter Two: Corporate Governance***

This chapter defines and discusses tripple bottom line reporting among South African Corporations and the effect HIV/Aids has on the economic bottom line of a company. The reader is also introduced to new concepts that have evolved from the JSE.

### ***Chapter Three: The Development of Corporate Social Investment***

In Chapter Three an in-depth analysis of the theoretical grounding for corporate social investment globally and nationally is provided. This chapter deals with pertinent concepts of development and how they form the basis for corporate social investment.

### ***Chapter Four: The Impact of HIV/Aids in South Africa***

Chapter Four describes the research framework. The HIV/Aids pandemic in South Africa and abroad is examined. The impact of the spread of the pandemic and its socio-economic impact on South Africa are discussed. This chapter further focuses on an investigation of the communication strategies/policies employed for HIV/Aids awareness programmes in South African organizations.

### ***Chapter Five: Communication Model for CSI and HIV/Aids in South Africa***

Chapter Five presents discussion on a model for measuring corporate response to the pandemic. The primary aim of this chapter is to highlight and analyse the descriptive, normative and analytical interpretations of the communication strategies/policies used for HIV/Aids awareness programmes in South African organizations, by making use of Mersham's Communication Model for development.

### ***Chapter Six: Research Methodology related to the study under investigation***

Chapter Six discusses the research design and methodology used and explains how the respondent sample was drawn. It includes a detailed discussion of the collection of the primary data for the empirical study. The chapter discusses the reliability and validity of this study and the importance thereof.

### ***Chapter Seven: Analysis of results***

Chapter Seven presents an analysis of the results. This chapter discusses appropriate statistical testing that was used in this study.

### ***Chapter Eight: Findings***

Chapter Eight presents the findings related to the various paradigms in use in South African organisations. These findings will integrate the results of the data collection methods. The chapter also discusses the findings in relation to Mersham's Communication model for Development.

### ***Chapter Nine: Conclusion and Recommendations***

The conclusions with salient findings will be provided with recommendations for further use among South African organisations.

## **CONCLUSION**

It is anticipated that the results from this study will prove useful to South African corporations. This chapter has outlined the research objectives of the study which underpins the commitment of top companies towards HIV/Aids programmes. Chapter Two highlights Tripple Bottom Line reporting among South African corporations and the effect that HIV/Aids has on the economic bottom line of a company.

## *Chapter 2*

### CORPORATE GOVERNANCE

#### **INTRODUCTION**

This chapter presents an overview of how corporate social responsibility and corporate social investment have become incorporated into tripple bottom line reporting and therefore how HIV/Aids programmes are included in tripple bottom line reporting. This chapter will focus on the importance of corporate governance, Tripple Bottom Line Reporting (TBL) and the socially responsible investing Index (SRI) and their impact on South African business.

Du Toit and Goetsch in Rockey, (2004: 223) believe that CSI is about corporate commitment to internal and external communities. With the rising statistics surrounding people with HIV/Aids, companies are now responding to the crisis and are experiencing rapidly growing interaction that extends from workers to the wider community

The researcher agrees with Du Toit and Goetsch (2004: 223) that companies are now undertaking Corporate Social Investment for more than just generous reasons. Corporations are now conscious of being recognised for doing good work by the community, government and their peers.

CSI is no longer treated as a philanthropic add-on, but is recognised as being integral to business strategy, and a potential driver of corporate sustainability. This approach has the potential to enhance not only social and environmental development, but also the business bottom-line. CSI programmes that build sustainability are founded on multi-stakeholder consultation, and are planned to serve the public good, as well as the business growth requirements of the corporation. Grounding CSI programmes in principles of good governance is the recipe to ensure relevant strategy, ethical practice, and effective programme management and implementation (Du Toit & Goetsch in Rockey, 2004: 224). Skinner *et al.* (2001), sketch two scenarios for the future of CSI.

In the first scenario, companies may cut back on corporate social investment spending – estimated at R2.35 billion a year – because of the many other “non-financial” obligations they face.

The preferred alternative is that social investment becomes an important pillar of corporate citizenship and the sustainability agenda. “For a start, contributions made on a voluntary basis provide sound evidence of corporate commitment to the country’s development, supporting government’s efforts in spite of transformation”. To achieve the second scenario the handbook argues that CSI must “be provided as part of the transformation agenda, as an element of corporate citizenship, and as integral to the company’s sustainability reporting”.

Skinner *et al.* (2001) further claim that many companies’ corporate social investment programmes now focus on sustainable development by:

- Aligning their programmes with national priorities;
- Making capacity building centre to their approach thus enabling more meaningful social transformation;
- Forging meaningful partnerships with non-governmental organizations, government and media; and
- Improving alignment of initiatives with their business strategy.

According to Metcalfe (2004) the HIV/Aids pandemic is real. The problem is huge and the consequences are dire. Yet, it is but another challenge faced by companies in South Africa and in the global economy. Strategic planning for this threat is an urgent priority for top management. With solid planning, strong leadership, immediate action and collaboration among companies, NGOs and government, the impact of HIV/Aids can be minimised and managed.

Metcalfe (2004) concludes that companies are being pressurised by a wide range of stakeholders, including current and potential investors, their employees and the labour unions, as well as government and the community, to report on the effects of HIV/Aids in the workplace, the costs involved and the strategies implemented to manage the issue. The Global Reporting Initiative (2006) is currently developing a resource document on

reporting on HIV/Aids, and these reports will be included with the companies' customary annual reports. The resource document will enable stakeholders to compare the performance of various companies using an internationally accepted and credible benchmark, and will include performance indicators such as strategic planning and risk management, evaluation, workplace conditions and the depth, quality and sustainability of HIV/Aids programmes.

This trend is echoed by the 2002 King Report on Corporate Governance for South Africa, which underscored the importance of annual corporate reporting on HIV/Aids and reported that companies should detail the policies implemented to manage the effect of HIV/Aids on their businesses, and regularly monitor performance and report on such issues to stakeholders.

Mervyn King, chairman of the King committee, *cited* in Business Day, said that investors require forward-looking financial information from which they can draw conclusions and that the non-financial aspects of a business are critical (Metcalf, 2004).

Kirby (2003: 14), believes that some of these corporate giants that focus on the above, employ more people and generate more profit than the gross domestic products of some smaller countries. Kirby (2003: 14) further elaborates that it is therefore not surprising that the attitudes of corporations have a significant influence on the manner in which society deals with the issues that are troubling it.

This is certainly true of the attitudes held by a society, such as South Africa, on how to deal with HIV/Aids. The recognition that attitudes held by corporations have on South African corporate society and its ability to deal with issues such as HIV/Aids is recognized in the King Report on Corporate Governance, dated March 2002 (Kirby, 2003: 14).

CSI has been put centre stage by the King 11 report with its emphasis on the economic, social, and environmental added value of organizations – the tripple bottom line. King 11's importance, however, lies in more than raising the profile of CSI: it is one of the first attempts by an African nation to define responsibility for itself (Blowfield & Saffer, 2002: 32).

The King Report on Corporate Governance (2002), reports that a corporation cannot exist without a healthy workforce, and therefore relies on two factors. Firstly, the profit that the company generates, and secondly its ability to generate that profit. All of these factors rely on a productive and healthy workforce. The King Report (2002) (Integrated Sustainability Reporting) encourages corporations to take cognizance of all threats to the health of stakeholders. Corporate Governance practices should reflect a commitment to preventing occupational diseases.

Corporate governance has an impact on how companies operate, and specifically on what is reported. Although not legally compulsory, most large companies have to commit to the strict regulations of the King Commission on corporate governance (King Report, 2002) as compliance to King Report is a prerequisite for companies listed on the JSE Securities exchange.

Corporate governance is an emerging authority and has become an issue of global importance.

### **Definition of Corporate Governance**

According to Naidoo (2002: 1), corporate governance is essentially the practice by which companies are managed and controlled. It encompasses:

- The creation and ongoing monitoring of a system of checks and balances to ensure a balanced exercise of power within a company;
- The implementation of a system to ensure compliance by the company with its legal and regulatory obligations;
- The implementation of a process whereby risks to the sustainability of the company's business are identified and managed within agreed parameters; and
- The development of practices which make and keep the company accountable to the broader society in which it operates.

Corporate governance, then, is essentially about the responsible leadership of companies. This is leadership that is transparent, answerable, and accountable towards the company's identified stakeholders.

The corporate governance structure in any organization spells out the rules and procedures for making decisions on corporate affairs. It also provides the structure through which the company objectives are set, as well as the means of attaining and monitoring the performance of those objectives (2006: [http://www.ccg.uts.edu.au/corporate\\_governance.htm](http://www.ccg.uts.edu.au/corporate_governance.htm)).

## **AN INTERNATIONAL PERSPECTIVE**

### **Recent Developments**

In the 19th Century, state corporation law enhanced the rights of corporate boards to govern without unanimous consent of shareholders in exchange for statutory benefits like appraisal rights, in order to make corporate governance more efficient (2006: <http://www.ccg.uts.edu.au/corporategovernance.htm>).

Reed (2002: 223–247), supports the above statement. Over the last two decades, issues of corporate governance have gained increased prominence in countries around the globe. In the developed world, part of this increased attention to governance issues has been provoked by questionable business practices and scandals (e.g., in the U.K. the BCCI bankruptcy and Robert Maxwell's raiding of pension funds, and in the U.S. the Savings and Loans scandal). In some instances these events sparked a direct and specific response (Boyd, 1996). In developing countries too, there has been no shortage of scandals and questionable practices to incite interest in governance issues. The impetus for governance reforms, however, has deeper roots (both in developed and developing countries) that relate to the larger historical experience of the countries in question and structural changes in the global political economy. These deeper roots also affect the nature of governance reforms

According to Naidoo (2002), Tripple Bottom Line Reporting (TBL), also referred to as Sustainability Reporting, has been given impetus as a result of the South African King Report (2002) on Corporate Governance. Simply put, TBL means that corporate "citizens" now have a responsibility to report to all their stakeholders (i.e. more than just their shareholders) on more than just their financial results. There is now a need also to report on their ongoing sustainability as organisations in terms of Environmental

Responsibilities as well as their interpretation of and response to their Social Responsibilities.

Naidoo (2002) further clarifies that integrated sustainability is a phrase which we are going to be hearing increasingly as corporate citizenship becomes an established fact in the South African business environment. The parallel development is the need to report accurately on non-financial activities, and sustainability issues.

Naidoo (2002) concludes with the view that if reporting on TBL issues is becoming a standard requirement, then it implies that corporate citizens need to have a vision, or strategy for dealing with these issues. This means that board commitment is necessary, to deal with matters extending from socio-economic type investment to pollution and emissions, from HIV/Aids to employee safety. A clear sense of purpose and values is necessary to integrate sustainability management into the core strategy of the organization.

According to Frankental (2001: 18-23), the term “bottom line” in relation to the performance of companies, is referred to as financial profit. The significance of the tripple bottom line is that if companies are audited according to their environmental and social impact, and penalised if they do not perform, along the principle of the polluter pays, then financial markets will begin to judge companies according to their wider impact on society. Share prices will then reflect the ethical dimensions of a company’s operations. Without a tripple bottom line, corporate social responsibility cannot be reinforced by market mechanisms, which means that it simply cannot happen.

Frankental (2001: 18-23), furthermore believes that there is a lack of a clear definition of CSR. CSR is a vague and intangible term, which can mean anything to anybody, and therefore is effectively without meaning. He further explains that the lack of a precise definition reflects the fact that CSR, or corporate citizenship as it is increasingly referred to these days, is an evolving concept, which emerged originally in the Victorian era in the form of paternalistic gestures to consolidate company relationships with particular communities. He believes that most CSR was not philanthropic but was motivated by a desire for an eventual return. Contemporary concepts of CSR have moved a long way from genuine philanthropy. There have been recent attempts to develop benchmarks with regard to certain aspects of CSR.

PriceWaterhouseCoopers (2000: <http://www.pwcglobal.com/za/eng/ins-sol/pub/tax/corpuirt.html>) have developed a “reputational assurance framework” which according to its literature “enables companies to identify measure and manage their corporate responsibility and accountability processes”. The framework includes performance indicators relating to a company's impact on different stakeholders across different fields of activity including human rights. It is available as a self assessment software package. Shell's Social Accountability Team are currently benchmarking the Universal Declaration of Human Rights, considering which rights different aspects of their operations might impinge upon and attaching appropriate performance metrics (Shell, 2000).

A turning point in the recent evolution of CSR has been Shell's partial change in this area, following its sobering clash with civil society in 1994-1995. First foiled by Greenpeace in its plans to dispose of the Brent Spar oil platform at sea, then criticized internationally for its oil operations in Nigeria and apparently cosy relations with the military junta, Shell has been forced to rethink its strategy and has diverted enormous resources into responding to non-governmental organisational (NGO) concerns. Shell was one of the first major UK corporations to produce a social report illustrating its impact on society across a range of dimensions. A number of listed companies, i.e. Coca Cola, Edgars Consolidated stores, Impala Platinum Holdings, Goldfields, BHP Billiton PLC, Santam and Harmony Gold Mining Company are now committed to producing annual social reports. This is a reflection of the persistent movement towards greater transparency and disclosure.

## **A SOUTH AFRICAN PERSPECTIVE**

CSI is a subsystem of tripple bottom line reporting and has impacted on the fact that HIV/Aids affects the economic bottom line of a company. Therefore, all corporations should ensure that their employees should be their primary concern. It is becoming apparent that support for the virus needs to be far reaching and all CSI projects should include an HIV/Aids element.

According to Du Toit and Goetsch (2004), CSI contributes to sustainability if its policy and planning are founded on the strategic alignment of business and social goals. They add that CSI is not regarded as a philanthropic add-on in this instance, but is regarded as

integral to business strategy, and a potential driver of corporate sustainability. Such an approach has the potential to enhance not only social and environmental development, but also the business bottom line.

Kirby (2003: 13) notes that the King Report (Integrated sustainability reporting) encourages corporations to “take cognizance of all threats to the health of stakeholders that are material. Corporate governance practices should reflect a commitment to preventing occupational diseases.” In addition to this encouragement, the King Report recommends that corporations should familiarize themselves with the impact that HIV/Aids is having on the South African economy in particular as well as the South African society in general.

The King Report (2002), as a yardstick for corporate governance in South Africa, further recommends that boards of directors:

- Create awareness both among themselves and their employees concerning the effect that HIV/Aids is having on South Africa in every respect,
- Adopt an appropriate strategy, plan and policy to address and manage the potential impact of HIV/Aids on business activities,
- Vigilantly monitor economic indicators and other measure in order to assess the impact of HIV/Aids and
- Report regularly to the stakeholders in the various spheres in which that corporation or company operates including but not limited to, bargaining councils, unions, employee organizations, social structures and government.

Kirby (2003: 13) further believes that employers and corporations are in the best position to deal with and assist in dealing with the effects of HIV/Aids on the individual employee. Corporations therefore have a wider obligation to the community in which they operate not only to provide employment in terms of existing legislation but also to contribute to the social fabric of which that company or corporation is a part and without which it would otherwise not exist.

The principles of fairness, accountability, responsibility and transparency are common to all three Pillars of the tripple-bottom-line. These principles are also the fundamental concepts that underpin corporate governance. It can therefore be said that corporate

governance is the foundation in which each pillar of the tripple bottom line is embedded. Consequently it is dealt with separately on the Index (Ludman, 2003).

### **The Three Pillars**

According to Ludman, (2003) the Index is structured along the three Pillars of the tripple bottom line, namely environment, society and economy. A company must address each of these Pillars if it is truly to be said to have integrated sustainability into its business practices.

#### **Pillar 1 -Environmental sustainability**

Africa has a rich and critical resource base, which needs to be wisely used if it is to provide any sustainable support to the development of South Africa and its people. This need has been recognised by the South African government and ratification of the many international conventions that relate to sustainability and also its pledge along with other African leaders to the New Partnership for Africa's Development (NEPAD) (Ludman, 2003).

All companies have an impact on environmental resources, only the extent varies. They therefore need to develop strategies to measure and monitor their impacts and implement systems that ensure that these resources are used in a sustainable manner.

#### **Pillar 2- Economic sustainability**

Economic sustainability is often regarded as a synonym for financial performance. While financial performance is certainly an aspect of economic sustainability, it is not necessarily a reflection of long-term growth but often reflects short-term company performance.

Companies need to be able to adapt to macro-economic driving forces through balancing the use of resources against short-term profits and should further be focused on working towards long term growth and sustainability through measuring their economic impacts in their sphere of influence (Ludman, 2003).

### **Pillar 3- Social sustainability**

A company is a key component of modern society, often representing a more immediate presence to many citizens than the government or civil society. Today, companies can no longer engage with only their shareholders, but are required to develop and maintain positive relationships with a far wider structure of stakeholders, including staff and the community generally. As a direct consequence, a company is increasingly called to account for a culture that reflects non-discrimination, inclusivity and fairness in all aspects of the company's business (Ludman, 2003).

Ludman (2003) reports further, that companies use the three pillars to measure and evaluate their programmes. Today, corporate governance is the watchword, which applies to all CSI departments. It is therefore negligent of any company to spend money on development projects without first having evaluated and measured the impact of the intended project.

Successful governance, as advocated by the King Report on Corporate Governance for South Africa (2002) and as also for purposes of the Index, requires companies to adopt a more inclusive approach to business, with greater emphasis on the non-financial aspects of performance.

To achieve an integrated/inclusive approach, companies should display good corporate governance standards in all their activities both in principle and in practice. The key challenge is to achieve a balance between performance and compliance while taking account of stakeholder expectations, and this is done by using the following guidelines (2002: <http://www.cliffedekker.co.za/literature/corpgov/index.htm>).

### **GUIDELINES TO CONDUCT**

According to the JSE (2002: <http://www.cliffedekker.co.za/literature/corpgov/index.htm>) the challenge facing companies is to integrate the principles emerging from each of the three pillars and from corporate governance into their existing frameworks of governance and business practice. Companies wishing to be included in the Index should develop a vision for the company and ensure that they understand each of the aspects of the three Pillars. The criteria will measure companies along the following business practices.

- *Policy and strategy*

A companies must establish policies that identify the environmental, economic and social challenges that the company faces, and that commit to the use of reasonable targets for improved performance and for successfully integrating long-term considerations in relation to each pillar into their business strategies.

- *Management systems and performance*

Companies must establish management systems at central and operational levels to ensure that policies are implemented, and that the achievement of targets set in such policies are monitored and measured.

- *Reporting*

Companies should identify and engage key stakeholders and disclose as much data as possible in relation to the targets set in policies. The company's performance in relation to such targets should be regularly, accurately and timeously reported.

The JSE will be using increasing amounts of performance information to validate the assessment undertaken in accordance with the three pillars.

## **INCLUSION AND CONTROVERSY**

According to the JSE the criteria required for inclusion in the Index as well as the score required in order to qualify for inclusion in the Index will be changed over time to encourage and respond to continuous improvement in corporate performance.

No system of criteria can cater for every eventuality. The Advisory Committee will consider major events or controversies at its meetings and may review the criteria used or the constitution of the Index at any time if individual events or controversies suggest a necessity for review (2002: <http://www.cliffedekker.co.za/literature/corpgov/index.htm>).

## **THE SRI INDEX**

### **What is the Social Responsibility Investment Index**

Schueth (2003: 189–194), traces the origins of SRI to early biblical times. However, the contemporary notion of using the power of financial markets to signal displeasure with certain corporate practices or to encourage others dates to the 1920s, when various religious groups stipulated that their investments not be used to support “sin” shares, e.g. liquor, tobacco and gambling. SRI gained more widespread appeal in the 1960s, when the Vietnam War, civil rights and women’s movements, environmental concerns, and other controversial political and social issues became factors in investment decisions. SRI is an investment approach that uses both financial and non-financial criteria to determine which assets to purchase, but whose distinguishing characteristic is that it includes non-financial criteria. In SRI, investors typically look at a company’s internal operating behaviour (such as employment policies and benefits) and external practices and policies (such as effects on the environment and indigenous people), as well as its product line (such as tobacco or defence equipment) to determine whether they should become investors in the firm.

According to Finlay, (2004: 1) “Socially responsible business” has become a buzz-phrase in corporate circles. He explains that the country’s first SRI index was launched on the Johannesburg Stock Exchange in July 2004, putting South Africa in line with global trends in corporate governance. Companies are now able to apply to be listed on the index, and have to meet the conditions of 94 criteria gauging, among other things, a business’s commitment to black economic empowerment, tackling HIV/Aids in the workplace, labour policies and environmental practices.

The barometer of sustainable business practice is the King Report’s code of good corporate governance – or the “triple bottom line” principles of environmental, social and financial sustainability.

According to Bonorchis (2005), the triple bottom line is a measure of sustainability in terms of economic social and environmental performance of an organization. Many programmes are built on these three pillars of the triple bottom line.

For some time now, South African companies have had to consider how to meet the requirements of investors and civil society for companies to demonstrate more socially

responsible behaviour and hence for companies to embrace the tripple bottom line of environmental, economic and social sustainability.

Ludman (2003) clarifies that the SRI Index has been structured to reflect the complex nature of social responsibility in South Africa and hence it has detailed criteria for each part of the tripple bottom line. In addition, the SRI Index identifies criteria for corporate governance, which is the foundation on which each of the tripple bottom lines rests as good corporate governance plays a major role in ensuring that sustainability issues are identified, managed and resolved.

According to Ludman (2003) the SRI Index is constituted from companies that form part of the FTSE/JSE All Share Index and which meet the criteria. The Criteria are determined by the SRI Index Advisory Committee and will be reviewed from time to time to reflect the continuous development of both the concepts and practices of SRI and sustainability. Company's need to demonstrate core business strategies that are linked to internal management systems and key performance indicators aimed at promoting the social upliftment, development and poverty reduction of their staff and the communities in which they operate. Emphasis also needs to be placed on diversity (including gender and disability diversity), employment equity, black economic empowerment, fair labour practices, employee health and safety, development of human capital and managing the impact of HIV/Aids on the company's activities.

Nicky Newton-King Deputy CEO of the JSE, explains this approach by adding that "This is a Proudly South African Index. It's something that will show what South African companies are doing in this area. It's an opportunity to praise them for what they do as opposed to criticizing them for what they are not doing," She further explains that the success of the SRI Index is not guaranteed but if implemented and monitored stringently with sufficient attention paid to the ideals set out in the GRI report this index can be a great success. However the main issue that must be managed in order to ensure the success of the SRI Index is to ensure that benefits do flow to the companies who are spending large sums of money in order to comply with the criteria set and also to collate all of the required information for investors (Ludman, 2003).

## AN INTERNATIONAL PERSPECTIVE

Socially Responsible Investment (SRI) is attracting attention as a way to indicate approval for socially responsible behaviour. When deciding where to place their money, investors consider not only profit potential but also the company's commitment to social responsibility. SRI was first practised by religious groups that invested in companies having the same values, but today it has spread to a wide range of investors, who consider such factors as ethical behaviour and social responsibility exhibited through environmental conservation and community relations.

SRI is becoming prevalent not only because of its good performance, but also because of its influence towards corporate behaviour.

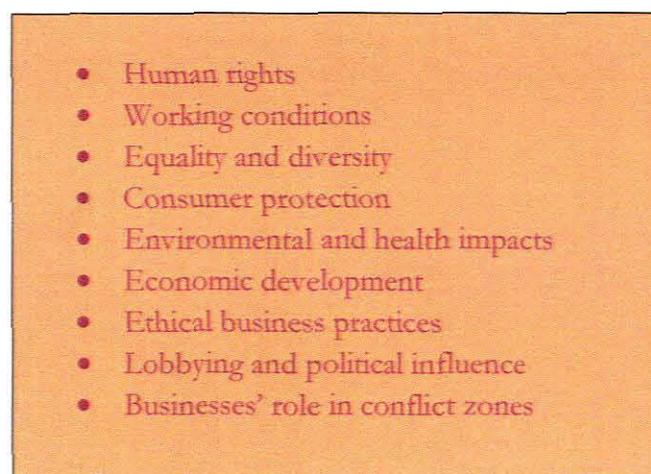
It represents a significant change in the relationship between consumer investors and corporations 2002: <http://www.keidanren.or.jp/cbcc/english/report/20030114>).

According to Global Reporting (2006: <http://www.globalreporting.org/ReportingFramework/G3Online>), the role of business in South Africa and abroad is a hot topic among public policy makers, NGOs, trade unions and the business community itself. The New Global Reporting Initiative Sustainability Reporting Guidelines give a clear assessment of how increasing numbers of corporations are expressing the aspiration of addressing the tripple bottom line in their policies, strategies and practices. Global Reporting states that this growing business group was mainly led by global corporations with retail premium brands. However, more recently, this group has been joined by increasing numbers of less visible corporations that have been directly or indirectly affected, often negatively, by rising public concern and anger.

Stipp (2003: 17) supports the fact that the JSE will not demand the disclosure of HIV prevalence. He further, explains that if prevalence cannot be accurately determined there would be no point in disclosing the cost; however, companies would need to disclose how HIV/Aids is managed. He further believes that companies should properly investigate the impact of HIV/Aids on their business, with the assistance of reputable consultants.

Swift and Zadek (2002: 9), declare that the changing role of business in society has come to mean many things. Corporate sustainability, corporate social responsibility, and

corporate citizenship are but a few of the new terms that have emerged to describe this period and process of challenge and change. They further state that there is however an emerging consensus that the scope of the challenge is not confined to philanthropic activities, and moreover extends beyond the more obvious legal responsibilities to include for example labour standards in supplier factories, the accessibility by poor people to life saving drugs, and the basis by which and transparency of how management decisions are made. (See Figure 1).



Source: [www.globalreporting.org](http://www.globalreporting.org) (2002:11)

**Figure 1: Dimensions of Corporate Responsibility**

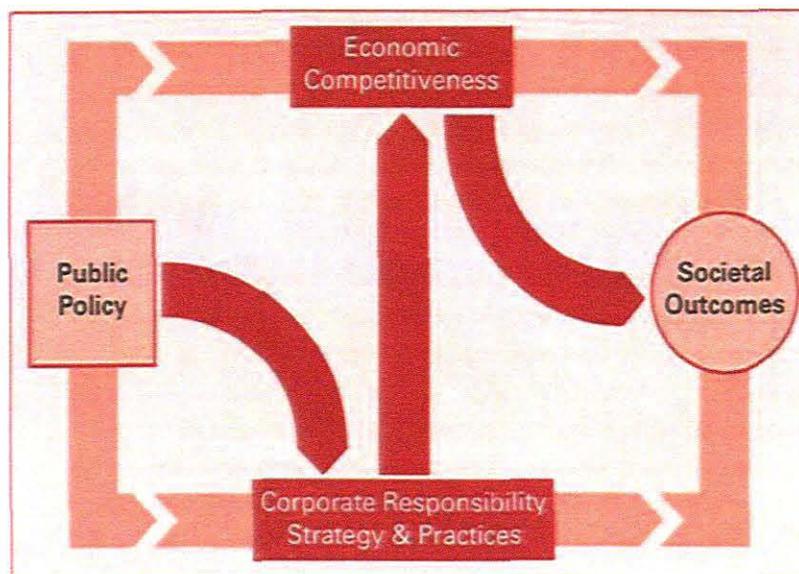
According to Swift and Zadek (2002:11) the shifting role of business in society has a complex relationship to the matter of law. The European Commission, for example, has identified CSR as where companies “integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.

Corporate Responsibility will continue to face many challenges as it moves beyond the margins of business activity. Many questions exist, for example,

- What is the relationship between corporate responsibility and mainstream public policies in addressing poverty and inequality?

- Can corporate responsibility be scaled-up beyond the level of individual businesses in order to make a difference as a productive factor in economic competitiveness?
- Can corporate responsibility be part of the problem for smaller businesses and economically weaker communities? It is in this context that the relationship between corporate responsibility and economic competitiveness becomes so important (Swift and Zadek, 2002:11).

Figure 2 highlights the under-explained relationships between public policy, economic competitiveness, corporate responsibility strategies and practices and social outcomes.



Source: **Swift & Zadek (2002:12)**

**Figure 2: The Core Policy Question**

According to Weiser and Zadek (2000), the business case for ‘doing good’ is the holy grail of the corporate responsibility movement. Zadek (2002: 9-33), further elaborates that most businesses active in driving forward visible approaches to corporate responsibility are focused primarily on avoiding short-term reputation-related risks, making very small expenditures as an extension of their traditional corporate philanthropy, or merely re-branding good business practices.

A growing number of companies are seeking to go beyond this low-level business case to the ‘third generation’ of corporate responsibility (see figure 3 below). For these companies, corporate responsibility is becoming closely integrated into key aspects of their business strategy and practice. It is therefore becoming important for companies seeking to recruit and retain people with the best talents who will increasingly discriminate between potential employers with better social credentials.

	Tools & Processes
3 <sup>rd</sup> Generation Remolding Competitive Advantage	Multi-stakeholder standards and partnerships, institution building, CR-oriented advocacy and public policy.
2 <sup>nd</sup> Generation Strategic Corporate Responsibility	Product and process innovation, new business and corporate governance models, long-term sustainability.
1 <sup>st</sup> Generation Low-Level Business Case	Philanthropy, short-term risk management, industry standards.
Legal Compliance	Regulation covering tax, health and safety, workers rights, consumer rights, environmental regulations.

Source: Adapted from Zadek, Fostater & Raynard (2002: 14)

**Figure 3: Generations of Corporate Responsibility**

Zadek, Fostater and Raynard (2002: 14), are of the opinion that it remains uncertain whether these ‘second generation’ companies will deliver qualitatively different business models and outcomes. It is too early to see what are the real implications of BP’s commitment to go ‘beyond petroleum’, or the Ford Motor Corporation’s vision of being a provider of mobility. However, even if these visionary statements prove accurate, the successful transformation of one company, however large, cannot by itself shift the basis of a nation’s competitive economic advantage. Many corporations are realizing the

benefits of closely integrating their corporate responsibility into key aspects of their business strategy.

This challenge according to Zadek, (2002: 15), has been referred to elsewhere as the 'third generation' of corporate responsibility. At this stage, public policy objectives are addressed by moving beyond individual company initiatives and driving the underlying principles of corporate responsibility into the fabric of the economy. The challenge is of course, how to move beyond the simple business-case and make this third generation a reality.

### **International Socially Responsible Investment (SRI) - Standards and Norms: Present Situation, Future Challenges**

According to CSR Wire (2005: <http://www.csrwire.com/sfarticle.cgi?id=1209>) the Socially Responsible Investment is attracting attention as a way to indicate approval for socially responsible behaviour. When deciding on where to place their money, investors consider not only profit potential but also companies' commitment to social responsibility. SRI was first practiced by religious groups that invested in companies having the same values, but today it has spread to a wide range of investors, who consider such factors as ethical behaviour and social responsibility, exhibited through environmental conservation, community relations, etc.

SRI is becoming more prevalent not only because of its good performance, but also because of its influence on corporate behaviour. It represents a significant change in the relationship between consumer-investors and corporations. People looking for employment are increasingly likely to examine a company's CSR programme. In other words, a company with a good CSR reputation is better placed to attract talented employees.

Some countries in Europe have amended legislation to promote greater CSR and SRI. In Britain, the amended Pension Act (enacted in July 2000) encourages the investment of many pension funds along SRI lines. This initiative was followed in France, with enactment of legislation reforming employee savings schemes and the Pension Reserve Fund Law, in February and June 2001, respectively. In August the same year, the Australian government passed the Financial Services Reform Act to achieve similar goals (2005: <http://www.csrwire.com/sfarticle.cgi?id=1209>).

In the U.S, Europe and Japan the scope of CSR generally includes compliance to laws and regulations, protection of consumers, conservation of the environment, respecting workers, ensuring health and safety, prevention of corporate corruption, honouring human rights, investments and contribution to the local community. However, it should be noted that not all parts of the world regard these actions as having the same degree of importance or priority. The introduction of a socially responsible index by Morningstar Japan is a significant milestone in the development of SRI in Japan.

Socially responsible investing, which is slowly gaining a foothold in Japan, recently got a major boost with Morningstar Japan's launch to SRI index covering the Japanese market exclusively. The index screens companies on their performance in five areas of corporate social responsibility, corporate governance, employment, consumer services, the environment, and social contribution (2005: <http://www.csrwire.com/sfarticle.cgi?id=1209>).

## **CONCLUSION**

South African corporations have come to realize that they need to take a stance on their corporate reputation. The management of Corporate Social Investment/Social Responsibility has also come under the spotlight, and much emphasis has been placed on these management issues. Companies are now facing up to the moral challenge and do not wish to fail as this might discourage investment and might damage the company's integrity and reputation.

In implementing corporate social investment projects, companies are now fully guided by corporate governance protocols and principles spelt out in the King Report and in the Global Reporting Initiative (GRI) guidelines. The alignment of their community development priorities and practices with international regulatory requirements and government policies of social development are clearly publicized in corporate social investment (CSI) policies.

This chapter focused on an overview of CSR and CSI and how each of these areas has become incorporated into tripple bottom line reporting. The chapter also assessed the

importance of Corporate Governance, TBL reporting and the SRI Index and their impact on South African and international business. Since the JSE Securities Exchange in South Africa launched its first Socially Responsible Investment Index, the index has aimed at increasing awareness and management of sustainable business practices, in particular through adopting the tripple bottom line, as a way of doing business. The process, involved a detailed assessment against criteria relating to participants' policies, strategies and activities in respect of corporate governance, the environment, the economy and society. Many companies have qualified for inclusion in the Index and have received recognition for their commitment and performance to date.

Chapter Three will concentrate on the development of Corporate Social Investment in South Africa. In this chapter attention will be given to a discussion on the overview of corporate social investment both nationally and globally. The history and current practices will be examined.

## *Chapter 3*

### THE DEVELOPMENT OF CORPORATE SOCIAL INVESTMENT

#### **INTRODUCTION**

This chapter reviews and examines the broad development of the ideas behind Corporate Social Investment (CSI) / Corporate Social Responsibility (CSR) in South Africa and its specific characteristics in the context of the country's social, political and economic development.

According to the Millennium Poll on Corporate Social Responsibility (Environics International Ltd, 1999) corporate spending on social causes is an age-old practice which has been widely practised throughout the world, more so among the corporate sector, which has played an important role in lending support to many worthy causes. The democratic government of South Africa still faces many challenges. While the focus in the first five years may have been dedicated to policy formation and the establishment of new processes and approaches, in the second five years the focus has shifted to delivery on promises in order to create a better life for all.

The Millennium Poll further emphasises that South Africa faces a myriad of social problems that government alone cannot solve. However, with the variety of problems that need to be tackled, no single company or organisation alone can bring about change and solutions to these issues. It is therefore up to all – government, corporations, and individuals – to play a role in facilitating such change and make their contribution to the upliftment of South Africa (Environics International Ltd, 1999).

Rockey (2003: 8) confirms that CSI is now part of a new and much broader domain, brought on by external developments that place it within a context of empowerment, transformation and business sustainability. There is growing acknowledgement that CSI is not accompanied by transformation. Business is therefore being compelled to generate sustainable profits, but in so doing is required to address the interests of a far wider

spectrum of stakeholders. In short, business is now being asked to look closely at its 'sphere of influence', to mitigate negative impacts on society, and to build win-win relationships with all stakeholder groups. From a global point of view businesses have been investing and trading internationally for as long as history.

Globalisation according to Carle (2001: 1) is a term that describes, the acceleration for better or for worse of this economic integration, and corporate social responsibility has become a hot topic for business, governments and the community at large. Today, there are calls for business to take on more responsibility for human rights, the environment, for social conditions, poverty reduction and even for education. But in fact, corporate responsibility has always been fundamental to a company's competitiveness and long term success.

Carle (2001: 1), further emphasizes that through their investment choices, research programs, personnel policies, manufacturing processes, and customer service orientation, international firms have led the way on many fronts. Companies have been and continue to be key players in promoting innovation and sustainable growth and are significant agents of positive change at all levels.

According to Moir (2001), Corporate Social Responsibility is about the voluntary measures that a company takes to develop good management systems, which in turn enhance a company's ability to sustain their franchise, build a record of sustained growth and do so by engaging positively with the societies in which they operate.

Rockey (2003) concludes that, an increasing number of companies are today investing significant resources to communicate to the public their good management systems, which aim at implementing good company practices and policies related to environmental health and safety, quality of the working environment, employee benefits and community relations, all essential to the private sector's role in contributing to economic development. Managing corporate reputation has become a necessity for the entire company and is not just the domain of the public relations department. It begins with good products, impeccable service and effective delivery, without which the company's reputation is sure to be flawed. However, good reputation requires companies to go further by demonstrating their responsibility as good and compassionate corporate citizens.

## **DEFINING CORPORATE SOCIAL RESPONSIBILITY**

According to Van Den Ende (2004: 2) CSR is viewed as a comprehensive set of policies, practices and programmes that are integrated into business operations, supply chains, and decision making processes throughout the company. The issues that represent a company's CSR focus vary by business, by size, by sector and even by geographic region. She further emphasizes that CSR typically includes issues related to business ethics, community investment, environment, governance, human rights, marketplace and workplace.

Frankental (2001: 18-23), contends that there is a lack of a clear definition of CSR. He believes that CSR is a vague and intangible term, and hence can mean anything to anybody, and hence is effectively without meaning. He further emphasizes that if CSR was not just an invention of Public Relations then it would have certain characteristics, these being:

- A commonly understood definition (within and across companies);
- A common set of benchmarks to measure the attainment of corporate social responsibility;
- Established processes in place to achieve these benchmarks;
- A system of internal auditing;
- A system of external verification by accredited bodies.

CSR he believes is an evolving concept, which emerged originally in the Victorian era in the form of paternalistic gestures to consolidate company relationships with particular communities. In those days company gestures were mainly for philanthropic reasons, however these days most CSR is motivated by a desire for an eventual return.

Cannon (1992: 32), discusses the development of corporate social responsibility via the historical development of business involvement leading to a post-war re-examination of the nature of the relationship between business, society and government. He identifies that the primary role of business is to produce goods and services that society wants and needs; however there is inter-dependence between business and society in the need for a stable environment with an educated workforce.

Cannon (1992: 33) cites Lord Sieff, the former chairman of Marks & Spencer plc, “Business only contributes fully to a society if it is efficient, profitable and socially responsible”. Similarly, Wood (1991) states that “the basic idea of corporate social responsibility is that, business and society is interwoven rather than distinct entities”.

### **What are the social responsibilities of business?**

According to Moir (2001: 1), the area defined by advocates of CSR increasingly covers a wide range of issues such as plant closures, employee relations, human rights, corporate ethics, community relations and the environment. Indeed, CSR Europe, a membership organisation of large companies across Europe, in its reporting guidelines looks at the following areas:

- workplace (employees);
- marketplace (customers, suppliers);
- environment;
- community;
- ethics; and
- human rights.

Whether or not business should, undertake CSR, depends upon the economic perspective that is adopted. Those who adopt the neo-classical view of the company would believe that the only social responsibilities to be adopted by business are the provision of employment and payment of taxes.

Skinner *et al.* (2004: 275-276) maintain that the field of corporate social investment has evolved out of a broader field called corporate social responsibility. Corporate social responsibility can be defined as an area of management action which has developed in response to the changes and demands of society at large and involves business, government, and communities in the following areas:

- Socio-economic, ethical and moral responsibilities of companies;
- Compliance with legal and voluntary requirements for business and professional practice;

- The company and its employees;
- The natural environment;
- The challenges posed by the needs of the economically and socially disadvantaged;
- Responsible management of business activities.

Thus corporate social responsibility encompasses the responsibility of a company to ensure it:

- Produces safe products for human use;
- Manages itself responsibly and to the advantage of its employees and society;
- Contributes to the sustainable development of the natural environment;
- Contributes towards the development and upliftment of disadvantaged people;
- Is managed within the moral, ethical, and legal frameworks and rules of society.

Corporate social investment itself is defined as the funding of, and involvement in, socio-economic upliftment. According to Skinner *et al.* (2004: 275-276) it excludes employee benefits and sport sponsorships, and usually concentrates on the following areas of involvement:

- Education
- Housing
- Health
- Welfare
- Job creation
- Community development and empowerment
- Small business development
- Arts and culture
- Environmental conservation
- Rural development

According to Watts and Holme (1999: 27)

CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Frederick (1994) further emphasizes the understanding of CSR on the global front as an examination of “corporations’ obligation to work for social betterment.”

Freemantle and Rockey (2004) argue that ever since the 2002 World Summit on Sustainable Development in Johannesburg, the quest for sustainability has captured South Africa’s corporate imagination, pointing to a plethora of social and environmental considerations that were overlooked in the past. In the same year the “King 11” corporate governance recommendations gripped local business headlines and have since altered the country’s chief executives to a wider compass of corporate responsibility.

Skinner *et al.* (2004: 285), report that according to *Ethical Corporation Magazine*, Corporate Social Responsibility is on the rise across the world. Every self-respecting company now has a CSR policy, and more than 75% of the FTSE 100 produce CSR reports. One can therefore view CSR as the expression of a company’s purpose and values in all its relationships.

On the international front Corporate Social Investment is popularly referred to as Corporate Social Responsibility and is fast becoming a prominent issue in Europe, North America and elsewhere. The main reasons for this growing interest are:

- globalization and rapid advances in information technologies;
- the greater importance of citizen-driven activities, best seen in the work performed by non-governmental organizations (NGOs);
- greater social awareness among consumers;
- increased competition among corporations.

The growing interest in CSR issues has motivated entities – such as the United Nations, the Organization for Economic Cooperation and Development (OECD), and assessment organizations in Europe and North America – to establish and enhance standards that will serve as a benchmark for multinational corporate behaviour, and to strengthen mechanisms evaluating that behaviour (2002: <http://www.keidanren.or.jp/CBCC/english/report/20030114>).

The introduction has given a brief view of CSI/CSR and how these concepts have developed around the world. The next section will look at a brief history of CSI in South Africa and how it has developed.

## **BRIEF HISTORY OF CSI**

According to Alperson (1995: 3) corporate social investment in South Africa has had a relatively short but dynamic history. The first notion of business' obligation to contribute to the well being of people beyond the factory gate was introduced by Meyer Feldberg, then a professor of business at the University of Cape Town. In 1972, he exhorted business leaders to learn from the model of their US counter-parts: to get involved in the communities in which they operated and sold products, or from which they drew employees. This view based on the common-sense, good-for-business notion that socially responsible behaviour is fundamental to the long term growth, prosperity and profitability of the company.

## **A SOUTH AFRICAN PRE-DEMOCRACY GLIMPSE OF CORPORATE SOCIAL INVESTMENT**

Rockey (2004: 1), points out that as South Africa celebrates ten years of democracy, it is highly appropriate to reflect on the corporate sector's contribution to address societal imbalances through its social investment initiatives. Throughout the world, charitable giving is widely practiced by individuals, community organizations and businesses. The corporate sector plays an important role, commonly lending support to worthy causes in cash or perhaps through product donations or even 'sweat-equity'. Typically, this support varies considerably between countries, industry sectors, and from one business to another.

Rockey (2004: 1) further suggests that in South Africa, the business contribution to community development is termed corporate social investment. For some companies, CSI is a relatively new notion that is only now attracting executives' attention. For others, it is not only a familiar concept but has been actively supported and refined over several decades. Early adopters typically came from the banking, mining and oil industries, and as CSI has become increasingly recognized for its valuable role, there has been a discernible progression in companies' approach and in the range of companies embracing it. Post

1994 business in South Africa began looking at how their peers classified CSI. They also began comparing the quantum of their CSI expenditure against that of their peers, and whether their peers' published CSI expenditure included or excluded the administrative costs of running a CSI programme.

## **TIME-LINE OF CSI EVENTS**

The time-line of CSI events is adapted from Rockey (2004: 6-19) who tracks prominent milestones in South African history.

The early 1930s were characterized by the 'Carnegie Poor White Investigation'. Until then, most welfare activities had been carried out by churches and private organizations. This new department sought to co-ordinate civil society's philanthropic work with government welfare activities.

In **1977** the Sullivan Principles were introduced as a voluntary code of conduct for US companies and their business partners operating worldwide. They comprised eight values to promote social, economic and political justice, using the term 'Corporate Social Responsibility'.

**In 1983** the Development Bank of South Africa (DBSA) was established to provide finance for large development projects. Over the past decade, it has transformed itself from an 'agency of apartheid' to a strategically focused development finance institution that has created over 92,000 jobs and disbursed R20 billion (Rockey, 2004: 6-19).

**In 1988** private USA foundations committed an estimated US\$18 million to non-profit organizations in South Africa.

**In 1989** the *Mail & Guardian* launched its Investing in the Future Awards to recognize the time, money and effort that South African companies, foundations and NGOs channel into social-investment programmes.

**In 1994** Government instituted its Reconstruction and Development Programme (RDP) to dismantle apartheid's social inequalities. Government's programme has since evolved to

achieve its aims around five themes: governance; social development; the economy; safety and security; and international relations. This momentous year heralded the 'dawn of democracy' for South Africa, with its first ever non-racial democratic elections held from 18-27 April, the ANC installed as the ruling party and Nelson Mandela invested as the country's first black president. In the same year the South African Grantmaker's Association (SAGA) was launched as a voluntary non-profit association of organizations and individuals involved in development funding. Now with a membership of 105 organisations, the association continues to play an active role. Private USA foundations committed an estimated US\$45 million to non-profit organizations in South Africa (Rockey, 2004: 6-19).

**In 1995** Myra Alperon published *Foundations for a New Democracy: Corporate Social Investment in South Africa*, the first CSI book focusing exclusively on the South African environment, reflecting a clear need for information on the subject.

Bilateral funding agreements between South Africa and other countries began to take place, so re-routing valuable foreign funding directly to the new democratic government, thereby creating a funding crisis in the non-profit sector.

The National Business Initiative (NBI) arose as a non-profit organization that uses business leadership and resources to meet the challenges of a country in transition. Through the mandate of 150 member companies, it focused on competitiveness as a key to sustained growth.

**In 1999** supported by 145 companies and funded to the tune of R1bn, the Business Trust was established as a five-year initiative to focus on human capacity development, job creation through tourism, and crime reduction. Funds were mobilized from private companies on a voluntary basis against 0.15 percent of market capitalization, or two percent of after-tax earnings. Developed in consultation with its members, SAGA produced Guidelines for Good Grantmaking to advance the relevance, efficiency and impact of grants, and to further ethical and professional funding practices (Rockey, 2004: 6-19).

**In 2002** The King Report on Corporate Governance in SA was launched, superseding the 1994 King Report. Importantly for CSI, the report recommended that social and developmental reporting as part of the tripple bottom line, be afforded priority equal to that of regular financial reporting.

**In 2003** the JSE launched its Socially Responsible Investment Index to track listed companies' responsiveness to socio-economic and environmental challenges. In its first round of assessment, the top 160 listed companies were eligible for evaluation, of which 74 companies applied and 51 were accepted onto the index in April 2004.

**In 2004** the Business Trust's five-year mandate ended, but its life was extended until 2010, with the objective of combining business and government resources in areas of common interest, particularly around enterprises, the unemployed and communities in need of rehabilitation.

The draft Information and Communications Sector (ICT) Charter came close to finalisation, advocating 0.5 percent of pre-tax profit aimed at accelerating access to ICT and training for previously disadvantaged people (Rockey, 2004: 6-19).

Alperson (1995: 3) clarifies that a massive boost to the corporate community giving mores was the introduction in 1977 of the Sullivan Principles. This code of conduct applied to US companies operating in South Africa. They were required to contribute a goal-oriented percentage of payrolls to charitable causes, as a means of justifying their continued presence in a country that was clearly in breach of international human rights standards. While the code was notionally voluntary, constant scrutiny by shareholders and anti-apartheid activists back home made the voluntariness almost moot. This giving brought formality to the practice of corporate-community development in South Africa. It also spawned a set of skilled CSI practitioners, who were able to dedicate their efforts to understanding the field of development, and who ultimately helped raise the bar for professionalism in the social investment industry.

Van Den Ende (2004: 13) elaborates that it is only in the last three decades, that great emphasis has emerged in the area of CSI. This has resulted in a growing interaction between government, business and society as a whole.

In the past business concerned it-self primarily with the economic results of it decisions. Today, business must also consider and weigh the legal, ethical moral and social impact and repercussions of each of its decisions.

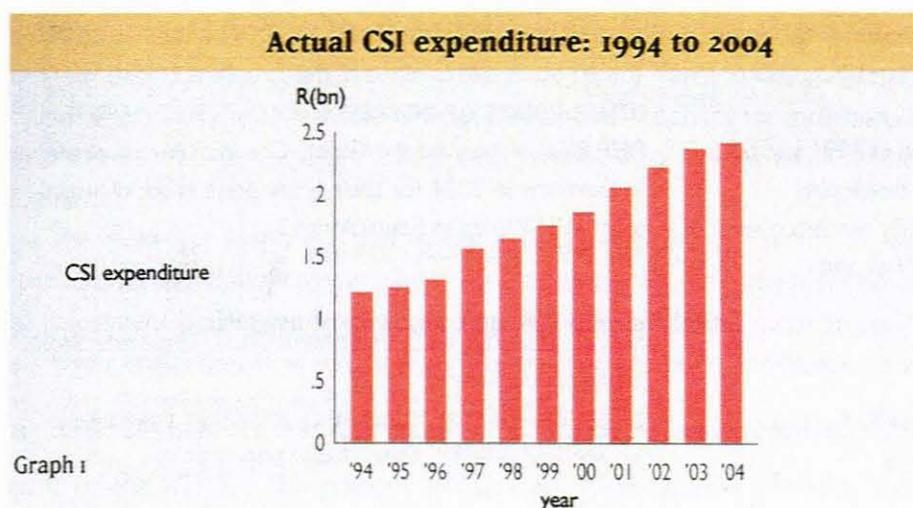
### **Early foundations**

Rockey (2004: 3) states that between the late 1970s and mid 1980s, a number of leading South African companies also formed charitable trusts and foundations as a way to manage their donations. These brought a sense of prestige to the corporate-giving programme, and an opportunity to appoint high profile trustees or broad members. A foundation was a convenient mechanism to distance the CSI activities from mainstream corporate business, often serving as the social conscience of the business, and also providing a place to house dedicated skills that could tackle social problems that the business itself was ill-equipped to address. Names such as the Anglo American and De Beers Chairman's Fund (now treated separately), the Gencor Development Trust, Gold Fields Foundation and the Liberty Foundation were prominent at the time. But while South African business became increasingly responsive to social development needs during the 1970s and early 1980s, there was simply too much political undertone within the trade union and NGO systems, which raised government's hackles. For this and other reasons, companies contributed to CSI activities but did not, or could not, promote their efforts widely. Nelson Mandela's release in February 1990 triggered rapid political change. Here again, business leaders acknowledged the importance of collaborating – both to play their part in the country's orderly transition, and to contribute to its socio-economic development.

Rockey (2004: 6) explains that in the pre-democracy years CSI programmes catered to the needs of a multitude of worthy causes, mostly a host of NGOs. At that time many companies set up systems to deal with the countless funding requests they received, however once funds were allocated to projects, the companies began to spend more time on monitoring these projects. The approaches of each company at that time lacked consultative efforts with communities and led to basic mistakes. Their focus was wrong as they seemed to put emphasis on inputs (whether their funds were spent as intended) rather than on outputs (what they achieved in development terms). Although these programmes

were underpinned by the right motives and did good work, their impact was often weak and lacked strategic direction.

A Top Companies survey in Rockey (2004), revealed that since South Africa's transition to democracy, the corporate sector's actual contribution to development through CSI has accumulated to approximately R18 billion, which translates to R24 billion and represents an average of R2.4 billion per year over the past decade. Figure 4 below gives an indication of the actual CSI expenditure up to 2004.

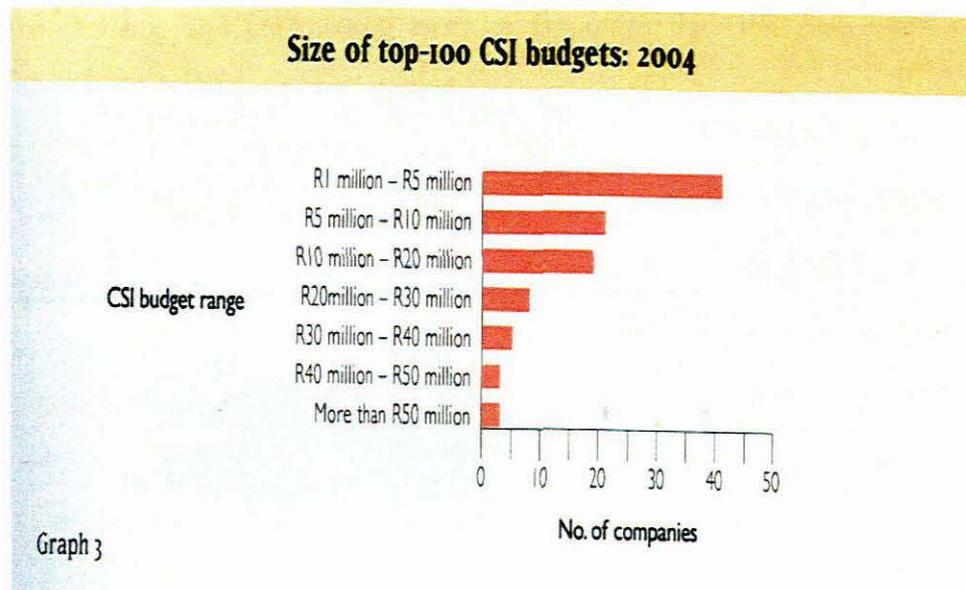


Source : Rockey (2004: 77)

**Figure 4: Actual CSI Expenditure: 1994 to 2004**

According to Rockey (2004: 77), Trialouge's database of Top 100 CSI programmes accounted for approximately R1.3 billion of all corporate development funding in the last financial year, representing a 2.35 percent growth on the previous year. CSI budgets in this group of companies ranged from about R2 million to R80 million, and tended to include the majority of leading companies that have community giving programmes.

Figure 5 illustrates that, six companies each spent over R40 million on their CSI programmes, while almost two thirds of top 100 CSI programmes each spent between R1 million and R10 million.



Source : Rockey (2004: 77)

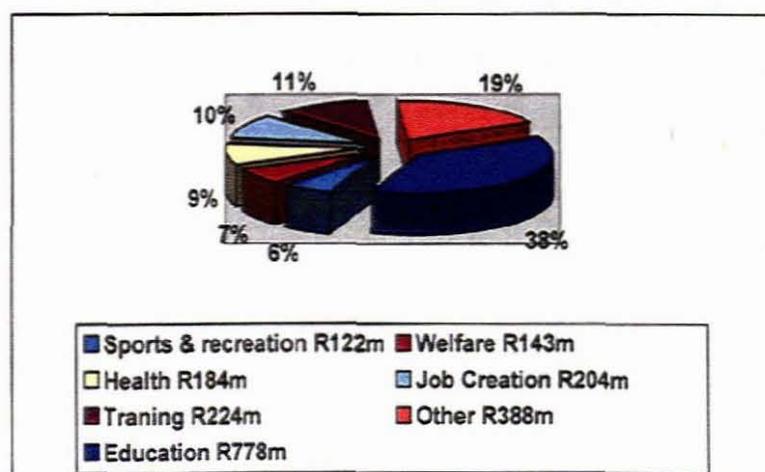
**Figure 5: Size of Top 100 CSI budgets**

Theobald (2002: 24) believes that 45 percent of CSI budgets are determined with the active involvement of the CEO. The reasons he says are wide-ranging. Firstly, South African organizations have come to understand that they need to widen their consumer base. Secondly, government's empowerment efforts have put pressure on organizations to meet employment equity targets. In many industries this is not possible, given the skill shortage. Organisations that cannot find black professional employees in the marketplace are investing in skills development .

Thirdly, investors are taking a closer look at corporate governance. The King 11 Report on corporate governance, the standard for South African business, highlights an organization's responsibility to aid social transformation. CSR has become a prerequisite to attracting investment (Theobald, 2002: 25).

Finally, consumers particularly in Europe, are increasingly lobbying organizations on environmental and social issues. Many of these campaigns have hit revenue lines. Because skills are at the heart of the matter, the lion's share in terms of CSI in South Africa goes to education (38%) as can be seen in figure 3.3 (Theobald, 2002: 25).

Although Education seems to be the main beneficiary of social spending, spending priorities are changing and are moving more in favour of the HIV/Aids virus. The following figure bears reference to this (Figure 6).



Source: Theobald (2002:25).

Figure 6: CSI Spending in South Africa

### Government stance on CSI

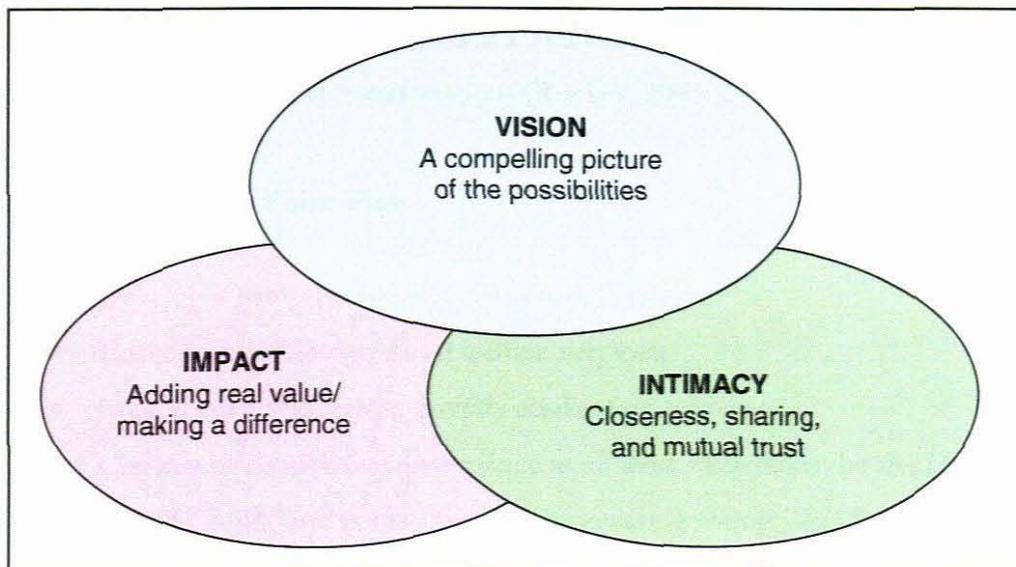
According to Rockey, (2003: 235), as government sought to address social issues and infrastructural backlogs, the trend towards public-private partnerships (PPPs) began to grow. There were, and still are, many compelling reasons for the corporate sector to partner with government in this way. These might differ between companies and economic sectors, but include: achieving project credibility; leveraging exposure; harnessing expertise; following government's 'footprint'; ensuring project sustainability; and not least of all, winning government favour. And not all is one-sided – through its relationship with the private sector, government can be equally rewarded by: access to capacity; development of skills and expertise; additional funding; and the opportunity to convert policy into practice.

Not surprisingly, astute CSI programmes have engaged in successful interventions with government, so producing many of these benefits. Public – private partnerships therefore continue to be an important ingredient of successful CSI and development.

### **Critical success factors for the partnership**

Rockey (2002: 90), reports that partnerships with government are complex, there is no definitive formula, and each has its own unique mix. Some are successful because of the high degree of trust and good fit between people in the partnering entities; others work because of tight integration and synergy; others have built lasting, profitable relationships out of a strong sense of shared values between partners.

Allie (in Rockey 2002: 90), suggests that partnerships are successful through a combination of impact, intimacy and vision. The following figure is adapted from Rockey (2002: 90).



Source: Rockey (2002: 90)

**Figure 7: Impact, Intimacy and Vision: Critical success factors for partnering**

- **Impact** - the capacity to deliver tangible results is the *raison d'etre* of every good partnership. Successful partnerships increase output, add value and ultimately improve results.
- **Intimacy** – conjures up images of people relating on an intensely close level. That’s exactly what successful partners are doing in a professional context.
- **Vision** – it is not enough to increase results and achieve closeness. Successful partnerships have a compelling picture of what the partnership can achieve and, specifically, how it is going to get there.

Partnerships between corporations and government require a balanced contribution, without which there can be no loyalty or commitment and no basis for collaboration (Rockey, 2002: 90).

Government’s move from the traditional welfare model to one which places more emphasis on social development is becoming increasingly entrenched, and is embodied in the Department of Social Development’s Ten Point Plan. The Plan emphasizes the causes of poverty and their social manifestations (Rockey, 2003: 235).

### **Government’s Ten Point Plan**

- Develop a comprehensive social security system;
- Ensure accessibility to social welfare services;
- Implement an integrated poverty eradication strategy;
- Commit to cooperative governance in all work undertaken by the Department;
- Rebuild family and community by empowering young, old, disabled and women;
- Address violence against women, children and elderly;
- Reduce youth criminality and unemployment;
- Re-design services for people with disabilities;
- Train, educate, re-deploy, and employ a new category of workers in social development;
- Mitigate the social and economic impact of HIV/Aids.

Although Government has an accelerated grant programme, which can be one of the most effective, traditional state welfare services do also go further – providing a continuum of care that ranges from food relief programmes and preventative counselling services to care in institutions or community based care centres and after-care. Services are either delivered directly by state functionaries or by government subsidies provided to non-profit organizations (Miszewski in Rockey, 2003: 236).

### **BEST-PRACTICE CSI**

According to Rockey (2003: 14), the corporate sector continued refining its approach to CSI throughout the ‘decade of democracy’. ‘Best-practice’ thinking emerged, with companies keen to enter meaningful developmental partnerships with NGOs, other corporations and government. They also began creating and implementing proper programme management systems and measuring project outputs more rigorously. The era ushered in a philosophy of enlightened self-interest. It was no longer frowned upon to seek indirect corporate gain from CSI. So, for example, mining houses actively engaged communities around their operations, banks initiated or supported financial literacy projects, and information technology companies set up computer laboratories or donated software. Companies realized that they could achieve more for development and for the business – if their social investment was aligned to the business itself.

Mahuma in Rockey (2002: 5), reports that the main thrust regarding CSI will be to improve the quality and effectiveness of CSI programmes and to transfer appropriate skills and technology to national economies.

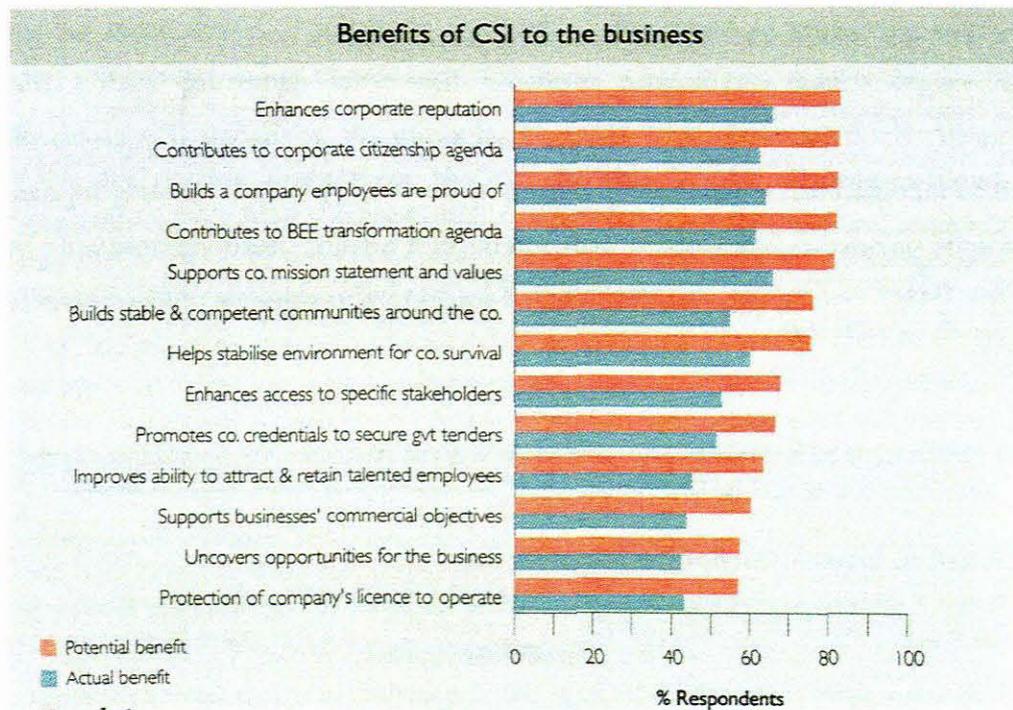
By the late 1990s, many companies with entrenched CSI programmes had housed these activities in a legally constituted foundation, separate from the business. But as CSI became more aligned to the core business, some realized that the foundation structure could be as cumbersome as it was advantageous. On the other hand, those that had not formed foundations set up CSI departments. And while these departments initially tended to function in isolation, some progressive organizations increasingly found ways for CSI to work more closely with the business itself – through committee structures that included other core business divisions in CSI decision-making, or volunteerism programmes and

matching-grant schemes that encourage broader participation throughout the company (Rockey 2003: 14).

According to Rockey (2003: 14), research was carried out by Trialogue among 100 companies to rate a number of potential benefits flowing from their CSI programmes. The research captured the following information:

- The potential benefits that a company can gain from a CSI programme
- The actual benefits that are derived by the company

A five point rating scale was used. Figure 8 shows the average percentile scores.



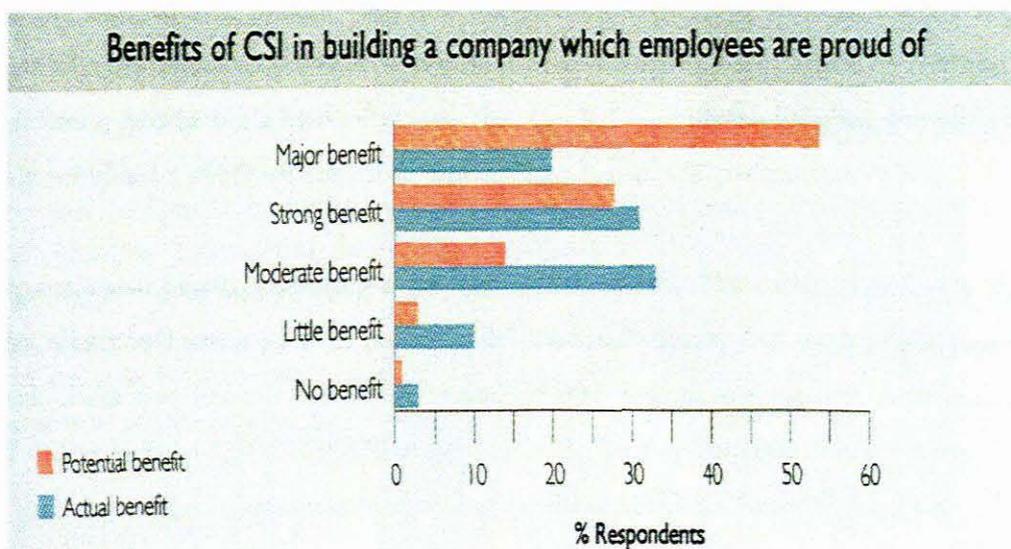
Source: Rockey (2003: 14)

**Figure 8: Benefits of CSI to business**

Some general observations from the above figure are:

- For more than half of the listed criteria, respondents feel that the potential benefit lies somewhere between a 'strong benefit' and a 'major benefit'. Respondents are therefore extremely positive about the potential value of the CSI programme to the business;
- The actual benefits derived are consistently lower than the potential benefits;
- The benefits rated higher are those that are more indirect, and tend to be part of a broader transformation or image-enhancing agenda.

Another important reality is the company's external reputation in the eyes of its employees. Employees are surely the ambassadors of any business, therefore many companies begin their CSI initiatives internally. This assists in improving employee morale. Many companies have staff volunteer programmes which engage their employees in CSI initiatives, for example, The Old Mutual Foundation's Adopt an Orphan programme enables staff to adopt a child by donating a fixed amount of their salary on a monthly basis. Figure 9 illustrates that building and enhancing corporate social investment in a company is of major benefit to the employees.



Source : Rockey (2003: 15)

**Figure 9: Benefit of CSI in building a company which employees are proud of**

Rockey (2003: 17) further confers that CSI can convey corporate compassion to its employees, can inject soul into the work environment, and provide the means to satisfy those individuals who aspire to 'make a difference'. He further describes how some large organisations set about promoting their good work internally and, in so doing, are encouraging their staff to get involved. Volunteerism programmes and matching grant schemes are catching on as a vital link between mainstream business activities and worthy causes. A good example *cited* in Rockey (2003:17) is that of Nedcor's employee programme. A part of Nedcor's culture is that staff members get involved in upliftment and development work. Nedbank's Local Hero Programme provides monthly grants of R10,000.00 to four selected community projects, proudly supported by individual staff or teams of staff members. In 2002, 38 donations were made to homes for abandoned children, Aids orphans, the Nipper Lifesavers and Birdlife Africa.

## **MEDIA INTEREST IN CSI**

According to Morgan in (Rockey, 2004: 269) as CSI was unveiled, the media and public relations machines fired up. Initially, it was fashionable to parade company executives at cheque hand-over ceremonies, and to boast pictures of congratulatory handshaking and oversized cheques in the company newsletter. But it wasn't long before CSI became big news for the external media too, and supplements focusing on CSI began appearing regularly in the business press. The conference industry was also quick to respond to the opportunity, generating a host of events that yielded some fresh insights, but all too often merely provided a platform for those whose agenda was self-promotion.

Companies also began producing their own social reports. The earliest ones were generally public relations exercises, with more 'spin' than substance, but while such reports still prevail, there has been a discernible trend toward real accountability. And perhaps the most telling sign of CSI's elevated status was that many companies began integrating CSI into their core marketing message, drawing on these activities for corporate image-building exercises. However, CSI activities alone cannot enhance corporate reputation. A few companies like Sasol, Anglo Platinum and De Beers communicate their CSI activities in the mainstream media, in order to promote the good work they are doing. Companies also increasingly describe their CSI efforts in tender submissions, internal communications,

customer reports and on their websites; all this aimed at enhancing their reputation (Morgan in Rockey, 2004: 269).

In 2000, after protracted efforts particularly by the non-profit sector, the laws allowing tax deductibility for public benefit organizations (PBOs) were relaxed, leading to a gradual shift in the focus of CSI spending. In the past, only funds spent on recognized education projects qualified for tax-deductibility. The HIV/Aids crisis also contributed to a shift away from education as the dominant area of CSI support, so that more funds are now allocated in the health and welfare fields (Morgan in Rockey, 2004: 269).

According to Stuart in (Rockey 2004:201) companies have increasingly recognized the value that employees can bring to their CSI programmes, as company ambassadors in communities – while at the same time giving staff a sense of personal fulfilment and engendering their goodwill toward the company. This is why there has been a massive acceleration in CSI programmes that looks set to continue.

## **CSI POLICY AND STRATEGY**

Theobald (2002: 24) suggests that CSI is becoming more strategic. Corporate South Africa in the past decade began to replace the non profit organizations (NPOs) as the major distributor of social funds. It has become apparent that business is now looking at how they can elevate the status of social spending to a boardroom-level item.

According to Du Toit in (Rockey, 2004: 223) CSI contributes to sustainability if its policy and planning is founded on strategic alignment between business and social goals. She emphasizes that CSI is not treated as a philanthropic add-on, but as integral to business strategy, and a potential driver of corporate sustainability. CSI programmes that build sustainability are founded on multi-stakeholder consultation, and planned to serve the public good, as well as the business growth requirements of the corporation.

## **A GLIMPSE OF THE FUTURE**

### **Uniting CSI and the business**

According to Rockey (2004: 19) the effect that industry charters are having, and will continue to have, on the CSI industry is profound. For the first time, company boards are showing a real and active interest in CSI programmes. This interest relates not only to whether the company conforms to the terms of the charter, but also to how CSI activities benefit the business. Before industry charters were introduced, CSI programmes were already shifting towards a corporate aligned approach. Now, as a result of the requirements of the charters, this strong sense of CSI-corporate alignment is becoming integral to the way decisions are made.

From a formerly philanthropic offshoot, CSI is now being forced to uncover and create synergies with marketing, procurement, human resources and other divisions considered core to the business. It is obvious that CSI has emerged from a position of voluntary contribution to expedient necessity, with a combination of external scrutiny, industry charter prescriptions, and the requirement for honest reporting. Another consequence of the industry charter era is that more companies are being called to conform. Some of South Africa's national corporate giants have contributed generously to community development for many years. Others who did not commit themselves remained silent on this issue, perhaps hoping their absence would not be noticed. And a multitude of second tier and smaller companies did not regard it as their responsibility. The information, communications and technology (ICT) sector is an example of a sector in which a few leading players were left to carry the CSI flag (Rockey, 2004: 19).

But the exposure of CSI in charter scorecards – whether overtly or indirectly via other developmental objectives – has led to a flurry of activity among companies wanting first to understand this important area and then to establish a presence. Traditionally, CSI has remained the domain of large corporations, however, finality has not been reached and the question is whether the industry scorecard approach will reach down into smaller businesses, and whether CSI and developmental contributions will become a recognized scorecard factor for them (Rockey, 2004: 19).

CSI has evolved from a 'feel -good' charitable side-show to an industry that is large, strategic, and integral to South Africa's transformation effort. Its value is increasingly recognized by developmental specialists, government and corporate executives alike, and as it becomes part of formal transformation frameworks and attracts ever greater attention, one can be confident that the future of CSI looks good (Rockey, 2004: 20).

## **CSI – AN IMPORTANT COMMUNICATIONS FUNCTION**

Ratcliffe in (Rockey, 2004: 207) indicates that companies are increasingly talking about their CSI programmes in the public domain and so demand greater accountability from NPOs. Communicating one's CSI programme is an important part of the corporate communications function. This move has been brought on by pressures to demonstrate corporate commitment to social responsibility, to justify their 'licence to operate', or to show a 'return' on CSI investments. Ratcliffe (2004) further indicates that CSI is supported by the trend toward triple-bottom line reporting.

Mersham (1992a: 54-55) draws attention to the aspect of social responsibility as a national development philosophy with a moral (normative/ethical) imperative in the South African context. Social investment calls for the acceptance of the idea that an organisation is socially accountable - that it can see more than just making a profit, and turn its actions and operations to the benefit of the community and to the wider society in which it functions...the concept of social responsibility includes an organisation's relationship to the society in which it operates, and its involvement in the problems of national significance that face that society. It is apparent that South African corporations are now beginning to be more socially accountable to both their internal and external environments.

According to PriceWaterhouseCoopers (2000: <http://www.pwcglobal.com/za/eng/ins-sol/pub/tax/corpuirt.html>), the business of business is not only business. Corporations need to get involved in focused CSR programmes. The private sector has a role to play beyond the creation of wealth. Business and social integrity underpin CSR. Organisations should be committed to integrity, honesty, transparency and fairness in all business dealings and in everything that they do. They should also subscribe to the ethical standards that govern the profession in which they operate, as well as be independent and preserve client confidentiality at all times.

They should also be aware of the needs of all stakeholders, from employees, clients and suppliers, to the communities in which they operate.

CSR is all about “doing the right thing”. What is right and what is not makes CSR a very subjective and topical issue. Most believe that CSR has less to do with earnings and how they are distributed, and more to do with the organisations’ reputation across a broad array of stakeholders. CSR projects and initiatives are no more or less important for any one company – organisations should be seen to be responsible corporate citizens.

But organisations are different. Each has a specific focus area and as a result the areas of CSR focus will differ from company to company (2000: <http://www.pwcglobal.com/za/eng/ins-sol/pub/tax/corpuirt.html>).

## **CONCLUSION**

Top management and corporate leadership need to identify new ideas and add to those that already exist. There are various projects and initiatives that can be undertaken as part of being a responsible corporate citizen, and unless these projects and initiatives are supported 100% by the corporate sector, they are destined to fail!

The trends reported in this chapter provide strong evidence to suggest that CSI is gaining in importance in companies. The benefits for the company are becoming apparent and the drive towards business sustainability is adding impetus to the case for CSI.

In this chapter an attempt was made to explain the current CSI development from a theoretical perspective. The intentions were to highlight the role of corporate social investment in the national and international arena. The origins of corporate social responsibility/corporate social investment were discussed in detail. Discussion then focused on the development of CSI nationally and internationally.

Evidence suggests that businesses have successfully positioned themselves as leaders in corporate social investment. With different existing approaches to corporate social investment, many corporations have opted for a results-driven approach of developing, implementing and monitoring corporate social investment programmes in partnership with

their host communities. Corporate social investment is an integral part of a corporation's commitment to community development. It is the primary platform for building and enhancing the company's image as a responsible corporate citizen and a valued partner in communities where it operates.

This chapter reveals that companies have shown a desire to see genuine and sustainable social upliftment. Although there are many unique challenges to growth and transformation in the country, many companies have a proud record of meeting and exceeding the requirements of good corporate citizenship. Being a 'Good Corporate Citizen' defines each company as an organisation.

The King Report (2002) defines Corporate Social Responsibility as "Business decision-making linked to ethical values, compliance with legal requirements and respect for people, communities and the environment proved by a comprehensive set of policies, practices and programmes that are integrated throughout business operations and decision-making processes and that are supported and rewarded by top management". Evidence suggests that companies are committed to sound corporate governance which underpins the four pillars. Their approach is in compliance with the King Report (2002) code of Corporate Governance and Conduct for South Africa. In most companies the governance structure is focused on maintaining a balance between performance and conformance, while taking account of stakeholder expectations. Sound governance entrenched by the board is integral to the sustainability of any organisation. Boards are responsible for providing clear strategic direction to the company, ensuring that the appropriate management structures are in place, and promoting a culture of ethical behaviour and entrenching sound corporate governance.

In the next chapter the focus will be on the threat HIV/Aids poses to the South African and international business sectors and how organizations respond to the challenges and implications that HIV/Aids has on the working environment. The impact of HIV/Aids on CSI will also be examined at length. Attention will also be given to how business can manage the pandemic by identifying and implementing cost-effective action programmes and strategies.

## *Chapter 4*

### THE IMPACT OF HIV/AIDS IN SOUTH AFRICA

#### **INTRODUCTION**

This chapter examines the global trend of HIV/AIDS, the history of HIV/AIDS in South Africa and the commitment of the private sector in addressing the issue of HIV/AIDS in South Africa. The chapter then looks at the role played by the private sector and the different interventions used to educate employees on the issue of HIV/AIDS.

Companies are essential to communities and not just those where they are physically based, but also wider communities that include employees, their families and others affected by company operations.

Corporate Social Investment according to Robinson (1999:15) is fundamentally about corporate commitment to external communities. He declares that the escalation of HIV/AIDS in the workplace and across communities has drawn companies into a wider social problem, which on the surface, is seemingly insurmountable. Robinson (1999:15) further explains that there has been nothing since the end of apartheid that has stirred corporate emotion so deeply as HIV/AIDS, therefore in responding to the crisis, companies are experiencing rapidly growing interaction that extends from workers to the wider community.

In a growing economy, such as that of South Africa, which is destined to remain labour-intensive for many years to come, the consequences of HIV/AIDS are staggering, allowing also for the fact that government tends to underestimate the full extent of the disease and the impact that the virus is going to have on business and the economy. Many organizations still seem to hope that the problem will vanish. Consequently, few organizations have faced up to the excruciating dilemmas of their counterparts in countries North of South Africa (Robinson 1999: 15).

Tyler and Shah (1997) estimate that up to 26 million Africans are infected with HIV/Aids, many of them employed in the private sector. The impact of this pandemic on enterprise costs and performance depends on worker attrition due to sickness and death, the corresponding costs to the firm for providing health and sickness benefits, replacement costs to obtain new workers and the impact of HIV/Aids on worker productivity. Efforts to measure the impact of HIV/Aids on a firm's costs and productivity so far have been hampered by measurement problems and by the absence of good quality panel data. Some earlier studies of the manufacturing sector have found that AIDS has no measurable impact on the private sector due to the ease of replacing workers.

In a survey of 80 small and medium enterprises in South Africa, Connelly and Rosen (2005) found that managers on average ranked HIV/Aids as nine out of ten on the list of priorities, although worker productivity ranked number 1. Managers attributed a low percentage of productivity losses to HIV and found worker replacement inexpensive. In addition, the study found lack of information to be a major constraint, as even managers interested in HIV programs were unaware of free services available nearby.

Ramachandran *et al.* (2005) recently demonstrated the profitability of AIDS workplace programs in nine large firms with over 120,000 employees, including the Anglo-American mining company. They observed a 60 percent decrease in absenteeism, which compensated for 70 percent of the costs of the AIDS workplace programs, the rest of which were covered by other cost savings.

Mears (2005) states that advocacy organizations, such as the Global Business Coalition (GBC) and the South African Business Coalition against HIV/Aids (SABCOHA), have gathered numerous case studies on HIV/Aids workplace programs including prevention, care, and treatment, mainly in large companies, though largely without rigorous monitoring and evaluation that could determine effectiveness. SABCOHA has recently targeted SMEs with its SME toolkit, for sale for approximately \$215, which has attracted very low uptake.

Rosen *et al.* (2003: 5) declare that the global pandemic of HIV/Aids is rapidly becoming the worst infectious disease catastrophe in recorded history, surpassing the bubonic plague of the fourteenth century, which killed some 20 million people. More than that number have already died because of Aids, according to UNAIDS, which co-ordinates the United

Nation's response to the pandemic. The human immunodeficiency virus, which causes AIDS, has infected more than 40 million people. In Africa's hardest-hit countries, such as South Africa, Botswana, Swaziland, Zimbabwe, and Zambia, one in five working-age adults is infected with HIV. Aids is also spreading swiftly in other parts of the world, too. Russia, Ukraine, India and China have been badly affected and have had the fastest-growing pandemics last year.

A new report by the World Economic Forum (WEF) shows that companies worldwide are not particularly active in combating the crisis, and that they make decisions based on a "fairly patchy assessment" of the risks they face, and they seem to favour a "broad social response" to HIV/Aids, even if only a small number of businesses currently see themselves as an integral part of that response (Finlay, 2004).

## **THE DISCOVERY OF HIV AND AIDS AND ITS IMPACT**

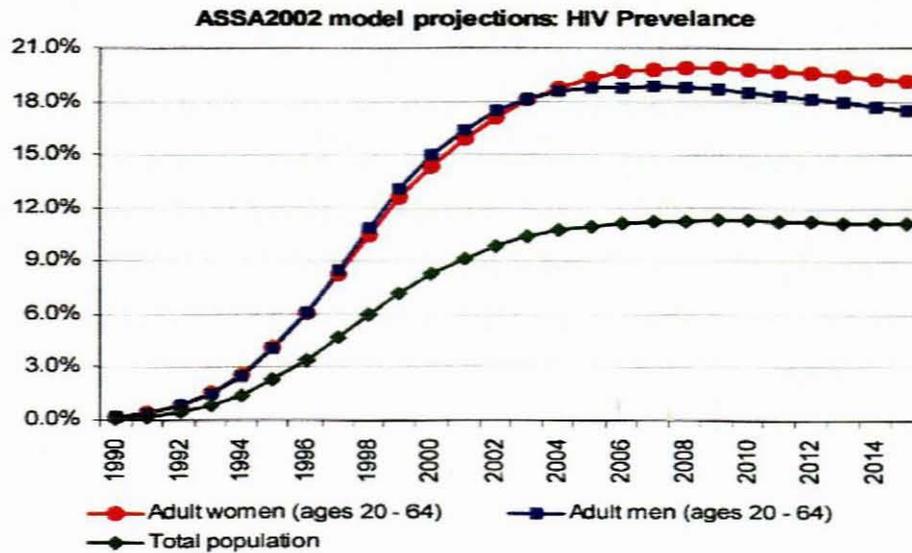
### **AIDS Cases**

According to Statistics SA (2004: 4), the first two cases of AIDS were identified in South Africa in 1982. For the first eight years, the infection was primarily located among white homosexuals. Nonetheless, as the number of cases rose, so the disease began spreading among other groups. In July 1991, the number of heterosexually transmitted cases equalled the number of homosexual cases.

### **HIV Cases**

According to Statistics SA (2004: 4), the ASSA2002 model estimates suggest that  $\pm 18\%$  of adults between the ages of 20 and 64 are currently infected with HIV. For the total population, the ASSA2002 model indicates that roughly 10.8% or 4.93 million South Africans will be HIV positive in the calendar year starting 1 July 2004. Just over half a million South Africans are estimated to be sick with AIDS. Dorrington (2004) warns, "By 2010, despite interventions and treatments, we estimate that nearly 3.5 million South Africans will have died of HIV/Aids related causes".

The current calculation of the total number of infected South Africans in the past, present and future is shown in Figure 10.



**Figure 10: ASSA2002 model projections: HIV Prevalence**

### The origin of HIV

According to Whiteside and Sunter (2000:10) there has been a great deal of ill-informed speculation as to the source of the virus. It has been suggested that it was man-made by either the Russians or the Americans. An alternative theory is that it came from outer space. Neither of these propositions needs be taken seriously.

Whiteside and Sunter (2000:10) further declare that HIV is hard to transmit. In order for a person to be infected, the virus has to enter the body in sufficient quantities. It must pass through an entry point in the skin and /or mucous membranes into the bloodstream. The main modes of transmission, in order of importance, are:

- Unsafe sex;
- Transmission from infected mother to child;
- Intravenous drug use with contaminated needles;
- Use of infected blood or blood products; and
- Other modes of transmission involving blood including bodily contact involving open bleeding wounds.

## **Myths and stigmatization about HIV/Aids**

Dickson and Clayton (2003) believe that more effective public knowledge about the nature of HIV/Aids is essential to combat false ideas that are sabotaging prevention and treatment strategies. They believe that with HIV/Aids it is different. Myths can kill — and frequently do. South Africans believe the idea that HIV/Aids can be cured by having sex with a virgin, and therefore have a relaxed attitude to precautionary measures. It is distressing; however, belief in such myths do costs lives. On the other hand, public education is needed to combat fears that science-based interventions, such as vaccines and microbicides, will not necessarily offer protection.

Dickson and Clayton (2003) further believe that even the less obvious myths, for example that HIV/Aids can be transmitted through coughing or merely touching someone, can inflict enormous damage. By implying that people should keep away from those who are known to be infected, such myths encourage the latter to remain silent about their infection. And this in turn stops them from taking measures to prevent the infection being spread to others. The worst aspect of society's all-too-common tendency to stigmatise HIV/Aids victims is that it drives the disease underground, where it becomes even more inaccessible to both treatment and prevention.

Meel (2003) and Groce & Trasi (2004) believe that virgin cleansing on the other hand is a myth that has occurred since at least the sixteenth century, when Europeans believed that they could rid themselves of a sexually transmitted disease by transferring it to a virgin through sexual intercourse. Although the exact prevalence of this belief is unclear, it is believed to occur worldwide. Meel (2003) further explains that doing so does not cure the infected person, but it will expose the victim to HIV infection, potentially spreading the disease further. This myth has gained considerable notoriety as the perceived reason for certain recent sexual abuse and child molestation occurrences.

Meel (2003) explains that in other parts of the world, some of the myths seem to be growing in popularity. He talks about a survey carried out last year for the National HIV/Aids/STI Prevention and Control Programme in Jamaica, which for example, found that 37 percent of men believed (wrongly) that HIV can be contracted from mosquito bites; in 1996, this was believed by only 26 percent. Similarly the number of men who

believed that HIV can be caught from public toilets, another widely held myth, had more than doubled, from 13 to 32 percent, over the same period.

These myths may be relatively innocuous. However in places where HIV/Aids has not yet reached pandemic proportions, but is threatening to do so, some of the earlier myths prevail, occasionally with devastating consequences. One is that HIV/Aids is exclusively associated with high-risk groups such as sex workers and men who have sex with men. This is still a powerful misconception in countries such as India and China, where HIV/Aids sufferers complain of social ostracism, and have even been subjected to violence (Dickson and Clayton, 2003).

Dickson and Clayton (2003) report on recent surveys in India, that reveal how HIV/Aids is spreading through the population at large. The spread includes housewives whose only sexual partner has been their husband, who may have been infected by a sex worker. There is often a tendency, however, for such women to be discriminated against and accused of unfaithfulness, rather than given compassion and support. More awareness through the media that HIV/Aids is a general problem would help remove stigma and discrimination. There is growing awareness that public education campaigns, backed by accurate and knowledgeable press coverage, can play a key role in increasing the social acceptability of promising science-based avenues of both prevention and treatment; indeed, they are essential if the pandemic is to be successfully tackled.

According to Steinberg and Johnson (2002), the prevalence of misinformation about AIDS in South Africa has not only hampered efforts to increase access to treatment, but has also created a climate of confusion in which prejudice against people living with HIV thrives. HIV is sometimes seen as being a disease of the poor. In South Africa, there is some correlation between extreme poverty and high HIV prevalence, although the virus is prevalent across all sectors of society. By 1998, although people from more affluent, largely white society were starting to come out as being HIV positive, stigmatisation of the condition remained still deeply rooted in township areas. In October of that year, the then Deputy President Thabo Mbeki made the Declaration of Partnership Against AIDS, in which he called for an end to discrimination against people living with HIV. However, it was clear that there was a long way to go before this goal could be achieved; less than two months later, Gugu Dlamini, an AIDS activist in Durban, was beaten to death by her neighbours after declaring that she was HIV positive on World AIDS Day.

## **AN ANALYSIS OF THE PAST, PRESENT AND FUTURE IMPACT OF HIV/AIDS ON THE NATIONAL AND INTERNATIONAL FRONT**

### **The history and severity of South Africa's Pandemic**

HIV/Aids is not just a health issue, but has become integral to South Africa's society at large, and has woven itself into all development plans and projects.

Research carried out on Aids in South Africa by Avert.org provides details on the following (2005c: <http://www.avert.org/aroundworld.htm>):

The Republic of South Africa is a comparatively large country, with an estimated population of about 40 million. An estimate in 2001 suggested that 24.8% of the population are living with HIV/Aids, an estimated 13% of the world's total. The country is made up of large, crowded cities and sparsely populated rural areas. The average density of the population works out at 29 people per square kilometre, with 59.5% of these in urban areas and 40.5% of these in rural areas. Some parts of the country, especially in the rural areas, are very isolated and underdeveloped. This lack of infrastructure is one of several factors that make it difficult to get a clear picture of the size of the population and the HIV/Aids prevalence.

A common method of measuring HIV prevalence in South Africa is by looking at HIV test results taken from pregnant women who attend antenatal clinics. Some areas of South Africa, however, lack antenatal facilities and many women will not have the opportunity to see a midwife during their pregnancy or to take a HIV test. There has also been criticism that this method of measuring prevalence only gives a picture of HIV rates among sexually active women, some of whom, due to the stigmatisation experienced by people with HIV, are naturally reluctant to have a test. Whatever the precise levels of infection are, what is certainly clear is that the problem is a huge one.

South Africa, as a nation, is highly susceptible to the spread of HIV and vulnerable to the impact of AIDS, but there are segments in the society which are particularly susceptible and vulnerable.

The highest rates of infection are among people between 20 and 44 years old. Because a sizeable percentage of South Africa's population is aged between these years, AIDS has the potential to have a devastating effect on social, economic, and, above all, human development (South African Health Review, 1995).

## **Chronology**

The following discussion on the chronology is adapted from Averting HIV/Aids – Avert (2005c: <http://www.avert.org/aroundworld.htm>).

In **1982** the first cases of HIV were diagnosed in South Africa, and for the first few years of the pandemic, cases were mainly among white gay men. Following the same trends seen in other countries, as the number of cases increased, the virus began spreading to all other areas of society.

In **1990** the first antenatal surveys to test for HIV were carried out 2 0.8% of women were found to be HIV positive. It was estimated that there were between 74000 and 120000 people in South Africa then living with HIV. Since this time, antenatal surveys have been carried out annually.

In **1991** the number of heterosexually contracted infections equalled the number of homosexually contracted infections. Since that point, the number of heterosexually acquired infections has dominated the face of the pandemic. The prevalence rate was 1.4% based on antenatal testing. Several AIDS information, training and counselling centres were established.

In **1992** the prevalence rate was 2.4% based on antenatal testing. The first governmental response to AIDS came when Nelson Mandela addressed the newly-formed National AIDS Convention of South Africa (NACOSA), although there was little action from the government in the following few years. The purpose of NACOSA was to begin developing a national strategy to cope with AIDS. The free National AIDS helpline was started.

In **1993** the prevalence rate was 4.3% based on antenatal testing. The National Health Department reported that the number of recorded HIV infections had increased 60% in the previous two years and the number was expected to double in 1993. A survey of

women attending health clinics indicated that nationally some 322,000 people were infected.

In **1994** the prevalence rate was 7.6% based on antenatal testing. The Minister for health accepted the basis of the NACOSA strategy as the foundation of the governments AIDS plan. There was criticism that the plan, however well intended, was poorly thought out and disorganised. The South African organisation Soul City was formed, developing media productions with the intention of educating people about health issues, including HIV/Aids.

In **1995** the prevalence rate was 10.4% based on antenatal testing. Much of the collection of AIDS data stopped in South Africa.

In **1996** the prevalence rate was 14.2% based on antenatal testing. The International Conference for People Living with HIV and AIDS was held in South Africa, the first time that the annual conference had been held in Africa. The then-deputy President, Thabo Mbeki, acknowledged the seriousness of the pandemic, and the South African Ministry of Health announced that some 850,000 people, 2.1% of the total population were believed to be HIV positive and that in some groups, such as pregnant women, the figure had reached 8% and was rising.

In **1997** the prevalence rate was 17.0% based on antenatal testing. A national review of South Africa's AIDS response to the pandemic found that there was a need for political leadership.

In **1998** the prevalence rate was 22.8% based on antenatal testing. The pressure group Treatment Action Campaign (TAC) was started to advocate for the rights of people living with HIV/ AIDS and to demand a national treatment plan for those who were infected. The then Deputy President Thabo Mbeki launched the Partnership Against Aids, admitting that 1500 infections were occurring every day.

In this year alone, 49,280 incidents of rape and sexual assault were reported, indicating that sexual violence is likely to be an important factor involved in the transmission of HIV. Sexual assaults in South Africa are thought to go largely unreported, so the true figure is undoubtedly much higher.

In **1999** the prevalence rate was 22.4% based on antenatal testing. Over 160 million free condoms were distributed. An educational campaign called 'Lovelife' was launched, a national programme targeting 12 to 17 year-old South Africans.

In **2002** the prevalence rate was 26.5% based on antenatal testing. These figures show that there was clearly an explosion in HIV prevalence between 1993 and 2000. The cause of this was due to the distraction of the major political changes that the country was experiencing at the time. While the attention of the South African people and the world's media was focused on the political and social changes occurring in South Africa, HIV was silently gaining a foothold. While the true extent of the HIV/Aids pandemic is unknown, there are a number of estimates on the spread and impact of the disease. TAC campaigners embarked on a strategy of civil disobedience and demonstrations to try to embarrass the government into acting. In March 2003 TAC laid culpable homicide charges against the Health Minister and her trade and industry colleague. TAC claimed the pair were responsible for the deaths of 600 HIV-positive people a day in South Africa who have no access to antiretroviral drugs.

The figure below illustrates the spread of the virus in South Africa up to 2005.

Province	2000 prevalence %	2001 prevalence %	2002 prevalence %	2003 prevalence %	2004 prevalence %	2005 prevalence %
KwaZulu-Natal	36.2	33.5	36.5	37.5	40.7	39.1
Mpumalanga	29.7	29.2	28.6	32.6	30.8	34.8
Gauteng	29.4	29.8	31.6	29.6	33.1	32.4
North West	22.9	25.2	26.2	29.9	26.7	31.8
Free State	27.9	30.1	28.8	30.1	29.5	30.3
Eastern Cape	20.2	21.7	23.6	27.1	28.0	29.5
Limpopo	13.2	14.5	15.6	17.5	19.3	21.5
Northern Cape	11.2	15.9	15.1	16.7	17.6	18.5
Western Cape	8.7	8.6	12.4	13.1	15.4	15.7
National	24.5	24.8	26.5	27.9	29.5	30.2

Source: (2005a: <http://www.avert.org/SAfricastats.htm>)

**Figure 11: Spread of the virus in South Africa up to 2005**

### The Global Pandemic

In 1998, when UNAIDS issued a map showing global infections, the caption was: 'No place on earth untouched'. This is certainly the case; but what is also evident is that some parts of the world are worse affected than others. Figure 12 summarises the World estimates of the HIV/Aids pandemic at the end of 2005.

Acquired Immunodeficiency Syndrome (AIDS) has killed more than 25 million people since it was first recognized in 1981, making it one of the most destructive pandemics in recorded history. Despite recent, improved access to antiretroviral treatment and care in many regions of the world, the AIDS pandemic claimed 3.1 million [2.8-3.6 million] lives in 2005; more than half a million (570 000) were children. The total number of people

living with the human immunodeficiency virus (HIV) reached its highest level; an estimated 40.3 million [36.7-45.3 million] people are now living with HIV. Close to 5 million people were newly infected with the virus in 2005 (UNAIDS/WHO's AIDS Epidemic Update, December 2005).

Figure 12 describes the World estimates of the HIV & AIDS Epidemics until the end of 2005.

<b>Number of people living with HIV/AIDS in 2005</b>		<b>Estimate*</b>	<b>Range*</b>
	<b>Total</b>	40.3	36.7-45.3
	<b>Adults</b>	38.0	34.5-42.6
	<b>Women</b>	17.5	16.2-19.3
	<b>Children</b>	2.3	2.1-2.8
<b>People newly infected with HIV in 2005</b>		<b>Estimate*</b>	<b>Range*</b>
	<b>Total</b>	4.9	4.3-6.6
	<b>Adults</b>	4.2	3.6-5.8
	<b>Children</b>	0.70	0.63-0.82
<b>AIDS deaths in 2005</b>		<b>Estimate*</b>	<b>Range*</b>
	<b>Total</b>	3.1	2.8-3.6
	<b>Adults</b>	2.6	2.3-2.9
	<b>Children</b>	0.57	0.51-0.67

\* millions

Source (2005: [www.unaids.org/wad2004/report.html](http://www.unaids.org/wad2004/report.html))

**Figure 12: World estimates of the HIV & AIDS Epidemics at the end of 2005**

In 1999, there were 2,6 million deaths from HIV/ AIDS. This was a higher global total than in any year since the beginning of the pandemic, despite antiretroviral therapy which staved off AIDS and AIDS deaths in the richer countries. Even in a scenario where prevention programmes managed to cut the number of new infections to zero, deaths among those already infected would continue mounting for some years. However, with the HIV-positive population still expanding – there were 5,6 million new infections in 1999 compared to 2,6 million deaths – annual numbers of AIDS deaths can be expected to increase substantially for many more years. Around half of all people who acquire HIV become infected before they turn 25 and typically die before their 35<sup>th</sup> birthday. This age factor makes AIDS uniquely threatening to the bringing-up of children. Most people will have had children before they become infected, and about 70 percent of children born to infected mothers will not, themselves, be infected. These children have a close to 100 percent chance of being orphaned. By the end of 1999, the pandemic had left behind a cumulative total of 11,2 million AIDS orphans (defined as those having lost their mother before reaching the age of 15). Many of these maternal orphans have also lost their father (2005: [www.unaids.org/wad2004/report.html](http://www.unaids.org/wad2004/report.html)).

Also of significance in the global data is that the number of women infected is increasing. Within the next year or so, there will be more women infected than men. This is already the case in most of Africa.

### **The diversity of the pandemic around the world**

The pandemic is handled quite differently from country to country and the statistics vary among the countries. The paragraphs below discuss the statistics of the worst affected countries on the globe. Figure 13 describes HIV and Aids Statistics in Sub-Saharan Africa.

# SUB-SAHARAN AFRICA

## HIV and AIDS statistics and features, in 2003 and 2005

	Adults and children living with HIV	Number of women living with HIV	Adults and children newly infected with HIV	Adult prevalence (%)*	Adult and child deaths due to AIDS
<b>2005</b>	<b>25.8 million</b> [23.8–28.9 million]	<b>13.5 million</b> [12.5–15.1 million]	<b>3.2 million</b> [2.8–3.9 million]	<b>7.2</b> [6.6–8.0]	<b>2.4 million</b> [2.1–2.7 million]
<b>2003</b>	<b>24.9 million</b> [23.0–27.9 million]	<b>13.1 million</b> [12.1–14.6 million]	<b>3.0 million</b> [2.7–3.7 million]	<b>7.3</b> [6.7–8.1]	<b>2.1 million</b> [1.9–2.4 million]

Source: (2005: [www.unaids.org/wad2004/report.html](http://www.unaids.org/wad2004/report.html))

**Figure 13: Sub-Saharan Africa HIV and Aids Statistics**

### Sub-Saharan Africa

This is the region of the world that has been most affected by HIV/Aids. Heterosexual sex is the main way HIV is transmitted here, and women and girls account for almost 60 percent of all HIV infections. Most women with HIV here have been infected by their husbands or intimate partners. In South Africa, Zambia and Zimbabwe, young women (aged 15-24 years) are three to six times more likely to be infected than young men. It is estimated that on this continent, nine out of every ten people who need antiretroviral treatment are not receiving it. Over 11 million children under the age of 15 living here have lost one or both parents by HIV/Aids. In Kenya one company experienced a 40-fold increase in funeral expenses between 1992-1993 and 1996-1997. During the same period, 41 percent of the employees left the company because of illness or death. Healthier workers had to work overtime— increasing costs (Bollinger, Stover & Nalo: 1999) (2005: [www.unaids.org/wad2004/report.html](http://www.unaids.org/wad2004/report.html)).

# EASTERN EUROPE AND CENTRAL ASIA

## HIV and AIDS statistics and features, in 2003 and 2005

	Adults and children living with HIV	Number of women living with HIV	Adults and children newly infected with HIV	Adult prevalence (%)	Adult and child deaths due to AIDS
2005	1.6 million [990 000–2.3million]	440 000 [300 000–620 000]	270 000 [140 000–610 000]	0.9 [0.6–1.3]	62 000 [39 000–91 000]
2003	1.2 million [740 000–1.8 million]	310 000 [210 000–430 000]	270 000 [120 000–630 000]	0.7 [0.4–1.0]	36 000 [24 000–52 000]

Source: (2005: [www.unaids.org/wad2004/report.html](http://www.unaids.org/wad2004/report.html))

**Figure 14: Eastern Europe and Central Asia HIV and Aids Statistics**

### Eastern Europe and Central Asia

In this region the number of people living with HIV has risen dramatically in just a few years. It is estimated that 1.4 million people here were infected with HIV by the end of 2004. AIDS claimed an estimated 60,000 lives in the past year. The Russian Federation, Ukraine, and the Baltic States are the worst affected, but HIV continues to spread in Belarus, Moldova and Kazakhstan. More recent pandemics are now in Kyrgyzstan and Uzbekistan. About 70% of all HIV infections in this region are found in the Russian Federation, and the vast majority of people living with HIV are young. More than 80% of the reported infections are among people younger than 30 years of age. Widespread injection drug use and unsafe sex are driving the pandemics here (2005: [www.unaids.org/wad2004/report.html](http://www.unaids.org/wad2004/report.html)).

# CARIBBEAN

## HIV and AIDS statistics and features, in 2003 and 2005

	Adults and children living with HIV	Number of women living with HIV	Adults and children newly infected with HIV	Adult prevalence (%) *	Adult and child deaths due to AIDS
2005	300 000 [200 000 – 510 000]	140 000 [88 000–250 000]	30 000 [17 000–71 000]	1.6 [1.1–2.7]	24 000 [16 000–40 000]
2003	300 000 [200 000–510 000]	140 000 [87 000–250 000]	29 000 [17 000–68 000]	1.6 [1.1–2.7]	24 000 [16 000–40 000]

Figure 15 : Caribbean HIV and AIDS Statistics

### The Caribbean

This region is the second most affected region in the world. Among adults aged 15-44, AIDS has become the leading cause of death. The Bahamas, Belize, Guyana, Haiti, Trinidad and Tobago are the hardest hit by AIDS. In the Caribbean, most cases are due to heterosexual contact, women having sex with men, however in Puerto Rico and Bermuda, injection drug use accounts for a large share of the pandemic. The most serious pandemic in this entire region is in Haiti. Condom use here is very low despite knowledge of HIV/Aids.

In the Bahamas and Barbados, there are signs that stronger prevention efforts are beginning to help lower HIV infection rates (2005: [www.unaids.org/wad2004/report.html](http://www.unaids.org/wad2004/report.html)).

This section concludes with an update given to the reader, on infection rates on the international front. Efforts by the various countries against HIV/Aids continue to be substantially, financially and technically supported both by the government, as well as by multilateral organizations.

## **THE ECONOMIC, DEVELOPMENTAL AND SOCIAL IMPACT OF AIDS**

In his book, Edelston (1988), argued that AIDS was likely to lead to economic collapse and a shifting balance of global power. The reality is that the projections of global economic and social collapse have not and will not come true. In Africa, the pandemic is of a different order of magnitude and the impacts will be commensurately greater. Social impacts arise because people interact in ways other than economic.

### **AIDS and national economic growth**

According to Over (1992) AIDS has made a definite impact on national growth? Furthermore, South Africa has experienced negative or very low growth for many years now. As South Africa is lagging behind other African countries in the pandemic, an obvious question is: what can be learnt from them? Unfortunately, surprisingly little! There have been attempts to model the macro-economic impact of AIDS, but they are burdened with difficulty. The models suggest that the mechanisms through which the pandemic may affect economies are:

- The illness and death of productive people and the consequent fall in productivity.
- The diversion of resources from savings (and eventually investment) to care. This will happen as people spend their savings on medication and special food and so on. As the disease progresses and financial resources are used up, people will begin cashing in insurance policies and selling capital items. In the rural areas, the sale of cattle and farming equipment is already known to occur.

Over (1992) further elaborates that the degree to which these factors will impact on national growth will depend on the people who are infected in terms of their importance to national production, and to what extent money is diverted from savings to care. It is a harsh economic reality that not all lives have equal value. If the majority of those who are infected are unemployed, subsistence farmers or unskilled workers, then the impact on the

national economy will not be as great as if they are skilled and highly productive members of society.

The same is true of savings. If the resources spent on care are considerable and come out of savings, then this will have a greater effect on the economy than if people do not spend money or the state provides the care. This complex issue was written about as early as 1992. The paper showed that if the majority of people were unskilled and resources were not taken from savings to fund provision of care, then in pure economic terms the survivors could be better off and per capita income could rise! This conclusion is a political, moral and ethical hot potato, and discloses more about the limitations of pure economics than the impact of the pandemic

Cuddington, (1992:403-417) writes that there has been a number of models developed for the economic impact on specific countries, including Tanzania, Cameroon, and Zambia. These models show that HIV may reduce the rate of economic growth and, over a period of 20 years, the reduction in GDP may be significant. For example, at the end of the period, the GDP may be up to 25 percent lower than it would otherwise have been without AIDS. A recent report prepared by the Botswana Institute for Development Policy Analysis concluded that, over the next ten years, Botswana's economy will be 31 percent smaller than in an AIDS-free scenario. However, in order to make these predictions, projections of both the AIDS pandemic and economic trends have to be combined. Both are difficult to model and combining them compounds the uncertainty.

Moreover, it would appear that the macro-economic predictions associated with the onset of AIDS are contradicted by the continuation of high economic growth rates in Uganda (7, 2 percent per annum between 1990 and 1996 and 5, 8 percent in 1997/98), and Botswana (4, 1 percent per annum between 1990 and 1996 and 5, 5 percent for 1997/98) (Cuddington, 1992:403-417).

In South Africa, a study was done by the Centre for Health Policy, on the impact of AIDS on the national economy in 1991. The study suggested that the major initial impact would be on the public health service. In the longer term, the pandemic was expected to pose a threat to ongoing economic growth, with some sectors being more seriously affected than others. The general conclusion was that while 'the overall effect of the AIDS pandemic would be a sustainable one for the South African economy for the next 15 years, the

problem is still a desperately serious one for our society'. As South Africa enters the new century, it is clear that, in macro-economic terms, the pandemic is not yet having a measurable impact. However, the impact of AIDS is gradual, subtle and incremental (Cuddington, 1992:403-417).

South Africa was predicted to be at the threshold of renewed economic growth. In 2000 the economy was expected to grow by 3, 5 percent, and the growth rate was to remain over three percent in the foreseeable future. A question most often asked, by South Africans is, will the increase in death and illness due to AIDS affect the prospects for economic growth in South Africa? The 2000 South African Budget Review produced by the Department of Finance (2000:40) includes a 'box' on population projections and HIV/Aids. This notes that the effects of HIV/Aids on future population growth and labour force participation are difficult to predict, as is the economic and social impact. However, it suggests that population growth may slow to close to zero percent by 2010, with the growth of the working age population declining from over two percent in 2000 to under 0,5 percent by 2008. The review paints a stark future by adding the following statement: 'The economic and social impact of HIV/Aids is also hard to predict. Household structure and behaviour will change as the size, composition and productivity of the labour force are affected. HIV/Aids is more prevalent among the economically active part of the population, thus affecting economic activity through a loss of skills and experience. Labour productivity will decrease owing to absenteeism and illness of workers, and unit labour costs will increase as firms pay more for medical aid and group life or disability coverage. Initial evidence suggests that AIDS mainly affects lower income or lower skills groups (e.g. migrant or mobile labourers) but the future pattern is still unclear. One study predicts an HIV prevalence in 2003 of 12 percent among highly skilled workers, 20 percent among skilled workers and 27, 2 percent among low-skilled workers (Dept. of Finance Budget Review, 2000:40).

A report recently produced by Quatteck & Fourie (2000) combines earlier demographic modelling with macro-economic models. They noted that, although data were imperfect, the AIDS pandemic was expected to have an adverse impact on the South African economy.

The 'nonalarmist' scenario suggested that annual GDP growth would be between 0, 3 and 0, 4 percentage points lower than the no-AIDS baseline over the next 15 years. The key areas identified by the report include:

- South Africa is already battling with a skills shortage. AIDS will exacerbate this and raise remuneration and replacement costs for companies.
- There will be a smaller labour force with lower productivity and income at the same time as demand grows for services such as health and welfare. Lower tax revenues combined with higher health spending will put pressure on the government's budget deficit. However, demand for housing as well as durable and non-durable goods could be negatively affected.
- A rise in the inflation rate together with a smaller savings pool could well put pressure on interest rates.
- Domestic savings may be squeezed to a point where foreign investment is vital to plug the gap. However, AIDS and the perception that it creates may defer such investment (Quattek & Fourie: 2000).

## **GOVERNMENT'S RESPONSE TO HIV/AIDS**

In 1987, the apartheid government recognised that HIV/Aids had the potential to become 'a major problem', even though there were few reported infections. By the time of the first antenatal survey in 1990, only 0.7% of pregnant women were infected. In the same year, Chris Hani, speaking from exile, warned that: "Existing statistics indicate that we are still at the beginning of the AIDS pandemic in our country. Unattended, however, this will result in untold damage and suffering by the end of the century." The warning was not heeded, either by the outgoing regime in the early 1990s, or by the incoming democratic government as it faced the huge challenge of taking over political control of a divided country (2005: [www.aids.org.za/hiv.htm](http://www.aids.org.za/hiv.htm)).

A National AIDS Convention of South Africa (NACOSA) was established in 1992 and the new ANC government accepted its strategy for fighting AIDS in 1994. However, the response to HIV/Aids was clouded in controversy, over issues such as the allocation of R14.3 million to a play about HIV/Aids, the refusal of the government to make HIV/Aids the responsibility of the President's Office, government support for a soc-called AIDS treatment that turned out to contain an

industrial solvent, refusal to provide the drug AZT to prevent mother to child transmission of HIV (2005: <http://www.southafrica.info/essinfo/saglance/health/aids.htm>).

In 1998, then Deputy President Thabo Mbeki launched a Partnership against AIDS to mobilise South Africans to fight the disease but soon after that activists, frustrated by the failure of the government to respond effectively to the increasing death toll from HIV/Aids, formed the Treatment Action Campaign (TAC). The TAC called for access to treatment, including anti-retrovirals (ARVs) for all who needed it. The government responded by opposing the use of AZT as a 'danger to health'. The Department of Health began to consult with so called AIDS dissidents (people who rejected the orthodox HIV/Aids science) and Thabo Mbeki questioned the link between HIV and AIDS, declaring that 'a virus cannot cause a syndrome' (2005: <http://www.aids.org.za/hiv.htm>).

In November 2003, Cabinet announced the rollout of a comprehensive AIDS treatment plan that would offer free ARVs but Health Minister Tshabalala-Msimang continued to advocate a diet of beetroot, olive oil, African potato and garlic for people with HIV and President Mbeki told the Washington Post that he didn't know anybody who has died of AIDS. Criticised for failing to meet her own targets for the rollout of the treatment plan, Minister Tshabalala-Msimang questioned whether the number of people targeted would actually want ARVs instead of traditional remedies. Given that there is no cure for Aids, the South African government's strategy focuses on prevention by promoting public awareness and delivering life skills and HIV/Aids education (2005: [www.aids.org.za/hiv.htm](http://www.aids.org.za/hiv.htm)).

## **NGO COPING STRATEGIES**

Harrison in Caulson (2001: 1), points out that the population of South Africa is made up of a mixture of races. Black South Africans account for 75% of the population, white South Africans make up around 13%, Asian people make up about 3% of the population, and other people of mixed racial heritages account for about 9%. There are 11 official languages in South Africa and many dialects, which, obviously, makes the job of informing

people about the dangers of AIDS all the more difficult. South Africa has a literacy rate of 86%. HIV education in South Africa, as in many countries, only became seen as an important issue when HIV had already gained a foothold. The potential of the mass media to reach South Africans is widely acknowledged. In South Africa it is estimated that 99% of people have access to radio, 75% have access to television and 7% readership of newspapers. 69% of young people watch television five or more days of the week. Before business took up the challenge of the pandemic, it was the non-governmental private sector, which took the lead in HIV education in South Africa. Among the most prominent campaigns were the following.

Stadler (2000: 3) points out that the 'Beyond Awareness' campaign came into being after the government's basic HIV education campaigns, and ran from 1998 to 2000. Beyond Awareness came from the perception that national mass-media campaigns might inform people, but seldom had much effect in changing behaviour. Beyond Awareness was a multi-media campaign targeted mainly at young people, and backed by demographic research evaluating the success of the campaign. The campaign produced and supplied materials and resources for small organisations to use in different contexts, and promoted the free National AIDS helpline, started in 1992 as part of the initial AIDS awareness initiative.

Stadler (2000: 3) indicates that the **Soul City** project, which was started by a number of different funders, was designed to educate and empower people to make better choices about their personal health. It used radio, print and television, aiming to reach a wide audience. They use drama and soap operas to disseminate their message, with their first series broadcast in 1994. Their material has also been broadcast in many other parts of Africa as well as Latin America, the Caribbean and South East Asia. As with many HIV prevention education projects, it is difficult to measure the success of the Soul City project.

In 1999, an educational campaign called 'LoveLife' was launched. Its aim was to reduce teenage pregnancy, the spread of HIV/Aids and sexually transmitted infections among young South Africans. The campaign aims to turn safe sexual behaviour into a brand, in much the same way as Coca Cola or Nike. Funded mainly by foundations set up by Henry Kaiser and Bill Gates, LoveLife involves a glossy multimedia blitz promoting sexual

responsibility and a network of telephone lines, clinics and youth centres providing recreational and sexual health facilities. They also have an outreach service, travelling to remote rural areas, trying to reach young people who are not in the educational system. In terms of funding, LoveLife has become the largest campaign aimed at HIV prevention in the world. It is founded on the idea that previous campaigns of sexual health education have largely failed to change sexual behaviour - 90% of people in South Africa know the dangers of HIV and how it is transmitted, yet infection rates continue to rise (Stadler, 2000 : 3).

In 2001 the government formed the AIDS Communication Team (ACT) which involved a group of organisations including Soul City, to develop and implement a two-year media campaign intended to educate people about the dangers of HIV. The campaign is called '*Khomanani*' which means 'caring together', and produces material in several languages. The many Aids awareness campaigns run by government and NGO partners such as Lovelife and Soul City are now bearing fruit (Stadler, 2000: 3).

Despite some setbacks, the rollout is gathering momentum, as health facilities develop the capacity to manage patients on ARVs. The Treasury has dramatically increased the budget allocation to enable the targets for the treatment plan and other HIV/Aids initiatives to be met. The government continues to invest in prevention efforts, as the core of its HIV/Aids strategy and promotes good nutrition as well as traditional medicine. At the same time, there is a range of social benefits available to people living with HIV/Aids and impoverished households (2005: [www.aids.org.za/hiv.htm](http://www.aids.org.za/hiv.htm)).

The National HIV/Aids strategic plan reveals that funds are starting to flow. According to the latest budgetary figures, more than R1 billion has been allocated to support a holistic approach to the pandemic, including prevention, care and research. The funding is provided either as a conditional grant (where the funds are ring-fenced for a particular use and cannot be diverted elsewhere), or as part of the equitable share (in which case the funding is given to provincial government for them to spend as they will) (2005: [www.aids.org.za/hiv.htm](http://www.aids.org.za/hiv.htm)).

Central allocations to provinces are intended to help the wide range of extra financial demands brought on by HIV/Aids, including,

- Opportunistic infections – treating infections such as tuberculosis;
- Life skills education in schools – in an effort to protect a very vulnerable sector of society, and the nation’s human capital resource. A conditional grant to the Department of Education for this purpose doubled to R148 million this financial year;
- Voluntary counselling and testing (VCT) – A crucial step not only to help those already infected with the virus, but also to prevent further infections. In this financial year VCT spending has doubled to R148 million;
- Encouraging safer sex – As HIV infection pandemic matures into a pandemic (2005: [www.aids.org.za/hiv.htm](http://www.aids.org.za/hiv.htm)).

Although the South African government is doing its best of funding, there are still many challenges, one of them being the criticism directed at the President and Health Minister, over the inefficient messaging system, in terms of getting the message across to the relevant audiences (2005: [www.aids.org.za/hiv.htm](http://www.aids.org.za/hiv.htm)).

Bevan (2006: 7) recently reported in the *Sunday Times* on an interview with Richard Branson, who lashed out at the South African Government for causing the deaths of ‘thousands’ of people over its former refusal to accept the link between HIV and AIDS. The Virgin tycoon, a major investor in South Africa, said Health Minister Manto Tshabalala-Msimang should have been sacked for her “garbage” claim that eating garlic, beetroot and lemon could prevent HIV developing into Aids. He also blamed President Mbeki for a failure of leadership over the crisis, which has left more than one in 10 of South Africa’s 43 million people HIV-positive. Bevan (2006: 7) further reports that the Government, which belatedly acknowledged a link between HIV and Aids in 2002, now claims its retroviral drugs programme is the most comprehensive in the world, with 178 000 people receiving treatment.

Quintal (2006:14) on the other hand reports that Deputy Health Minister Nozizwe Madlala-Routledge recently took the health minister and president to task on the issue of HIV/Aids in South Africa.

She challenged the Health Minister and the President to take some responsibility for the mixed messages on HIV and Aids treatment. She also reportedly challenged President Mbeki and other senior leaders to take a public HIV test. Such challenges unfortunately leave the government in disrepute on the national and international front.

## **THE ECONOMIC IMPACT OF HIV AND AIDS ON THE PRIVATE SECTOR**

A recent article by Kuppan (2006: 5) provides insight into the feelings of South African Business on the issue of HIV/Aids. An increasing number of business owners believe that HIV/Aids is a serious threat to their companies. The report discusses the findings of an International Auditing firm, Grant Thornton, during their 2006 International Business Owners Survey (BIOS). The report shows that 80% of medium-sized business owners in South Africa believe that HIV/Aids would be a constraint to business over the next five years. This figure was at 77% in 2005.

Business owners in the construction, manufacturing, retail and services industry were interviewed as part of the survey. 97% of businesses in Port Elizabeth and East London, *cited* HIV/Aids as having a sizeable impact on the growth of their business in the short term. In Durban 86% of business owners were worried about HIV/Aids, as compared with 80% in Gauteng and 68% in Cape Town. In 2005 only 75% of business owners in the construction industry were concerned by HIV/Aids; in 2006 that percentage had increased to 87%. Business owners are now becoming proactive by incorporating some form of HIV/Aids management plan into their business strategies. It has become apparent that the pandemic is being experienced differently according to sector, company size and location. As far as the economic impact of HIV/Aids is concerned the mining and manufacturing sectors seem to be the hardest affected (Kuppan, 2006: 5).

Bloom *et al.* (2004: 1) reveal that HIV/Aids is seen as a considerable problem, but only to some businesses. Globally, 47% of business leaders report that HIV/Aids has had, or will have some impact on their business, with 21% estimating a serious impact. HIV/Aids is consistently regarded as a more serious threat than either malaria or tuberculosis, at the global level. Business leaders in Africa are most worried, with 89% reporting some impact and 60% a serious impact. Business leaders' levels of concern rise in line with a country's

HIV prevalence rate, but even in countries with high HIV prevalence rates, there are many firms that do not see the virus as a problem.

The private sector has a crucial role to play in achieving sufficient economic growth in South Africa to raise the general standard of living. It is the major source of employment, creates wealth, and supplies the population with food, clothing, housing and most essential (and nonessential) goods and services. Some private sector firms, particularly in KwaZulu-Natal and Gauteng, are beginning to feel the impact of AIDS. This is manifesting itself in increased illness and death in the workforce. Unfortunately there is little published information quantifying the impact on companies in South Africa (Bloom *et al.*, 2004:1).

HIV/Aids is affecting business in profound and costly ways. The pandemic poses a serious threat to global competitiveness for the South African private sector. Disease prevention and health promotion are not commonly thought to be business concerns, but HIV/Aids is forcing a re-examination of the role of business in these areas. Table 1 discusses the current and projected AIDS statistics on the South African workforce up to 2010 (George, 2001:2).

	1999	2005	2010
Percentage of SA workforce that is HIV positive	11.5%	20%	22.5%
Percentage of SA workforce with AIDS.	4%	1.65%	2.7%
New Aids cases per annum	145 256	466 365	625 180
Number of AIDS orphans	153 000	1 000 000	2 000 000
Life expectancy of SA population: Female	54	43	37
Life expectancy of SA population: Male	50	43	38

Source: Metropolitan Life, 2000

**Table 1: Current and projected AIDS Statistics**

The big question often asked is how has AIDS affected and how will it affect the private sector, and what is this sector's role in responding to the pandemic? According to Whiteside and Sunter (2000:98) there are two realities facing managers.

- There will be a steady increase in illness and death in South Africa and much of it among the working-age population;
- There is little information on the impact AIDS does have on business, at least not in the public domain. Where there is information, it is hard to interpret.

### **Evidence of impact**

According to Loewenson (1999), AIDS primarily kills young and middle-aged adults during their most productive years. This means that it is unlike any other disease with which companies have had experience. Unfortunately, there is little companies can learn from the experiences of others. There have been only a few attempts to quantify the effect of the disease on companies' productivity and profitability. Furthermore, the studies that have been done were for the most part carried out in the early to mid-1990s when HIV infection rates were climbing rapidly, but there was still relatively little AIDS-related morbidity or mortality.

Secondly, each study defines or reports the costs of the pandemic in a different way, e.g. as a percentage of the wage bill or a percentage of profits. This makes comparison across companies and countries difficult. Finally, the published studies rely on national antenatal clinic prevalence data to estimate and project the prevalence in largely male workforces. Three reasons account for this approach: the taking and testing of blood of employees requires informed consent; the tests will not necessarily give a good sample; and they are complicated and expensive. The advent of saliva tests mean that such surveys can now be carried out, and indeed have been done by Eskom and by Debswana in Botswana, however the data have not been released (Loewenson, 1999).

According to George (2001: 2) the cost of producing goods is a function of the cost of inputs such as labour, materials and utilities. The impact of HIV/Aids may raise costs and reduce productivity for a number of reasons:

- Absenteeism: this includes more than employees missing work due to ill health. Women's roles as caregivers will necessitate time off and funerals can be a

major source of lost time. Employees may force themselves to come to work for fear of losing their jobs;

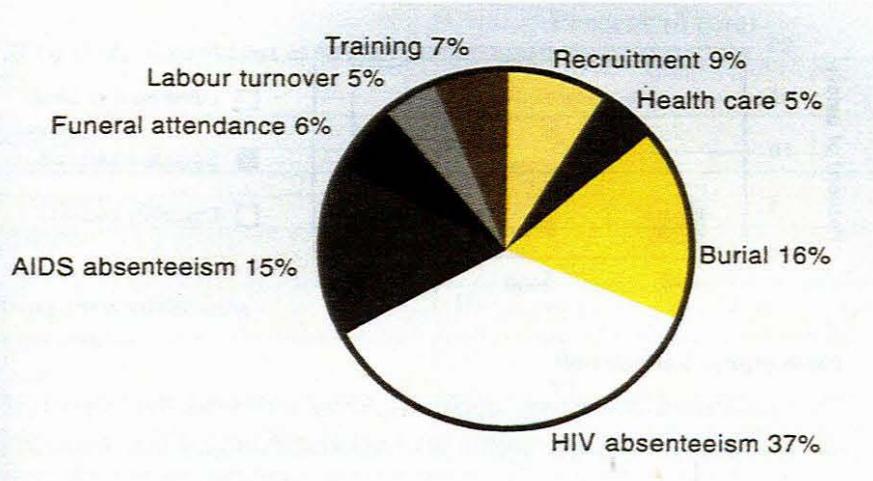
- Workers whose health is failing will be less productive and unable to carry out physically or emotionally demanding jobs;
- Replacements for employees who die or retire on medical grounds may be less skilled and experienced. The organization incurs training costs;
- Employers may increase the size of the workforce. This will result in an increase in payroll costs to cover for absenteeism.

In addition HIV/Aids will increase the cost of employee benefits such as group life insurance, pensions, and medical aid. The impact of the virus on employee benefits is usually sudden and of a large magnitude.

### **Absenteeism and deaths**

Stover and Bollinger (1999) declare that the largest element of HIV and AIDS-related costs is absenteeism. A study of a bus company in Zimbabwe demonstrated that AIDS-related absenteeism accounted for 54 percent of AIDS costs. This was followed by absenteeism due to HIV-related symptomatic illness at 35 percent. Zambia's largest cement company reported that absenteeism for funerals increased 15-fold between 1992 and 1995. As a result, the company has restricted employee absenteeism for funerals to only those for a spouse, parent or child. Indeed, as long as five years ago, some Ugandan companies were reporting steep increases in absenteeism and turnover among workers. By the mid-1990s, the Uganda Railway Corporation had an annual employee turnover rate of 15 percent, with more than 10 percent of its workforce dead from AIDS related illness. Figure 16 shows that, in a study carried out across a number of countries, it was found that absenteeism accounted for 52 percent of costs (Stover and Bollinger, 1999).

Figure 16 discusses the distribution of increased labour costs due to HIV/ AIDS by category.



Source: Whiteside and Sunter (2000:101)

**Figure 16: Distribution of increase labour costs due to HIV/ AIDS by category**

### **Employee Benefits**

In South Africa, a potentially significant area for additional AIDS costs relates to employee benefits. For individual companies, much will depend on the conditions of employment, the level of staff and what benefits are provided. Benefits typically include group life insurance, pensions, funeral benefits and medical aid. Essentially, there are two scenarios: either payroll costs will rise as is set out in the projection done by Metropolitan Life and shown in Table 2 below, or benefits will be cut to contain costs (Whiteside & Sunter, 2000:103).

<b>Cost</b>	<b>Percent of total</b>
Replacement workers	28
Lost productivity	28
Training	5
Hospitalisation	1
Clinic and physician visits	10
Absenteeism	28
<b>Total</b>	<b>100</b>

Source: Whiteside and Sunter (2000:103)

**Table 2: Direct costs of HIV/ AIDS per worker per year**

The evidence suggests that the cost of the disease will depend on the type of company, the skill levels and replace-ability of employees, the sector it operates in and the benefits it provides. The most seriously affected businesses are those in labour-intensive industries, such as transport and those dependent on migrant workers such as mining.

In South Africa, a corporate survey carried out by Chester *et al.*, (2000, vol. 10), among 16 companies, was to get a clear picture of their response to AIDS. The questionnaires asked what impact HIV/Aids had on the company; whether they had had to deal with any HIV/Aids-related problems/issues; and whether they knew of any HIV-positive people in the company. Only four companies responded! Impala Platinum mine estimated that 17 percent of workers were HIV positive and on average four employees per month were dying. The Natal-based Tongaat-Hulett Group reported that 17 percent of all ill-health retirements in 1997 had AIDS as the diagnosis, and there was a 31 percent increase in ill-health retirements from 1995. Woolworths and Naspers reported no impact. Until recently, the vast majority of companies were not considering HIV/Aids as an important business issue. Restructuring, economic uncertainty and new labour legislation were the overriding concerns. Anglo American, however, has recently published a report on its response to the AIDS crisis in Southern Africa. It includes Fig. 17, which analyses the requirements of a comprehensive HIV-prevention programme. Progress against this programme is being regularly assessed throughout the Group's operations (Chester *et al.*,

2000, vol. 10). Figure 17 describes the key elements essential to comprehensive HIV-prevention programmes.



Source: Whiteside and Sunter (2000: 104)

**Figure 17: Key elements essential to a comprehensive HIV- prevention programme**

### **The direct costs of managing HIV/Aids in the business environment**

Whiteside and Sunter (2000:108) believe that it is likely that AIDS will also have indirect impacts on the business community. Examples of this are:

- The private sector may be able to adapt to absenteeism and the death of employees. However governments are less able to do so; and the result maybe increasing government inefficiency, which leads to delays in granting licences, approving applications and so on;
- Service providers may operate less efficiently; it is reported from Zambia that the increase in mortality among employees of its electricity corporation has resulted in interruptions to the electricity supply;
- Trade unions may mobilize and make demands around HIV issues (although co-operation with the unions in an area like this can also be beneficial to the employer);

- The increase in orphans and street children may increase the rate of crime which will make it more difficult to retain skilled but internationally mobile staff;
- The police and defence force may experience increased mortality, particularly at the middle levels, which could decrease stability;
- The state health system will experience much higher demands being placed on it, which may lead to deterioration in the level and quality of service. This could put pressure on the private sector to use private hospitals to care for employees;
- Government resources may be diverted from infrastructural projects, crucial to the functioning of the private sector, into care and prevention programmes;
- A concern peculiar to South Africa is the impact on affirmative action. For historical reasons, the levels of infection are higher in the black population than the white. The national policy of affirmative action is likely to be hindered by AIDS mortality;
- In other African countries, there are likely to be problems around localization policies. Many countries have spent years developing local skills to replace expatriates. AIDS may delay and reverse the implementation of these programmes. A more worrying problem is that government policies may not recognize the new realities.

Most direct costs can be readily measured using human resources and financial data that large companies routinely collect. Indirect costs are much more difficult to measure, eg, absenteeism and morbidity. Estimating the opportunity cost of management time devoted to HIV/ AIDS-related issues is even more difficult (Whiteside and Sunter, 2000:108). Figure 18 explains these costs in detail.



## **THE IMPACT ON BRAND AND REPUTATIONS**

According to Bloom *et al.* (2002) 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. 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. According to McIntosh *et al.* (1998:149) "the rise of AIDS and HIV grants employers the opportunity to provide leadership in one major crises of the century". They cite a few high profile examples of action on HIV/Aids. Levi Strauss, United Distillers and Northwest Airlines have reported improved community relations and even increased sales after being associated with work on Aids.

## **THE IMPACT ON PRODUCTION AND EMPLOYEES**

According to Whiteside and Sunter, (2000: 111) in order to ensure that the production process is not vulnerable to staff losses, responses might include multi-skilling, recruiting and training additional labour, contracting out, and capital intensification. In addition, the company should seek to prevent its workers from becoming infected through education and training, through provision of condoms and health services, and through examining the root causes of HIV transmission and addressing them. There are many examples of education and condom programmes which show that a reduction in levels of STDs will bring HIV infections down. Companies, therefore, need to recognize that their employees are members of the community. This is where transmission occurs and where interventions should primarily make place. Whiteside and Sunter (2000: 111) agree that some tough questions have to be asked about the root causes of transmission. For example, does a company employ single male migrants, or are the employees required to spend large amounts of time away from their families? It may be possible to replace migrants with local people or reduce the time workers spend away from home.

## **THE IMPACT ON COSTS**

The costs of the disease need to be monitored and either reduced or accepted. It should be remembered that although a company may be able to reduce its costs by, for example, cutting back on medical benefits, these costs will have to be borne by someone somewhere. The state may be forced to step in or communities and households, already under pressure, will have to provide care (Whiteside and Sunter, 2000: 112).

## **THE IMPACT ON MARKETS**

Whiteside and Sunter (2000: 112) believe that the effect of increased illness on markets is a major issue for companies which sell most of their products and services locally. Exporters to markets overseas may not have a similar problem.

## **BUSINESS AND SOCIETY**

According to Whiteside and Sunter (2000: 112) business cannot distance itself from the society in which it operates. In fact, the degree to which a company is socially responsible is now a critical element in the evaluation of that company by the public. There has been a lot of emphasis on forming partnerships against AIDS, which includes coalitions against the pandemic involving government, business, trade unions, NGOs and the broader civil society.

Whiteside and Sunter (2000: 112) ask the following questions in-terms of how government and business can best share practice among themselves in terms of prevention and treatment programmes? How can drug companies assist the government in making current therapies universal and affordable? Can the government exempt all AIDS therapies from VAT and import duties? How can the advertising industry help in creating a campaign that connects with the learners in primary and secondary schools? The starting point would be to identify the key elements of an anti-AIDS programme and see who is most competent to do what. At a very minimum, there should be a company policy on HIV/ AIDS covering prevention, care and non-discrimination. It should include practical management strategies, workplace principles and a workplace programme which has universal buy-in from employees. Ideally, the company will have a mission statement on AIDS and include the community in its response. Based on the various structures that exist, management

should also pay attention to the effective management of Employee Assistance programmes (EAPs) as well (Whiteside and Sunter, 2000: 112).

### **IMPLEMENTATION OF COST-EFFECTIVE EMPLOYEE ASSISTANCE PROGRAMMES (EAP)**

According to Haskins and Kleiner (2001: 2) EAPs have long been noted to provide adequate counselling for a broad range of issues that affect the workers' ability to work, thus indirectly effecting productivity and profits. EAPs are responding positively to the increased impact that HIV/Aids has on the workplace and are increasingly becoming an important tool for management to provide adequate counselling for a broad variety of issues.

Haskins and Kleiner (2001: 3) further indicate that it is important for EAPs to make staff more sensitive to HIV/Aids related issues. They must understand the relationship that could exist between someone who has the disease and his or her co-workers. EAPs also need to keep in touch with management objectives, so that they can accomplish goals and work together with HR and union representatives to establish a steering committee task force that will ensure safe, fair, and legally consistent and a humane work environment for employees at all levels in the business environment.

### **CORPORATE RESPONSE IN ADDRESSING HIV/AIDS**

According to Jacobs (1995: 1), HIV/Aids is unquestionably becoming a top priority in the workplace. Many organizations have already invested in workplace programmes, while the others are slowly providing education programmes for their employees. It is no illusion anymore, that most organization's, most valuable resource is its workforce, whether they are blue or white-collar workers. An employee's capacity to perform his/her daily task is, therefore, a serious management concern.

According to Aids Foundation SA (2005: [www.aids.org.za/hiv.htm](http://www.aids.org.za/hiv.htm)) the business sector, particularly the mining industry, started to recognise the potential impact of HIV/Aids on profits and the wider economy from the mid 1980s. Since HIV/Aids was striking the economically active age group, companies started seeing reduced productivity, absenteeism, sickness and then deaths among the workforce. Many employers initiated workplace

awareness and education programmes to help prevent the spread of HIV. However, as the infection rate increased and employee sickness and death affected profits coming in and benefits being paid out, companies started to look at how they could minimise their losses and meet the needs of infected workers.

According to Aids Foundation SA (2005: [www.aids.org.za/hiv.htm](http://www.aids.org.za/hiv.htm)), the larger corporations, such as Anglo American, soon recognised that, in addition to humanitarian and human rights considerations, it made economic sense to invest in maintaining the health and productivity of infected workers rather than waiting until they became too sick to work and then paying out death benefits, and recruiting and training new staff as more and more employees died without access to treatment. So more and more large companies have started workplace treatment programmes. Since 2002, Anglo American, for example, has incorporated into its HIV/Aids programme free ARV treatment for all employees who need it, and sees this as an important incentive for workers to find out their HIV status. All employees who test positive are enrolled into a wellness programme to ensure ongoing support and monitoring. The company had nearly 2500 employees on treatment by the end of 2004 and reported that 94% of them were able to carry out normal work. That year, it was costing the company more than R16 000 per patient per year to keep employees on treatment (including all the drug, laboratory, infrastructure, training and support costs (2005: [www.aids.org.za/hiv.htm](http://www.aids.org.za/hiv.htm))).

Nattrass *et al.* (2005) believe that those companies with operations in heavily affected regions, if they have not already, should aim to support the implementation of comprehensive workplace programs covering non-discrimination, prevention, education, access to voluntary counselling and testing, as well as care, support and treatment. In many countries workplace awareness and prevention programs will be the only source of accurate information employees will have about HIV/Aids. Company leadership in establishing non-discriminatory workplace policies, distributing condoms and providing testing and treatment sends a strong message to government and other sectors. Companies can offset future costs by providing care and treatment to employees living with HIV/Aids, thus allowing them to remain productive and active in the workplace for a longer period of time.

Addressing HIV/Aids is new for company managers. Business leaders have admitted that partnerships with governments, community based organizations and unions have been critical for supporting their HIV response. The inclusion of people living with HIV/Aids, labour representatives and community members on company AIDS committees has become common practice. These committees contribute to policy development, planning and program implementation (Nattrass *et al.* 2005).

An excellent example according to Nattrass *et al.* (2005) is Anglo American, who has intricate layers of partnerships that have helped to extend their workplace program to local communities. By working in partnership with Love Life, the company is extending treatment provision to local communities, carrying the potential to secure treatment access to the greatest number of South Africans to date. Anglo has also transformed global responses to the pandemic through active partnerships with the Global Fund on AIDS, TB and Malaria. Another is that of Daimler Chrysler who have worked in close partnership with GTZ, their trade union, the National Union of Metalworkers of South Africa and locally operating NGOs to ensure the relevance and sustainability of their HIV program. This approach allowed Daimler to extend HIV programs throughout their plants and subsidiaries in South Africa.

Nattrass *et al.* (2005) further argue that by sitting back and waiting for government to respond to the virus business is now bearing the brunt of the pandemic. Almost twenty-five to thirty percent of employees from one of South Africa's largest conglomerates are now infected with HIV/Aids. South Africa is experiencing significant declines in foreign direct investment, and disruptions in agricultural production and food security are ravaging the nation. In short, in our increasingly interconnected world, viruses, goods and services, and instability all have significant impact on the competitiveness of business.

## **HIV/AIDS AND THE LEGAL FRAMEWORK**

On the ethical side one wonders whether companies are providing access to information. The other area of concern is what are the legal obligations of the organisation in respect of HIV/Aids? What are they doing in terms of communicating the dangers of HIV/Aids to their employees? Are they or should they be setting an example for others to follow? Or are they merely surpassing this? The treatment of employees in the workplace has various

legal implications for both the employee and the employer. The following section examines policies, legislation and a Constitutional Court decision, in terms of HIV/Aids.

### **Workplace policies**

In terms of the South African guidelines for HIV/Aids workplace policies, the aims of these policies are to:

- Raise awareness of HIV/Aids and other sexually transmitted infections (STI);
- Ensure that there is better understanding of the virus in the workplace;
- Minimize the socio-economic and developmental effect the virus has on the company;
- Prohibit unfair discrimination on those infected or affected by the virus;
- Promote an environment where those infected can be open about their status;
- Develop proactive education guidelines and programmes;
- Implement programmes and support education; and
- Monitor the prevalence of the virus.

(2005: <http://www.healthinsite.net/health/healthprofile.dll/eCareArticle>)

Nearly all policies comply with the South African Constitution and legislation that includes the following.

### **The Constitution, 1996 (Act No. 108 of 1996)**

The Bill of Rights provides that every person has the rights to equality and non-discrimination, privacy and fair labour practice. In particular the right to privacy implies an employee's right to confidentiality regarding medical information, including HIV status.

### **Employment Equity Act, 1998 (Act No. 55 of 1998)**

This Act aims to promote equal opportunity by eliminating unfair discrimination directly or indirectly, against an employee in any employment policy or practice, including discrimination on the grounds of HIV status. The Act however states that it is not unfair discrimination to exclude a person on the basis of an inherent requirement of the job.

### **Labour Relations Act, 1995 (Act No. 66 of 1995)**

The Act protects employees against arbitrary dismissal. A dismissal is only fair if it is related to an employee's conduct or capacity or it is based on the operational requirements. The implication of the Act regarding HIV is that an employee cannot be dismissed solely because he/she is HIV positive.

### **Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)**

The Act requires of the employer, as far as it is reasonably practicable, to create a safe working environment for the employees. The implication of the Act regarding HIV is that the employer needs to ensure that the risk of possible infection in the workplace is minimized.

### **Basic conditions of employment Act, 1997 (Act No. 75 of 1997)**

The Act sets out the minimum employment standards for working hours; leave etc. The implication of the Act for HIV is that an employer needs to establish policies regarding extended sick leave and leave of absence for other reasons to cater for employees who are infected. Until recently at least 40% of South African companies have effectively communicated the gist of the laws to employees as far as their rights are concerned. Employees now know that they have a right to sick leave, access to information, privacy etc. There is no legal responsibility for the employer to ensure that employees are informed, yet communication of employee's rights especially in the media can be very effective in promoting the rights of persons living with HIV/Aids.

According to Nilsson (2005: 38) management and labour unions, therefore need to find a balance between the rights of the employer and the employee in the workplace. Unfair discrimination against any employee on the grounds of HIV/Aids status in terms of testing can only be addressed by the labour court.

Rotman (2003: 32) on the other hand, recommends that all companies should have a separate policy document which relates to HIV/Aids, rather than including such policy in a policy on life-threatening diseases. The policy, she says, will also serve to demonstrate a

fair basis for discriminating between the treatment of persons with HIV/Aids and persons with other life-threatening diseases.

Rotman (2003: 32) further believes that the most important factors to be taken into account when justifying discrimination on the basis of HIV status is the prejudice which is rife in the country regarding persons who are HIV positive. The policy should clearly set out the basis for different treatment, as well as the company's commitment to creating an environment which does not unfairly discriminate against persons with HIV/Aids. This includes not discriminating against persons solely on the basis of their HIV status for purposes of consideration for promotion, training and benefits.

Certain determinants directly linked to the corporate sector have been identified as blameworthy for the impacts in the world of work. A good example of this is *cited* in the Hoffman versus South African Airways case.

#### **A Constitutional Court Decision - Hoffman versus South African Airways**

Hoffman was refused a job as a cabin attendant because he was HIV positive. The Constitutional Court ruled that this amounted to unfair discrimination as it denied him a chance of making a livelihood. The court judged in favour of the attendant, and SAA was ruled liable for damages of 100,000ZAR. The coverage of this case by the print and electronic media was a warning to all employers that infected employees enjoy protection by the South African Law (Hoffman vs SAA, 2000, BCLR: 1211, CC).

According to The Centre for HIV/AIDS Networking (2002) a company cannot submit its employees to an HIV/Aids test because of the prohibition contained in the Employment Equity Act, unless such a test is determined to be justifiable by the Labour Court. What is therefore required is an application to the Labour Court explaining why the company needs to test, and permission must be conferred in a court order before testing can take place.

The case mentioned according to Whiteside and Sunter (2000: 167) is not the last word on the issue of HIV-positive job applicants. Existing and new labour legislation provides the legal framework within which workplaces should operate in respect of HIV/Aids.

Whiteside and Sunter (2000) echo that organizations should be reviewing their workplace policies, employment practices, protocols and employment conditions to check for compliance with the legislation.

### **What has been done by companies?**

The world of commerce and industry is a behemoth which is often slow to change direction, but once it moves, it is virtually unstoppable. That is good news for South Africa, because business has finally woken up to the seriousness of the HIV pandemic and is taking steps to manage it (2002: <http://www.hivan.org/za/arttemp.asp?id=750>). Companies are ensuring that they adapt to incorporate strategies into their workplace to assist in curbing the spread of HIV/Aids.

### **MANAGEMENT OF HIV/AIDS IN THE WORKPLACE**

According to Avert (2005d: <http://www.avert.org>) the effective management of HIV/Aids in the workplace requires an integrated strategy that includes, among others, the following elements.

- An understanding and assessment of the impact of HIV/Aids on the workplace;
- Long and short-term measures to deal with and reduce this impact, including:
  - (a) an HIV/Aids policy for the workplace, and
  - (b) HIV/Aids programmes, which would incorporate the following;
- On-going sustained prevention of the spread of HIV among employees and their communities;
  - management of employees with HIV, so that they are able to work productively for as long as possible; and
  - strategies to deal with the direct and indirect costs of HIV/Aids in the workplace.

Companies are also committed to non-discrimination on the basis of an employee's HIV/Aids status. Every employee has a right to privacy. Companies are taking a stand in ensuring that information relating to an employee's counselling, care, treatment and receipt of benefits is kept strictly confidential. To enable employees to benefit from the

company's social and medical programmes, companies encourage voluntary disclosure by an HIV-positive employee. Companies support voluntary testing and, therefore, will not, at any point, require new or existing employees to be screened or tested for HIV. Some companies believe in the principle of reasonable accommodation (2005d: <http://www.avert.org>).

Therefore, employees with HIV/Aids are free to continue with their work responsibilities until such time as they are considered medically incapable of performing the inherent requirements of their job. They will encourage behavioural change and seek to minimize the implications of HIV/Aids through comprehensive, proactive HIV/Aids workplace education and awareness programmes. They also identify community outreach opportunities that can be offered on a voluntary basis to employees with full company support. They also establish and foster partnerships and linkages with governments and non-governmental organisations for the implementation of their HIV/Aids programmes.

HIV/Aids dramatically affects labour, setting back economic activity and social progress. AIDS weakens economic activity by squeezing productivity, adding costs, diverting productive resources and depleting skills. The repeated call for business to lead the way in combating the pandemic result, in part, from the void created by government on the issue, but is also as a result of the resources available and the expertise required to make a significant impact in the private sector. The private sector is motivated by a number of factors, not least the need to assess the impact of HIV/Aids on workplace productivity and recognition of their responsibility toward workers. In particular, they have a moral obligation where workplace practices have amplified the spread of the disease – such as in the mining industry which is characterised by migrant labour and single sex hostels, and in the road transport industry, where long-haul drivers face nights away from home in HIV prevalent environments (2005d: <http://www.avert.org>).

## **CONCLUSION**

What was once thought of as a disease that only impacted stigmatized sectors of society is now widely seen as a global crisis-a battle that the world is losing.

This chapter has aimed at exploring how the corporate sector has handled the issue of HIV/Aids. The chapter also looked at whether corporations were influenced by global ideas and perspectives as opposed to national norms. Hence the preceding chapters informed that South African corporations are not solely influenced by national trends but by global frameworks and perceptions as well.

Companies with aggressive HIV/Aids strategies enjoy a surge in employee morale. Therefore effective management of HIV/Aids in the workplace requires effective strategies that will ensure that there are both long and short term measures in place that will reduce the impact of the virus on employees. Education is a key component of many programmes. The chapter has revealed that most corporations have co-ordinators or clinics that deal specifically with the pandemic. They have internal HIV/Aids committees consisting of employees from various departments in the organization, union representatives and management to monitor implementation of activities.

Mears, in the Sabcoha survey (2005: 51), states that, with approximately five million South Africans infected with HIV, South Africa faces one of the most severe HIV/Aids pandemics. Unfortunately it appears as though a number of companies are not yet fully confronting the risks that HIV/Aids creates for business. Due to ignorance, myth, and misinformation, many companies have followed unsustainable HIV/Aids programmes, delivering little in the way of value. However, those that have based their strategies on best practice, informed by current information, have achieved remarkable results.

This chapter examined the national and global impact of HIV/Aids on the business sector. The next chapter will give attention to the communication model for Corporate Social Investment and HIV/Aids in South Africa.

## *Chapter 5*

### COMMUNICATION MODEL FOR CORPORATE SOCIAL INVESTMENT AND HIV/AIDS IN SOUTH AFRICA

#### **INTRODUCTION**

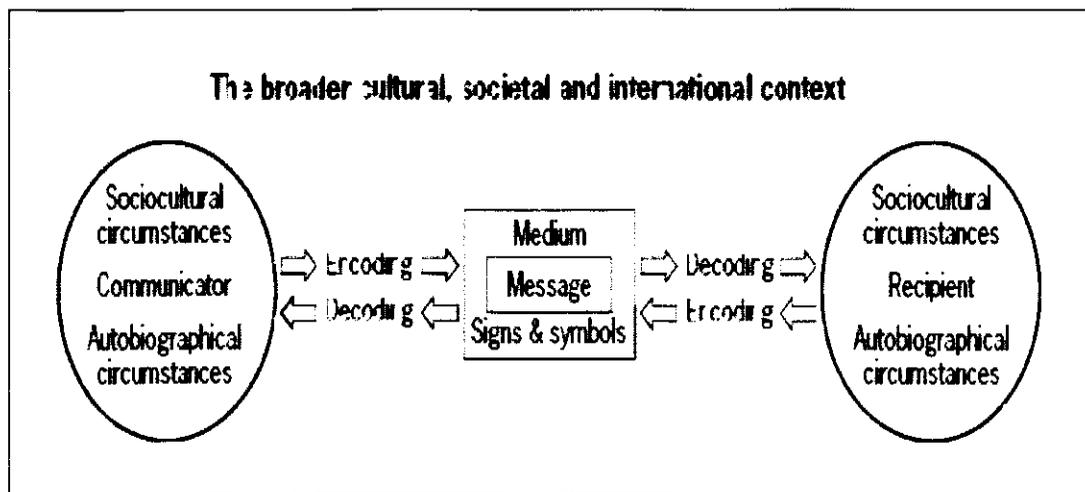
This chapter focuses on an investigation of the communication strategies/policies used for HIV/Aids awareness programmes in South African organisations. The chapter also focuses on how firms in the private sector respond to HIV/Aids through various measures. In doing so, it tries to examine the existent communication campaigns employed by corporations to educate employees on HIV/Aids.

The HIV/Aids pandemic is now a global crisis, and constitutes one of the most alarming challenges to development and social progress. South Africa has one of the fastest growing HIV infection rates in the world. The 22 percent infection rate-based on antenatal clinic surveys in April of 1999-represents a jump of more than half over the 14 percent estimate from late 1997. Infection levels are even higher in smaller, neighbouring countries, but South Africa, with its total population of 43 million, is the first large nation where the disease has spun out of control. Most South African corporations are preparing their employees for education and training in the related HIV/Aids area. Corporate South Africa has accepted HIV/Aids as a critical part of the management agenda and is ensuring that they take ethical initiatives to ensure that the company's reputation is not damaged and that employees are taken care of (<http://www.worldwatch.org/node/1652>).

South African corporations have already developed policies to deal with the pandemic. These policies aim not only to manage employees who are infected and affected but to prevent further infections of HIV. It is therefore important to discuss how Merham's (1992b) Communication Model assists in interpreting Corporate Social Investment and HIV/Aids in South Africa and the communication strategies/policies used for HIV/Aids awareness programmes in South Africa.

## COMMUNICATION MODEL FOR CORPORATE SOCIAL INVESTMENT AND HIV/AIDS IN SOUTH AFRICA

To conceptualise this study, the theoretical approach employs the communication model for development proposed by Mersham *et al.* (1995). Mersham (1992b) argues for communication equality between communicator and recipient in his graphic communication model for development and public relations. The model allows for a heuristic approach to evaluating the different components of the communication process, with specific reference to the socio-cultural circumstances of communicators and recipients in the broader context of South African society (Mersham, 1995). Figure 19 illustrates Mersham's (1992b) communication model for development.



Source: Mersham (1992b)

**Figure 19: A graphic communication model for development**

The communication model analyses the message components in the triptych, drawing attention to the codes and symbols of content as a vital area in the process of understanding. All of these factors have particular relevance in contemporary South Africa where HIV/Aids is concerned. The form of messages has taken on a different format and communities are now accepting explicit messages as opposed to the past subtle messaging system e.g. (Billboards, and Posters).

South Africans are now accepting a more direct approach of communication, which has changed from sensitive and subtle to hard, cold and direct messages (Mersham *et al.* 1995).

The model draws attention to the importance of the way in which the communicator manifests his or her ideas, and its importance to the success of the communication process. The central position in the communication triptych is the message. In order to transfer thoughts, information, feelings and attitudes Mersham *et al.* (1995), argue that one needs to consciously ensure that the form in which these ideas are manifested is 'decodable' by the partners in the communication process. The model further suggests that one should consciously monitor the interpretations attached to messages by the partners in the communication process. The audience is now able to engage themselves in this instance. The message is clear and not ambiguous. In terms of this study, Mersham's model can be seen in practice, in that employees engage with the issue at hand and ask pertinent questions which tend to affect their immediate lifestyle. In relation to Mersham's model, the message now becomes the medium. In other words, just having a personality relate his/her experience makes all the difference to understanding the problems associated with HIV/Aids. Employees are also able to encode and decode the message. For example, on World Aids Day (1 December); in South Africa fellow employees who have lost the fight to HIV/Aids are remembered by candle lighting ceremonies in their memory.

The medium may be thought of as a message receptacle or that which provides the platform for the signs, symbols and codes of meaning to be conveyed. Mersham adds that each medium has its own set of encoding possibilities and structures by drawing on McLuhan and Fiore's (1967) observations that 'the medium is the message'. The communicator must have skills in encoding messages in the mother tongue of the communication partners and skills in the technology and techniques of the medium in question e.g. billboards, pamphlets and brochures in the different languages attract people to the message. The model implies that all partners must have the skills in decoding the mediated message. The message should ideally be suitable for the different language groups in that these groups should have the capacity to decode and interpret the message.

A good example of this is that of Liberty Life ([www.libertylife.co.za](http://www.libertylife.co.za)), a South African insurance company that has a well-established set of communications media in different

languages which include an internal staff magazine, electronic communications, videos and posters, and a comprehensive HIV/Aids intranet site, including use of industrial theatre and workshops as a method of constantly reinforcing the educational messages around HIV/Aids.

Corporate South Africa, for example Coca-Cola ([www.cocacola.co.za](http://www.cocacola.co.za)) runs HIV/Aids related programmes that confront ignorance by providing facts, reducing prejudice through demonstration of positive attitudes, and fighting discrimination through the use of affirmative role models and practices. The ultimate objective is to reduce stigma, discrimination and prejudice against people living with and affected by HIV/Aids. Such campaigns are now expected to help encourage people to use Voluntary Counselling and Testing (VCT) services, and make considerable progress in creating a supporting environment for effective implementation of other HIV prevention, care and treatment programmes. Billboards, radio spots and other material ranging from calendars, stickers, posters and flyers, are used to get the message across. Companies are proud to be part of innovative behaviour change and communication programmes to reduce the incidence of new infections and further promote stigma reduction.

In implementing these programmes and campaigns, the skills of the communicator become of great significance. The communicator (in most cases a trained public relations practitioner or corporate social investment practitioner), normally has the skills to encode messages. However, in this instance the communicator must also have a clear understanding of the various audiences that he/she is communicating HIV/Aids messages to. Parker *et al.* (2000) identify the following factors which are important for the communicator to have a clear understanding of all aspects of the communication process, including signs and symbols and that could assist in contributing to sound communication strategies.

- Language – different languages that are spoken (i.e. home, second language etc). South Africa has 11 official languages which the communicator should be aware of.
- Socio-cultural factors – what are the levels of knowledge and awareness of HIV/Aids? What is the internal and external awareness about myths, beliefs, and needs? Who are community leaders, and how does the virus affect gender?

- Population – who are the targeted population? What is the size of this external population and where are they geographically situated? What is the size of the internal population?
- Economic indicators – what are the living conditions of employees and the local communities?
- Health infrastructure – How many clinics or health facilities are there in the communities? What drugs are available for employees? What resources are made available for employees?
- Communication – what mediums are available for the distribution of information, e.g. communication to the affluent communities would be done through the print and electronic media, whereas to the rural communities folk media or direct communication would be used.
- Internal Policies – what policies are in place? Are there guidelines to treat infected and affected staff?

Mersham's graphic communication model for development provides a basis for evaluation of the corporate social investment opportunities and HIV/Aids strategies/policies of the sample and the various questions have been answered in this chapter.

- Who are stakeholders involved in this process?
- How important is government in this process?
- What are the messages directly linked to programmes that exist?
- What media exists?
- How much is done face to face?
- Coding and de-coding – how does it take place?
- Coding in a particular form?
- Does the public interpret the message in a particular way?

Many corporations have co-ordinators or clinics that deal specifically with the pandemic. They have internal HIV/Aids committees consisting of employees from various departments in the organization, union representatives and management to monitor implementation of activities. The model has different components of the communication process and these are discussed in the CSI context and include the following:

## **Analysis of the Communicator**

The communicator in this instance in most companies is almost always the Corporate Social Investment Manager, the Public Relations Manager, Marketing Manager, Foundation or Trust Manager. It is the duty of these individuals to have a sound knowledge of the social, economic and political aspects that affect the company's day to day existence. Therefore environmental scanning is of vital importance to all managers involved with CSI. The communicator also has to have a sound knowledge and understanding of the employees and the community with whom he/she communicates. The following would assist in contributing to the communication with the various groups (Parker *et al.* 2000).

- **Language**

The communicator would have to identify and be able to understand the different languages that are spoken, (i.e. home, second language etc) within the organisation and in the communities.

- **Socio-cultural factors**

The communicator would have to have a knowledge and awareness of the different levels of HIV/Aids infection; also understand the internal and external awareness about myths, beliefs, and needs; know who the community leaders are, and how the virus affects gender and other pertinent issues contributing to the internal and external environment.

- **Population**

Be aware of the targeted population. What is the size of the external population and where are they geographically situated? What is the size of the internal population and what are the needs of the employees?

- **Economic indicators**

Be aware of the living conditions of employees and the local communities?

- **Health infrastructure**

Have a clear understanding of the health infrastructure in the community. How many clinics or health facilities are there in the communities? What drugs are available for employees, what resources are made available for employees and their families?

- **Communication**

Understand the mediums that are available for the distribution of information, e.g. radio, internet/intranet, multimedia approach, pamphlets, talks/trainings sessions, etc.

- **Internal Policies**

Have a clear understanding of the policies that are in place. Are there guidelines to treat infected and affected staff? Ensure that all employees are aware of such policies.

### **Analysis of recipients**

- **Who are the recipients?**

Internal stakeholders are easier to communicate with. They include all internal employees who understand and can communicate effectively and efficiently, including shop stewards and drivers, etc.

External stakeholders are more difficult to communicate with especially the community members. Normally, they are communicated with via community heads, and community centres/clinics that deal with the virus etc.

### **Analysis of the Message(s) and the signs and symbols of the coding process**

- Messages need to be carefully thought out and meaningful to targeted audiences in the context of their own daily lives. An account must be taken of what the target audience understands about HIV/Aids issues;
- Input from health experts must be addressed. What do the experts believe the target audience should know? They can help to identify key issues and can ensure that messages are accurate;
- The message must be kept appropriate to the medium, so as to ensure that the messages are conveyed effectively through the medium. E.g. detailed information is not good on a pamphlet but would read better in a policy document;
- Messages should be kept short and simple and avoid technical language.

### **Interaction between participants**

An open door policy exists for internal and external stakeholders. Those infected and affected employees need to feel that they can communicate freely with management. Companies work with communities to contribute to social infrastructure. They communicate with, and engage employees, communities, contractors, business partners, suppliers, customers and visitors to build relationships based on honesty, trust and involvement and to share responsibility for meeting the requirements of in-house policies (Parker *et al.* 2000).

### **Media used in the process**

Media used should be suitable to all internal and external stakeholders. Communication to the communities needs to be simple and direct, e.g. a wide range of conventional media is used, i.e. bill boards, posters and pamphlets, radio, television, drama, folk media and educators seem to be the easier method of promoting general knowledge and awareness to communities (Parker *et al.* 2000).

### **Interpretation and expression of messages**

The form in which these messages are communicated to the recipients needs to be easily decoded; therefore messages must be expressed in a manner that is easily accepted by the recipient. Mersham (1992b) argues that signs and symbols are devoid of meaning in themselves. They can mean something to somebody only if the source gives them a specific meaning and if the recipient sees a specific meaning in them. The meaning of a sign depends not only on personal interpretation, but also on collective agreement that may vary across space, time and culture. He further believes that the recipient's active participation in the communication process must be encouraged and recognized. Logos and symbols offer a way to create unity between a wide range of communication messages, allowing the target audience to build up interpretations and meanings over time (Parker *et al.* 2000). A good example of this is the red ribbon that symbolizes the international struggle against HIV/Aids. In South Africa the red ribbon is made from various materials. The one that stands out is the red and white beaded ribbon. The beads denote a South African passion for the struggle against HIV/Aids. Because South Africa has a multitude

of cultures, it is also important for the communicator to have an understanding of the diverse audiences that he/she has to deal with. The development communication scientist (and public relations practitioners involved in community and social investment programmes) should therefore first prompt the community to initiate the messages about their development needs. The Public Relations Practitioner or CSI Practitioner is seen as the development communication scientist in this study, as it is this individual who scans the environment and actively monitors the internal and external community for messages/information related to HIV/Aids.

Environmental scanning is the process through which organizations maintain awareness of the opportunities and threats presented by the surroundings both macro and micro within which they operate. For information that is obtained through an environmental scan to be truly valuable, leaders within the organization must use the data that are collected to modify as appropriate organizational objectives or strategies. The ability to demonstrate organizational agility in response to environmental information is essential; the willingness to act upon that information is perhaps even more important (<http://www.quepublishing.com/articles/article.asp?p=437081&seqNum=4&rl=1>).

Some organizations conduct environmental scans on an ad hoc basis, often in response to crises or other unexpected events. Other organizations plan to conduct environmental scans on a more regular basis. Still other organizations choose to conduct scanning on a continuous basis, always collecting, processing, and analyzing data.

The following are some of the external trends that the PRP and CSI coordinator should keep an eye on in the interest of their corporation.

Organizations need to monitor trends of a wide and varying nature, including, but in no way limited to:

- Economic trends
- Competitive trends
- Political trends
- Global trends
- Business trends
- Industry trends

- Employment trends
- Technological trends
- Demographic trends

<http://www.quepublishing.com/articles/article.asp?p=437081&seqNum=4&rtl=1>

Mersham's (1992b) graphic communication model also points to the importance of taking into account the broader societal circumstances in which the communication interaction takes place. In Mersham's (1992b) model these aspects are graphically illustrated by the spheres which surround both communicator and recipient, and the box around the triptych of the communicator, message and the recipient to represent the broad cultural, societal and international context. He further argues that the consideration of what constitutes "South African society" is important for the communication process. Appeals to national identity, patriotism, reconciliation and reconstruction, key terms in contemporary South African discourse, have a great effect on the likely success of the interchange of ideas through the communication process. He believes that the international context is just as important. In South Africa for example, HIV/Aids has become visible and real in the minds of various people. Most interventions have been promoted and publicised to awaken the notion that HIV/Aids is real. The fact that condoms have been made readily available at clinics, businesses, airports and shopping centers and having HIV/Aids constantly referred to in the mass media, shows that the disease has been brought into the foreground of people's awareness (Mersham 1992b).

According to Ellis and Terwin, (2004) the current prevalence of the virus in South Africa proves to be a major challenge to the ability of corporations and the government to deal with this situation. Although no reliable data of HIV infection per sector or per skills category is available, it is believed HIV prevalence is significantly higher among semi- and unskilled workers than among highly skilled and white-collar workers. However, it is becoming apparent that the mining, transport, building, construction and manufacturing sectors could be vulnerable to the HIV/Aids pandemic. An example of the above is the case of Harmony, one of South Africa's largest gold mining companies. Harmony estimates that 33.9% of its labour force is currently infected with HIV and that HIV/Aids related costs could cost their company between 2 to 5 US dollars per ounce of gold

produced. The company implemented Highly Active Anti-Retroviral Therapy (HAART) for their employees on 15 September 2003.

Harmony originally estimated that HAART would cost them approximately R1000 per mineworker per month. According to Harmony, their HIV/Aids related costs for the 2003/2004 financial year amounted to R7.6 million (Harmony Annual Sustainability Report, 2004). Like Harmony's HIV/Aids programme HAART, there are many other corporations in South Africa, who subscribe to the same means of ensuring that their employees are kept regularly informed, educated and up to date on HIV/Aids related issues (Ellis and Terwin, 2004).

A percentage of South African companies are actively involved in HIV/Aids prevention and awareness programmes using frequently used media. Some companies engage in behaviour change communication through the various projects that take cognizance of compassion, tolerance, and sensitivity. Such programmes confront ignorance by providing facts, reducing prejudice through demonstration of positive attitudes, and fighting discrimination through the use of affirmative role models and practices. The ultimate objective is to reduce stigma, discrimination and prejudice against people living with and affected by HIV/Aids. Such programmes are expected to help encourage people to use voluntary counselling and testing (VCT) services, and to make considerable progress in creating a supporting environment for effective implementation of other HIV prevention, care and treatment programmes (Parker *et al.* 2000).

Programmes include a range of methods that are used to communicate the message to the various audiences internally and externally. Billboards, radio spots and other material ranging from calendars, stickers, posters and flyers, are used to get the message across to various audiences. An integrated communication strategy/policy has to consider the range of media options available, including approaches that involve small media options. Small media include:

- Print media, i.e., stickers, posters, leaflets, booklets, etc;
- Audio media, i.e., audio tapes and CDs;
- Audio-visual media such as videos and slide shows;

- Visual media such as photographs, displays, murals, slides and signs; and
- Utility items, such as caps, t-shirts, peaks, badges, pens, pencils and key-rings.

Prevention strategies employed by corporations include:

- Use of conventional media (TV, radio, print and outdoor media); Popular media (theatre, drama, posters, leaflets and booklets) are utilized to promote general knowledge and awareness;
- Promotion of condoms and distribution of free condoms through in-house clinics, community clinics, hospitals and commercial networks; and
- Education and awareness of STDs (Parker *et al.* 2000).

In most companies the public relations practitioner or corporate social investment co-ordinator are the communication champions. They facilitate the communication of messages between the stakeholders and the organization. In this case the public relations practitioner or the corporate social investment co-ordinator will monitor the communication process between the employees within the organization and the external stakeholders regarding the HIV/Aids scenario.

### **SOCIO-CULTURAL CIRCUMSTANCES OF COMMUNICATORS AND RECIPIENTS IN THE BROADER CONTEXT OF THE SOUTH AFRICAN SOCIETY.**

According to statistics from the Actuarial Society of South Africa (ASSA), estimates suggest that  $\pm$  18% of adults between the ages of 20 and 64 are currently infected with HIV. For the total population, the ASSA2002 model estimates that roughly 10.8% or 4.93 million South Africans will be HIV positive in the calendar year starting 1 July 2004. Just over half a million of South Africans are estimated to be sick with Aids and by 2010, despite interventions and treatments, the study estimates that nearly 3.5 million South Africans will have died of HIV/Aids related causes (Statistics SA, 2004)

However, Ferreira, (2003: 60), asks “does simply telling people about HIV/Aids through posters, pamphlets, videos and other media get people to actually change their behaviour”? His answer is, “we must begin to realize that education does not take place within a

vacuum, that there are social, political, and cultural barriers that influence the ability of any particular sub-group of people to assimilate the messages being communicated.

As long as these barriers remain underplayed, the efficacy of HIV prevention education programmes will remain disappointing". Lack of understanding of cultural determinants by the communicator, plays a huge role in the respondent not understanding the concept of HIV prevention and care. Many corporations make use of peer education programmes, which is very useful when one takes into consideration the social, political and cultural barriers. Making use of a peer educator ensures trust, influence, support and understanding and any information is readily accepted by the respondent.

This study has revealed, and it will be discussed at length in Chapter Eight, that some large corporations have implemented effective workplace policies and are ensuring that their employees are given the best in terms of education and medical assistance to help curb the spread of the virus. However this is not the same in the case of the smaller companies. Only 17% of smaller companies have implemented HIV/Aids policies. This shows that smaller companies still lack a strategic response to the pandemic (Ellis and Terwin, 2004:25).

The preceding section discussed the model and its significance to the South African situation. The researcher believes that it is also important to discuss the significance of the model to the international context.

## **THE POSITION OF HIV/AIDS IN AFRICA**

Sub-Saharan African business leaders are far more concerned about the threat of HIV/Aids to their businesses than their counterparts in other parts of the world. Kenya, Tanzania and Uganda have been struggling with the problem of HIV/Aids for at least two decades. The table below presents the HIV prevalence rates for these countries. It is evident that Tanzania has the highest prevalence rate and absolute number of HIV positive persons, followed by Kenya, and Uganda. All three countries have mounted public campaigns to fight AIDS; these campaigns have increasingly been supplemented by private sector efforts (UNAIDS, 2004).

	Kenya	Tanzania	Uganda
<b>Adult (15-49) HIV prevalence rate</b>	6.7	8.8	4.1
<b>Adults and children (0-49) living with HIV/AIDS (millions)</b>	1.2	1.6	0.53
<b>Adults (Ages 15-49) living with HIV/AIDS (millions)</b>	1.1	1.5	0.45

Source: (UNAIDS 2004: Center for HIV Information, University of California)

**Table 3: HIV Prevalence in East Africa**

According to Weforum (<http://www.weforum.org/site/homepublic.nsf/Content/Global+Health+Initiative>) a study in 2004 used a different approach to understanding the impact of HIV on the private sector. It focused on examining manager and worker perceptions on HIV/Aids, and how firms in the private sector responded to HIV/Aids through various measures. However, the study acknowledges that while there is a large literature on the problem of HIV/Aids in Africa, there is relatively little rigorous analysis of private sector activity. A global survey in 2003 revealed that the private sector is not doing enough about AIDS.

In summarizing the findings of their paper, Bloom *et al.* (2004) argue that firms have taken little action regarding HIV in Africa. They write that the largest discrepancy between firm perceptions and actual data is to be found in Africa, where 45 percent of firms report less than 1 percent prevalence, despite data from UNAIDS that shows only 10 percent of respondent firms in Africa are located in low-prevalence countries. They argue that as of 2003-04, the response to AIDS by the private sector has been piecemeal with only a few firms having HIV/Aids policies; the response is limited even where firms are quite concerned about HIV. This response is even more sanguine, they argue, in countries which are relatively well-governed. In these cases, businesses seem to rely more on the public sector to deal with the problem.

In Rosen's analysis of Nigeria, she also argues that managers are doing little about AIDS (Rosen, 2001). Survey data used in this paper in 2001 showed that AIDS was not yet a big problem in the Nigerian workplace and most managers have had little experience dealing with it. In addition to the high cost of doing business that keeps companies from addressing HIV/Aids, the general health infrastructure is weak, and lack of clean water is a real concern in many parts of sub-Saharan Africa (Bloom, 2004; Taylor *et al.* 2004).

According to Rockey (2003:217), from a South African point of view government has been criticized for its stance on the HIV/Aids front. It was thought that business would take the lead in this approach however, a study by the University of Witwaterstrand's Centre for Health policy in 2003 found that South African businesses are failing to prepare for its impact. Some of the large corporations have very impressive programmes in place and have gone as far as to offer ART drugs to employees (and in some cases their families). Most other corporations only have an awareness and education policy in place.

An interview with Zackie Achmat, TAC Chairperson, Samie (2004) uncovered the government's role in HIV/Aids interventions. In South Africa it is estimated that approximately 600 people die of Aids-related illnesses each day, while it is estimated that a further 1500 to 1600 people are infected with the HIV-virus. The first objective of the TAC is to get crucial, and affordable, medicines out to these people; the reality is that the longer they wait, the more people will succumb to the disease. The second objective is to prevent and eliminate new HIV infections. The third objective is to take to task the pharmaceutical companies that are made wealthy by the chronic absence of HIV generic drug manufacturing in the country, so that the quality of healthcare for all can be improved.

Finance Minister Trevor Manuel has allocated R2.1 billion to HIV/Aids over the next three years. Achmat believes that the budget is adequate; however he declares that the implementation is problematic. He further adds that the provision between the public and private sector is problematic and needs tackling". Aids, he says, "gives us the perfect opportunity to do just that". He adds that in the public health sector, resources are over-stretched, over-burdened and under-funded. "There is a lack of funds and political leadership, and a failure to deal with excessive pricing in the private sector" (Samie, 2004)

According to Samie (2004) comments such as these and the high prevalence of HIV/Aids put a strain on President Mbeki and pose major challenges for government.

Much of the reporting on HIV/Aids in South Africa has centred on the fact that President Mbeki has in the past questioned the link between HIV and Aids. However, the government has massively increased the budget for its HIV/Aids and Sexually Transmitted Infections Strategic Plan for 2000-2005, a five year plan in line with international trends in fighting the disease that has been lauded as among the best strategies in the world. The plan has four priority areas:

- Preventing further HIV infections;
- Providing treatment, care and support for those infected and affected by HIV;
- Researching an AIDS vaccine;
- Asserting the human and legal rights of all affected by the disease.

The amount of R350 million budgeted for spending by the Department of Health, Social Development and Education for the 2001/2 financial year was increased to R1.8 billion for 2004/2005. In January 2000 a partnership Against HIV/Aids was formalized by the formation of the South African National Aids council. Given that there is no cure for HIV/Aids, the government's strategy focuses on prevention by promoting public awareness and delivering life skills and HIV/Aids education. The many Aids awareness campaigns run by government and NGO partners such as LoveLife and Soul City are now bearing fruit. There is now a high level of awareness among youth on HIV/Aids, which is around 90% (<http://www.southafrica.info/essinfo/saglance/health/aids.htm>).

Awareness of HIV/Aids in the workplace has called for business to ensure that integrated communication strategy/policies exist. According to the Department of Labour, No. R. 1298, 1 December 2000, all companies must adhere to the Code of good practice on key aspects of HIV/Aids and employment.

## **A WORKPLACE HIV AND AIDS POLICY/ STRATEGY**

According to the Department of Labour, No. R. 1298 (2000), every workplace should develop an HIV and AIDS policy, in order to ensure that employees affected by HIV and

AIDS are not unfairly discriminated against in employment policies and practices. This policy should cover the following.

- The organisation's position on HIV and AIDS;
- An outline of the HIV and AIDS programme;
- Details on employment policies (e.g. position regarding HIV testing, employee benefits, performance management and procedures to be followed to determine medical incapacity and dismissal);
- Express standards of behaviour expected of employers and employees and appropriate measures to deal with deviations from these standards;
- Grievance procedures in line with item 12 of this Code;
- Set out the means of communication within the organisation on HIV and AIDS issues;
- Details of employee assistance available to persons affected by HIV and AIDS;
- Details of implementation and coordination responsibilities;
- Monitoring and evaluation mechanisms

All policies should be developed in consultation with key stakeholders within the workplace including trade unions, employee representatives, occupational health staff and the human resources department. The policy should reflect the nature and needs of the particular workplace.

According to the Department of Labour, No. R. 1298 (2000), policy development and implementation is a dynamic process, so the workplace policy should be:

- communicated to all concerned;
- routinely reviewed in light of epidemiological and scientific information; and
- monitored for its successful implementation and evaluated for its effectiveness.

## **DEVELOPING WORKPLACE HIV AND AIDS PROGRAMMES**

The Department of Labour, No. R. 1298 (2000) recommends that every workplace should work towards developing and implementing a workplace HIV and AIDS programme aimed at preventing new infections, providing care and support for employees who are

infected or affected, and managing the impact of the pandemic in the organisation. The nature and extent of a workplace programme should be guided by the needs and capacity of each individual workplace. However, it is recommended that every workplace programme should attempt to address the following in cooperation with the sectoral, local, provincial and national initiatives (<http://www.healthinsite.net/health/healthProfile.dll/CareArticle>).

- Hold regular HIV and AIDS awareness programmes;
- Encourage voluntary testing;
- Conduct education and training on HIV and AIDS;
- Promote condom distribution and use;
- Encourage health seeking behaviour for STIs;
- Enforce the use of universal infection control measures;
- Create an environment that is conducive to openness, disclosure and acceptance among all staff;
- Endeavour to establish a wellness programme for employees affected by HIV and AIDS;
- Provide access to counselling and other forms of social support for people affected by HIV and AIDS;
- Maximise the performance of affected employees through reasonable accommodation, such as investigations into alternative sick leave allocation;
- Develop strategies to address direct and indirect costs associated with HIV and AIDS in the workplace,
- Regularly monitor, evaluate and review the programme.

Employers should take all reasonable steps to assist employees with referrals to appropriate health, welfare and psycho-social facilities within the community, if such services are not provided at the workplace (<http://www.healthinsite.net/health/healthProfile.dll/eCareArticle>).

## **CONCLUSION**

The results reported in this chapter help one understand the difficulties faced by the private sector when dealing with the problem of HIV/Aids.

They may also help us understand what we can realistically expect the private sector to do to address the problem of HIV/Aids.

In relation to Mersham (1995), the study indicates that the model reveals itself to be underpinning the campaigns, programmes and strategies implemented by corporate South Africa. Although this is not done explicitly with the knowledge of the model itself, the study has shown so far that the basic principles and practices are applied.

In summary, it is clear that the mining sector and large corporations are leading the way in responding to HIV/Aids. However, it is also clear that much more can be done with the assistance of government and other stakeholders. It has become apparent that many corporations due to ignorance and myth, have not put in place programmes and are not delivering in this area.

With the increase in HIV infection figures and the clear evidence of the lack of business support for the fight against the pandemic it is concerning to note that small companies and other sectors have had little progress towards developing effective programmes to combat the pandemic.

In the next chapter the emphasis falls on the empirical perspectives of the study. Chapter Six will discuss the research design and methodology used in this study and will explain how the respondent sample was drawn. It includes a detailed discussion of the collection of the primary data for the empirical study. The chapter will also aim to discuss the reliability and validity of this study and the importance thereof.

## *Chapter 6*

### RESEARCH METHODOLOGY RELATED TO THE STUDY UNDER INVESTIGATION

#### **INTRODUCTION**

This chapter provides an insight into the methodological techniques and methods used during this study. Various aspects relating to the specific research methods are investigated to determine whether the techniques would be adequate and sufficient within the broad framework of this research study. This chapter also provides a better understanding of what the empirical part of this study entails.

The empirical investigation focuses on the role of business in supporting HIV/Aids programmes in the South Africa. The study has therefore surveyed the extent to which organizations have implemented HIV/Aids programmes into their corporate social investment programmes.

The literature review identified concrete strategies and plans of action available for the effective management of HIV/Aids in the workplace and placed emphasis on governmental legislation and the input of other role players, which is critical for a transparent, political, economic and just social order in South Africa.

Aspects and concepts such as methods of data collection, sample frame, sample size, and validity and reliability of the research study, will be discussed. Attention will also be give to questionnaire design, evaluation of results, analysis and data processing.

The term “methodology” requires clarification. Wellman and Kruger (2000: 2) define it as follows: “The application of various methods, techniques and principles in order to create scientifically obtained knowledge by means of objective methods and procedures within a particular discipline”. This leads us to the question of, what research design (methods used to collect, analyse and interpret data) is the most appropriate to investigate communication?

## **RESEARCH PROBLEM AND OBJECTIVES**

The problem or question is the axis around which the whole research effort revolves. The statement of the problem must first be expressed with the utmost precision; it should then be divided into more manageable sub-problems. Such an approach clarifies the goals and directions of the entire research effort (Leedy and Ormrod, 2001: 49).

The major problem identified in this study is the need for business to become more actively involved in the management of HIV/Aids in the workplace. In tandem with this problem, is the need for sufficient structured policies and action programmes to be put in place. It is also important to determine the level of commitment displayed by the top management of corporate organizations towards addressing the issue of HIV/Aids for the future.

As in the case of any business related risk, HIV/Aids must be proactively managed. In order to assess and manage the risk effectively, it is essential to have adequate information regarding both the nature and extent of the risk. The hesitancy of many companies to invest in comprehensive HIV/Aids workplace programmes may be due to a lack of reliable data to show the economic impact of the pandemic. Sustainable private sector responses to the pandemic will only be achieved if senior management is convinced of the business rationale for action (Ellis and Terwin, 2004: 1).

It is clear that there is a need for business to become more actively involved in the management of HIV/Aids in the workplace. It has recently become a priority for all South African business to implement policies and strategies to manage and minimize the pandemic within the workplace. There is an ever-present need to actually investigate this aspect by means of applied research in the industry, in order to determine if management is committed or simply reluctant in respect of the whole issue of HIV/Aids within the workplace (Welman and Kruger, 2000: 22).

The purpose of this study is, therefore to investigate and evaluate whether suitable and effective strategies and policies have been implemented to manage and minimize the impact of HIV/Aids on the workplace.

## **OBJECTIVES OF THE STUDY**

The central objective of this study is:

To highlight the role of business in supporting HIV/Aids programmes in the South African society where evolving, social and economic issues are of significance.

Specific objectives are:

- To establish the scope of the HIV/Aids pandemic and provide a chronological outline of growing awareness of the problem in the business sector;
- To describe the development of Corporate Social Responsibility in South Africa and its specific characteristics in the context of the country's social, political and economic development;
- To describe how HIV/Aids programmes initiated by the business sector are situated in the context of their CSR programmes;
- To examine how CSR has become incorporated into TBL and therefore how HIV/Aids programmes are included in TBL reporting.

## **THE SAMPLING PROCEDURE**

The sampling procedure entails drawing a representative sample which includes all the fundamentals of the universe, which can be endless. According to Malhotra (1996 : 359), “a population or universe is the aggregate of all the elements, sharing some common set of characteristics, that comprise the universe. The target population is the collection of elements or objects that process the information sought by the researcher and about which inferences are to be made. The sampling unit refers to the entity which is the focus of the survey”.

A sampling frame is required for the selection of sampling units. Data could be obtained from membership lists, census lists, telephone directories, maps, and from various organizations. The sampling frame comprises the complete list of all the units from which the sample is drawn.

A question most often asked by most researchers is: How can we determine that the sample actually represents the population parameters? According to Stacks and Hocking (1992: 180), three factors influence sample accuracy:

- The population parameters;
- The size of the sample; and
- The standard error of measurement.

A homogeneous population – one that shares several common characteristics (parameters) will require a smaller sample size than does a heterogeneous population. Depending on the goal and the objectives of the research, if a population of people represents differences in socio-economic status, occupation, educational level, language preferences and geographic distribution of dwellings, then a larger sample would have to be drawn to accommodate these differences. A method that can be used to estimate the accuracy of the sample is to calculate the standard error. This can be done in different ways, depending on the type of sample drawn (Du Plooy, 2002: 102).

According to Malhotra (1996: 359), “a sample is a subgroup of the population selected for participation in the study. Sample characteristics, called statistics, are then used to make *inferences about the population parameters*. *The inferences that link sample characteristics and population parameters are estimation procedures and tests of hypotheses*. The selection of a sample can be attributed to various factors, the most important being, that it is simply not possible to study every element in the population or to engage in a difficult exercise to collect data from the entire population”. Malhotra (1996: 359), points out that the population parameters cannot be determined precisely in a sample survey since not every element in the target population is included in the research design. However, the basic premise when choosing a good sample is that it should be representative of the target population.

The sample size according to Malhotra (1996: 363) is also an important factor and refers to the number of elements to be included in the study. Important factors that are considered in determining the sample size include:

- The importance of the decision;
- The nature of the research;
- The number of variables;
- The nature of the analysis;
- Sample sizes used in similar studies;
- Incidence rates;
- Completion rates; and
- Resource constraints.

The most important requirement of a good sample is that each unit in the target population should have an equal chance of being included in it. When making inferences about the target population, most researchers use a probability sampling procedure. Sampling methods can be divided into two broad categories: probability and non-probability sampling.

### **Non-Probability Sampling**

In non-probability sampling, no inference regarding the target population can be made and the sampling error cannot be estimated. According to Malhotra (1996: 365), non-probability sampling relies on the personal judgment of the researcher rather than on chance to select sample elements. The researcher can arbitrarily or consciously decide what elements to include in the sample. Non-probability samples may yield good estimates of the population characteristics, but they do not allow for objective evaluation of the precision of the sample results. Commonly used non-probability sampling techniques include convenience sampling, judgmental sampling, quota sampling, and snowball sampling.

### **Probability Sampling**

Sampling units are selected by chance. It is possible to pre-specify every potential sample of a given size that could be drawn from the population as well as the probability of selecting each sample. Every potential sample need not have the same probability of selection, but it is possible to specify the probability of selecting any particular sample of a given size (Malhotra, 1996: 365).

## **DESCRIPTION OF THE TARGET POPULATION**

The target population of the companies for this survey included top companies which were ranked in the *Financial Mail* "Special Survey of Top Companies", 2004 (Financial Mail, 2004: 23-32). The list was checked against and compiled from McGregor's: *Who owns Whom in South Africa, 2004*.

### **Criteria for the selection of the sample**

The target population comprised 100 top companies which were extracted from the list of the 'Special Survey of Top Companies' (Financial Mail, 2004: 23-32) and which met the following criteria for inclusion:

- Companies whose employee composition was over 500;
- Financial performance of companies;
- Other factors such as, corporate governance, empowerment, commitment; and strength of management;
- Investability (value buy and tradability).

The list of the special survey supplement of the *Financial Mail* (2004) included a total of 100 top companies in South Africa which were ranked in order of financial performance. This list was compared to McGregor's *Who Owns Whom* (2004 : 126-571) to determine which of the top companies were listed on the Johannesburg Stock Exchange, for inclusion in the target population. The predetermined selection criteria were applied when the 100 companies were outlined to form the target population.

On the basis of the selection criteria, a composite schedule of the 100 companies verified by the JSE listing was then typed in numerical sequence. In compiling the typed composite schedule, each company belonging to the target population was numerically tabulated, indicating the name of the company, its physical address, the postal code, telephone number, fax number and lastly, the nature of its business activity, depicting the sector to which it was categorised. Therefore, the target population, in the form of the composite schedule of listed companies, also met the following criteria:

- Complete and accurate information was detailed.
- No duplications were recorded.
- Only those listed companies which met the selection criteria were included.

## **GEOGRAPHIC LOCATION OF THE TARGET POPULATION**

An analysis of the 100 companies comprising the target population was conducted to determine the geographic location and spread of the companies. Table 4 depicts the number of listed companies in each geographic area.

Location	Frequency	Percentage
Durban	25	25
Johannesburg	44	44
Pretoria	5	5
Cape Town	23	23
Port Elizabeth	3	3
TOTAL	100	100%

**Table 4: Geographic Location of the Target Population**

The choice of the target population was not based on regional effect or selection by sector. A small number of companies were found in the Pretoria region and consequently the five companies from the Pretoria region, were then clustered with Johannesburg. As a result, three major geographic areas were identified for the research survey in relation to the location of the target population. As reflected in Table 4, the major concentration of the top companies was located in the Johannesburg area. A further breakdown of the listed companies by corporate sector was undertaken (Table 5).

	<b>SECTOR</b>	<b>TOTAL</b>	<b>%</b>
1	Financial Services	23	23
2	Parastatals	3	3
3	Mining	10	10
4	Oil	2	2
5	Technology	19	19
6	Pharmaceuticals	1	1
7	Retail	9	9
8	Automotive	8	8
9	Beverages, Hotels and Leisure	5	5
10	Other	4	4
11	Agricultural	1	1
12	Chemical	3	3
13	Forestry	1	1
14	Manufacturing	6	6
15	Medical	2	2
16	Paper	1	1
17	Shipping	1	1
18	Sport	1	1
	<b>TOTAL</b>	<b>100</b>	<b>100%</b>

**Table 5: Analysis of the Target Population of Companies Per Sector**

### **Sampling Methods**

A random sample of 100 listed companies on the Johannesburg Stock Exchange (JSE), which met the selection criteria, was drawn from the identified target population for the research study. Only those companies ranked as top companies and listed on the JSE were selected because they constituted the major corporate organizations in South Africa employing a large workforce. They were also perceived to be more proactive with regard to their HIV/Aids policies and strategies.

Companies in Johannesburg, Cape Town and Durban, comprised the target population of the top companies in each province, with the bulk of the companies concentrated in the

Johannesburg area. This was considered representative of the scope for the study of major corporate organizations in South Africa. The location of the companies comprising the target population was also established to determine the spread of the companies in the various geographic areas, and to facilitate the task of the field research assistant.

## **PROCEDURE FOR DRAWING A SAMPLE**

Various sampling methods are highlighted, namely, simple random sampling, stratified random sampling, cluster sampling, quota sampling, convenience sampling, judgmental sampling and randomization using numbers from tables. It is contended that the essence of selecting an unbiased sample which is representative of the population, can best be done by a computer programme. According to Malhotra (1996: 381), microcomputers and mainframes can make the sampling design process more effective and efficient than other methods. These computers may be employed to select the sample needed, using either non-probability or probability techniques.

According to Leedy and Ormrod (2001: 211), in probability sampling, the researcher can specify in advance that each segment of the population will be represented in the sample. This is the distinguishing characteristic that sets it apart from non-probability sampling. Generally the components of the sample are chosen from the larger population by a process known as random selection. Random selection means choosing a sample in such a way that each member of the population has an equal chance of being selected.

## **SELECTION OF THE SAMPLE**

According to Leedy and Ormrod (2001: 279) many general-purpose spreadsheets can be used to describe and analyze sets of quantitative data. Several statistical packages exist, e.g. SAS, SPSS, SYSTAT, Minitab, Statview, Statistica. The analysis of data is done mainly by means of reliable statistical techniques and methods aimed at investigating variables and their effect, relationships and patterns of intent, within the particular area of study (Wellman and Kruger, 2000: 201). For the purpose of this study the computer program using SPSS for Windows version 13, was used to produce outputs respectively.

The target population of 100 companies was listed in a table format for each company. The assigned numbers were matched to the corresponding computer generated numbers on the composite schedule and ringed accordingly. This allowed the researcher to acquire the sample for the survey.

According to Bless and Higson-Smith (1996: 96), an important issue in field surveys is determining an optimal sampling size which impacts on the research design. While a large sample may be more representative but very costly, a small sample could be less accurate but more convenient. They maintain that “the major criterion to use when deciding on sample size is the extent to which the sample is representative of the population”.

For this study the sample size comprising 100 companies (>50%) generated by computerized random numbers from the target population of 100 is greater than the level required to be significant. It also allowed for a built-in factor for non-refusal on the part of some respondents. Reasonable returns were expected and the scientific probability sampling procedure ensured that accurate statistical inferences could be made.

## **DATA COLLECTION PROCEDURES**

According to Du Plooy (2002: 147), in addition to using questions, scales, self-administered questionnaires and interview schedules, researchers who want to collect information by means of observations can use different instruments, or even design their own. Providing informed consent is obtained from the subjects, hardware (mechanical or electronic devices) can be used, such as audiotape recorders, stopwatches, infrared photography and one-way mirrors. Simon and Burstein (1985: 185) state that the choice *from among self-administered mail surveys, personal and telephone interviews* is a judgmental process.

### **Sampling Methods**

Due to the nature and scope of this particular study, it was decided that a questionnaire would be sent to the various respondents and that personal interviews would be conducted on a random basis. In this case, conceptually random sampling was the most attractive type of probability sampling used (Wellman and Kruger, 2000: 52). Although personal interviews can be a very effective means of gathering information they are also very costly.

The greatest value, however, lies in the depth of information and detail recovered (Cooper and Schindler, 1998: 291).

### **Data collection using personal interviews**

Personal interviews were used in the data collection method. Qualified research assistants were to administer the instrument to each selected respondent. According to Sharma (1995: 137), when compared to mail surveys or telephone interviews, the personal interview method enjoys potential advantages as listed below:

- It is most accurate;
- It generates the most amount of data;
- It obtains the highest response rate;
- It is the most flexible method;
- It provided maximum control over sample respondents;
- There is an optimal questionnaire return rate.

In evaluating the data collection technique used for the survey, Sharma (1995) suggests that no method can be taken as being the best, although personal interviews enjoy maximum advantage compared to others. The method therefore selected also depends on the research project undertaken, the geographic spread of the target population and the length of the questionnaire.

### **Interviews selected for the survey design**

The personal interviews were used to collect information in this survey. A trained and qualified research assistant was employed in the Johannesburg and Pretoria region to administer the questionnaires to the senior CSI/PR managers or the group Human Resource Manager in each of the selected companies. The research assistant was employed on the basis of the geographic locations identified. As more than 50% of the companies were located in the Johannesburg/Pretoria area, the research assistant was employed on a full-time basis to administer and collate the questionnaire. The researcher undertook interviews telephonically and personally in Durban, Cape Town and Port Elizabeth.

### **Criteria for the selection of the research assistant**

The Research Assistant was a previous Public Relations Consultant who was both qualified and experienced in the area of research. The cost of the survey was borne by the researcher, who was funded by the National Research Foundation (NRF). The survey was controlled by the researcher from its inception. The main criterion for the selection of the research assistant was that she would be:

- An expert in the research field;
- Familiar with conducting interviews and the administration of pre-coded questionnaires;
- Bilingual, including the ability to converse in Afrikaans and Zulu;
- In possession of sound communication and inter-personal skills.

The research assistant administered the questionnaires, arranged the meetings and collected all the questionnaires. The assistant was from the area and therefore familiar with the street addresses and locations of the selected companies. The assistant was constantly supervised by the researcher for the duration of the survey. It was stressed that the questionnaire was to be fully completed in every respect and that no question was to be left unanswered.

### **Administration of questionnaires**

The research assistant was properly trained in setting up appointments and carrying out the interview. She was required to telephone the company concerned, ascertain the name of the senior CSI/PR manager or group human resource manager, personally speak to the respondents, briefly explain the importance of the survey, and secure the meeting. This exercise was to be done for each company in the selected sample. A fax or email was then sent, identifying the research assistant by name and confirming a meeting on the scheduled day, at a date, time and venue convenient to the respondent. The return fax/email from the respondent was then acknowledged by the research assistant with a courteous telephonic call and formal introductions, to confirm the interview and administration of the questionnaire.

Given the respondents' busy work commitments, proper procedures needed to be followed in order to solicit the support of the respondents and to confirm the meeting. A great deal of the success of the personal interview and the administration of the questionnaires was dependent on sound organizational skills and the professional manner in which the research assistant executed her duties.

### **Orientation of the Research Assistant**

The researcher ensured that the research assistant was properly qualified to administer the questionnaires. To ensure that the questionnaires would be properly administered to the selected respondents in a professional manner an in-depth orientation meeting was held to lay down specific guidelines for conducting the survey.

Although the construction of the questionnaires avoided sensitive questions, it was felt that if such a situation arose, it would be left to the discretion of the research assistant to handle and accordingly report in the findings.

A short summary of the study was given to the research assistant to enhance her understanding of the nature of the investigation. The orientation meeting with the research assistant was necessary to ensure effective administration, and to expedite timeous returns.

Although the questionnaire design was not complex, the orientation session with the data collection co-ordinator was necessary to ensure proper data collection.

Because the personal interview method was used, the researcher envisaged that most questionnaires would be completed and that possibly all 100 selected respondents comprising the sample would participate in the survey. The main advantage of personal contact was that all questionnaire returns would be collated, checked for completeness and tallied by each field research assistant, ensuring timeous and efficient administration of returns. This exercise also saved valuable time and facilitated data capturing.

Care was taken over the financial cost, time expended, setting up of meetings, and travel to the physical location. Although the cost implications were of significance given the limited

operating budget, the importance of this study, connected with the need for complete and accurate data collection, outweighed other factors.

## **QUESTIONNAIRE DESIGN**

According to Newsom and Carrell (2001: 82) the questionnaire is a research workhorse. They further believe that the questionnaire is a sound means of getting information from people.

*The questionnaire was developed to extract information from the sample, and was later used by the research assistant to collect the primary data from the respondents for the study.*

Parasuraman (1991: 363) defines a questionnaire as a set of questions designed to generate the data necessary for accomplishing a research project's objectives. Equally important, is to evaluate the questions being asked. Orna and Stevens (1995: 21) believe that this can be achieved by asking the following questions:

- Are the questions really necessary in view of the objectives for the particular research study?
- Will the respondents be willing and able to provide adequate information on the subject?
- Do the questions cover the content area for which it was designed?
- What does the research questionnaire seek to find out?
- What limits must be set to the breadth and depth of the particular questions asked?
- What are the potentially useful ways in applying the research questionnaire (methodological options)?

According to Malhotra (1996: 319) any questionnaire has three specific objectives:

- Field work procedures such as instructions for selecting, approaching, and questioning respondents;
- Some reward, gift, or payment offered to respondents; and

- Communication aids, such as maps, pictures, advertisements, and products (as in personal interviews) and return envelopes.

The above questions and objectives were taken into consideration in the construction and design of the questionnaire. The initial questionnaire went through several drafts and finally the questionnaire was designed according to the stated objectives of the study.

Sound criteria were considered in the design of the instrument. These included relevance to the study objectives, intellectual level of the respondents, the mechanism used to administer the instrument and the application of the various types of statistical techniques to be employed. The data collection method in turn influences the question wording, the order or sequencing of the questions, the format of the responses, the questionnaire layout and the complexity of the questionnaire itself.

The questionnaire for this survey was designed to include a mix of structured questions, closed-ended questions and open-ended questions. The questions were phrased to focus on a specific area in order to generate accurate data which would facilitate statistical analysis. In using structured questions with structured answers, the respondents were given various alternatives to choose from. Hence, to achieve this aim the following type of questions which according to Loubser (1996: 221) could be useful to any study were used:

- Open ended-questions, which require the respondents to provide their own personal opinions and answers to the questions.
- Multiple choice questions, which require the respondent to choose an answer or alternative answer from a list provided within the questionnaire.
- Dichotomous questions which are the opposite from multiple choice questions and which allow the respondent only one or two responses such as “Yes” or “No”.
- A standard five-point Likert-scale, which is used in most questions in order to ensure consistency and which is also easy to complete by the relevant respondent.
- A nominal scale, which is used for questions relating to demographics that can be completed by the respondent by means of a multiple-choice form.

Some of the key elements in a sound questionnaire design are listed by Malhotra (1996: 321).

- Specify the information needed;
- Specify the type of interviewing method;
- Determine the content of individual questions;
- *Design the question to overcome the respondent's inability and unwillingness to answer;*
- Decide on the question structure;
- Determine the question wording;
- Arrange the questions in proper order;
- Identify the form and layout;
- Reproduce the questionnaire;
- Eliminate bugs by pre-testing.

Consideration was given to all the elements, including proper phrasing of the questions to avoid vagueness and to facilitate with ease the questionnaire administration to achieve active respondent co-operation.

### **Validity and Reliability**

Neuman (1998: 164) maintains that reliability and validity are central issues in all measurement. Both concern how concrete measures are connected to constructs. Reliability and validity are salient because constructs in social theory are often ambiguous, diffuse, and not directly observable.

Neuman (1998: 164) further maintains that reliability means dependability or consistency. Reliability suggests that the same thing is repeated or recurs under the identical or very similar conditions. On the other hand Neuman (1998: 165) argues that validity suggests truthfulness and refers to the match between a construct, or the way a researcher conceptualizes the idea in a conceptual definition, and a measure.

According to Leedy and Ormrod (2001: 98), the validity of a measurement instrument is the extent to which the instrument measures what it is supposed to measure. Validity takes different forms, each of which is important in different situations:

- **Face validity** – is the extent to which, on the surface, an instrument looks like it is measuring a particular characteristic. Face validity is often useful for ensuring the cooperation of people who are participating in a research study;
- **Content validity** – is the extent to which a measurement instrument is a *representative sample of the content area (domain) being measured*. Content validity is often a consideration when we want to assess people’s achievement in some area;
- **Criterion validity** – is the extent to which the results of an assessment instrument correlate with another, presumably related measure (the latter measure is called the *criterion*);
- **Construct validity** – is the extent to which an instrument measures a characteristic that cannot be directly observed but must instead be inferred from patterns in people’s behaviour (such a characteristic is called a *construct*).

### **Internal versus External validity**

Leedy and Ormrod (2001: 103), ask two basic questions when considering the validity of a research study. First, does the study have sufficient controls to ensure that the conclusions we draw are truly warranted by the data? And second, can we use what we have observed in the research situation to make generalizations about the world beyond that specific situation? The answers to these two questions address the issues of internal validity and external validity, respectively.

The **Internal Validity** of a research study is the extent to which its design and the data that it yields allow the researcher to draw accurate conclusions about cause-and-effect and other relationships *within the data*.

The **External validity** of a research study is the extent to which its results apply to situations beyond the study itself – in other words, the extent to which the conclusions drawn can be generalized to other contexts.

The questionnaire developed for this study focused on the theoretical scope of the study and ensured that the variable items were relevant to the research objectives.

## **Description of the construction of the questionnaire**

The instrument used for this survey consisted of a pre-coded questionnaire which was carefully constructed to facilitate maximum response and at the same time, obtain more detailed information. The corporate organization questionnaire was directed to any one of the following senior managers, the Corporate Social Investment Manager, Public Relations Manager, Marketing or Communications Manager.

### **The corporate organisation questionnaire**

The corporate organization questionnaire for this study comprised the following sections:

- Section A : Corporate Social Investment
- Section B : HIV/Aids

The questionnaire was structured to obtain the following information for each section:

- **Section A**

Data in connection with organizational information, indicating the biographical profile, its operation of effective CSI strategies, communication of these strategies to the internal and external publics, media used to serve CSI needs and CSI budget etc.

- **Section B**

- Data in connection with HIV/Aids policies and practices, indicating methods of *training and communication media used to convey messages about the virus both internally and externally*, the role of the organization in supporting HIV/Aids within the organization, methods of care and support for employees and the amount budgeted for each company's HIV/Aids programme.

The questionnaire comprised 44 structured questions which elicited detailed information from the respondents selected for the survey.

When designing such a questionnaire, attention needs to be given to wording the items, and the types of items formulated, including the formatting and pre-coding. The first page of a self-administered questionnaire must contain an introduction. This normally takes the

form of an introductory letter that identifies the sponsor, institution or person who is undertaking the survey, and is aimed at persuading the respondent to fill in and return the questionnaire by a specified date (Du Plooy, 2002: 172). The introduction letter was written by the researcher and outlined the importance of the study, the aim of the survey and the value of participation. An incentive in the form of mailing the summary findings of the survey was included to obtain co-operation and support from the respondent. The return rate was further reinforced by assuring the confidentiality and anonymity of respondents. The covering letter was prepared and typed by the researcher and formalized reflecting the designation of the researcher. It was also counter-signed by the supervisor of this study, to validate its legitimacy and solicit co-operation from the respondents. This was deemed necessary to stress the importance of the study and solicit a response for the study.

The covering letter contained all the instructions necessary. The questions were structured with the literature review and the research objectives in mind. They were also directed towards applying the various descriptive and inferential statistical tests which generate the quantitative analysis using the Statistical Package for Social Sciences (SPSS).

## **PRE-TESTING**

According to Malhotra (1996: 341), pre-testing refers to testing the questionnaire on a small sample of respondents to identify and eliminate potential problems. Even the best questionnaire can be improved by pre-testing. All aspects of the questionnaire should be tested, including question content, wording, sequence, form and layout. The respondents in the pre-test should be similar to those who will be included in the actual survey in terms of background characteristics, familiarity with the topic, and attitudes and behaviours of interest.

Pre-tests are best done by personal interviews, even if the actual survey is to be conducted by mail or telephone, because interviewers can observe respondents' reactions and attitudes.

The questionnaire was given to two colleagues in the Faculty of Commerce at the Durban University of Technology, and the statistician, to ascertain a constructive critique with a

view to further amendments. All these individuals were familiar with the nature of the survey and the aims of the research study, and made valuable comments. These comments were important in the subsequent editing, phrasing and wording of the questionnaires. These comments were taken into account and the changes were made.

## **PILOT TEST**

Pilot testing involves trying out a questionnaire or other research on a small group of individuals. Before using a questionnaire for substantive research, it is essential to obtain information by pilot testing the questionnaire on persons similar to those who will be asked to complete it as part of the substantive research (Schwab, 1998: 63).

A pilot test involves a trial run conducted on a small scale. It assists in determining the population characteristics and also indicates the feasibility of the sample. The objective of the pilot test was to determine the validity and reliability of the questionnaires, with a view to making necessary changes in the procedure for the interviews before undertaking the actual survey.

As a precautionary measure, the subjects chosen for the trial run should be representative of the target population in terms of intellectual ability, knowledge of the subject matter and attitude towards it. The questionnaire was administered to a sample of ten companies who were drawn from five cities in South Africa. Two companies in Kwazulu Natal, two in Johannesburg, two in Port Elizabeth, two in Cape Town and two in Pretoria. This test was carried out to identify any problem areas. One question was rephrased and two ranking-type questions required clarity.

## **EDITING AND CODING OF DATA**

According to Orna and Stevens (1995: 177) the final responsibility of the researcher is to edit his/her own work and check for completeness and accuracy.

In the case of this study the editing of the data was conducted by the researcher with the assistance of the research assistant. Each completed return was scrutinized, and carefully edited to ensure that the questionnaire was accurately and fully completed.

The construction of the questionnaire enjoyed the advantage of including the precoded questions in the sequence of alternatives given. Coding of structured questions is relatively simple, because the response options are predetermined. The researcher assigns a code for each response to each question and specifies the appropriate record and columns in which the response codes are to appear (Malhotra, 1996: 477). In order to simplify the capturing of data every answer was coded.

Pre-coded questions make data capturing easier. Coding frames were used for the post-coded open-ended-questions. Most questions were pre-coded and required the respondent to circle the numeric code on the questionnaire to facilitate easy data capturing directly onto the computer. The questionnaires were printed on single sheets and not back to back, to facilitate easy data capturing.

## **STATISTICAL TECHNIQUES AND ANALYSIS OF DATA**

A large number of statistical techniques are available for analyzing data and the researcher is often confronted with the problem of selecting the most appropriate technique. The relevant data must be interpreted, so that results can be obtained against the formulated research problem (hypothesis). The analysis of data is done mainly by means of reliable statistical techniques and methods aimed at investigating variables and their effect, relationship and patterns of intent, within the particular area of study (Wellman & Kruger, 2000: 201).

The technique therefore selected to analyse the data in this study was the computer program using SPSS for Windows version 13.

According to Malhotra (1996: 487), data analysis is not an end in itself. Its purpose is to produce information that will help address the problem at hand. It is important to take into account the properties of the statistical techniques, particularly their purpose and underlying assumptions. Some statistical techniques are appropriate for examining differences in variables, others for assessing the magnitudes of the relationship between the variables.

Statistical techniques can be classified as univariate or multivariate. Univariate techniques are appropriate when there is a single measurement of each element in the sample. Multivariate techniques are suitable for analyzing data when there are two or more measurements of each element and the variables are analysed simultaneously (Malhotra 1996: 489). A tabulation plan specifying the precise counts must be obtained and prepared so as to eliminate errors in the raw data. The researcher would have to choose between univariate and multivariate tabulations when counting the data.

According to Du Plooy (2002: 202), data analysis (in quantitative research) that includes the use of statistical techniques usually involves two categories: statistics for descriptive purposes and statistics for inferential purposes. Descriptive statistics make it possible to *provide a summary of certain characteristics of the units of analysis, such as annual income, age or educational level*. Inferential statistics can be used to draw inferences beyond behavioural descriptions. The appropriate statistical test depends on many variables, including:

- The level of measurement of the independent variable and of the dependent variable. (Different statistical tests are used when these variables are nominal, ordinal, interval or ratio);
- The number of independent variables that co-vary with the dependent variable. (Bivariate statistical tests are used when only one independent variable is involved. Multivariate statistical tests are required if more than one variable is involved);
- The type of hypothesis that is formulated and has to be tested (comparative versus relationship hypothesis), together with the research design used;
- Whether the study involves comparing two populations, or comparing a sample with a population, or whether comparisons are made between two or more samples (Du Plooy, 2002: 203).

## **CHI-SQUARE ANALYSIS AND ANALYSIS OF VARIANCE**

Data that are tabulated in column or row forms and that are representative of different categories, can significantly differ from one another. Differences attributed to sampling variations can make use of the following techniques.

## Chi-square analysis

According to Malhotra (1996: 521) the chi-square statistic  $\chi^2$  is used to test the statistical significance of the observed association in a cross tabulation. It assists us in determining whether a systematic association exists between the variables. The null hypothesis,  $H_0$ , is that there is no association between the variables. The test is conducted by computing the cell frequencies that would be expected if no association were present between the variables. In applying this method, the following must be taken into consideration:

- Calculating a statistic (called the Chi-square statistic) that summarises the difference between the two sets of data;
- Determining the degrees of freedom associated with the data set;
- Using these two values and a table of the Chi-square distribution so as to determine whether the calculated Chi-square statistic falls within the range which may easily have occurred by chance, as a result of sampling variation (Boyd, Westfall & Stasch, 1981:432-438).

Calculation of the Chi-Square statistic is therefore, to determine if the difference between the observed frequency distribution and the expected frequency distribution can be attributed to sampling variation. The steps according to Zikmund (2000: 471) are as follows:

- Formulate the null hypothesis and determine the expected frequency of each answer;
- Determine the appropriate significance level;
- Calculate the  $\chi^2$  value, using the observed frequencies from the sample and expected frequencies;
- Make the statistical decision by comparing the calculated  $\chi^2$  value with the critical  $\chi^2$  value.

To calculate the Chi-Square statistic the following simple formula can be used (Malhotra, 1996: 521).

$$f_{e= \frac{n_r n_c}{n}}$$

where

$n_r$  = total number in the row

$n_c$  = total number in the column

$n$  = total sample size

According to Sharma (1992: 236), in developing hypotheses the researcher's first task is to set up two statements, namely:

- Ho – this is called the null hypothesis (void or invalid or meaning nothing), which is a statement of no true difference in the sample and the population. The null hypothesis must be developed in such a way that its rejection leads to the acceptance of the other statement called the alternative hypothesis;
- H1 – this is the alternative hypothesis, which is different from the null hypothesis. The two hypotheses are developed in such a manner that if one is true, the other happens to be false and vice versa.

*The use of statistics in the present study was to test the null hypotheses. The statistical tests applied in the study included the chi-square, the chi-square goodness-of-fit, the Kruskal-Wallis one-way analysis of variance, and the Mann-Whitney U test.*

## **DATA PROCESSING AND ANALYSIS**

The researcher undertook the editing, cleaning and capturing of data for the statistical analysis, once the questionnaires had been administered. The questionnaires were also collated, checked for completeness and numerically referenced to facilitate the process of data capturing. The relevant statistical techniques were then applied to test the various hypotheses. The quantitative analysis of the data was undertaken by a statistician from the University of KwaZulu Natal.

The results section of this study, which follows in the next chapter, features two branches of statistics, descriptive and inferential statistics. Descriptive statistics, namely, frequencies and percentages and non-parametric tests (chi-square, Mann-Whitney U test, and Kruskal-Wallis test) are used. The statistical program used for the analysis of the data is the Statistical Package for the Social Sciences (SPSS) Version 13.0 for Windows. Microsoft Excel, a spreadsheet program, is used to present the graphics.

To determine the appropriate statistical tools applicable, it is necessary to formulate the main hypotheses impacting on the study that focus specifically on the research instrument.

## **FORMULATION OF THE HYPOTHESES**

The objective of the study is to highlight the role of business in supporting HIV/Aids in the South African society where evolving, social and economic issues are of significance.

The empirical investigation also aims to evaluate the commitment of the top management of corporate organizations towards HIV/Aids strategies and policies and workplace programmes.

## **CONCLUSION**

This chapter described the research design, the objectives of the survey, the description of the target population and how the sample was drawn. It also highlighted the sampling technique employed, the description of the questionnaire and how it was to be administered.

The universum was identified from which a suitable sample frame was derived. The next step was to draw up a preliminary questionnaire in order to finalise the research questionnaire. The relevant data were captured by means of statistical programmes, edited, coded and finally analysed. The various methods, techniques and steps used were clearly discussed within the scope of this particular chapter. Various tests were also applied in order to determine the validity and reliability of the research questionnaire and final results of the study.

A questionnaire was drawn up, pre-tested and pilot tested. The finalized questionnaire was then forwarded to the sample of the top 100 companies listed on the Johannesburg Stock Exchange (JSE), via email, and personal interviews. 80 respondents successfully completed the questionnaires. This means that an 80% success rate was achieved. This method of data collection ensured proper collection of the questionnaires and justified the imperatives of accuracy, speed, and completeness of data. The relevant data were captured on computer, edited, coded and finally analysed and interpreted.

The analysis of the questionnaire responses was conducted by a specialist based at the University of KwaZulu Natal, and guided by the supervisor. The data was analysed with the aid of the SPSS program, which allows for the application of the appropriate statistical tests.

The analysis of results will be discussed in Chapter Seven.

## *Chapter 7*

### PRESENTATION OF ANALYSIS

The data for this study have been obtained from the research instrument, the questionnaire, which was distributed to various Corporate Social Investment Managers, HIV/Aids Practitioners, Public Relations Practitioners and Health Managers within the various corporations under investigation.

The statistical program used for the analyses and presentation of data in this study is the Statistical Package for the Social Sciences (SPSS) Version 13.0 for Windows. Microsoft Excel, a spreadsheet program, is used to present the graphics.

The analysis of results is presented in two sections. Section A consists of descriptive statistics which provide information on key demographic variables in this study. Section B is based on the application of inferential statistics. The preliminary presentation and analyses of results begins with Section A, which uses descriptive statistics to discuss the sample profile and key demographics. In order to enhance the quality of the study, significant trends emerging in the data are also highlighted and further discussion takes place in chapter eight.

#### **SECTION A: DESCRIPTIVE STATISTICS**

This section concentrates on statistics which provide an overview of the demographic profile of the sample attended to in this study. It must be noted that although the original sample comprised of 100 companies, only 80 companies completed the questionnaire for the study. The statistics were therefore calculated on a frequency of 80.

<b>Executives</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Corporate Social Investment Manager</b>	<b>35</b>	<b>35</b>
<b>CEO</b>	<b>5</b>	<b>5</b>
<b>HIV/Aids Manager</b>	<b>4</b>	<b>4</b>
<b>HR Manager</b>	<b>9</b>	<b>9</b>
<b>Corporate Affairs Manager</b>	<b>27</b>	<b>27</b>
<b>Foundation</b>	<b>10</b>	<b>10</b>
<b>Company Secretary</b>	<b>3</b>	<b>3</b>
<b>Public Relations Practitioner</b>	<b>7</b>	<b>7</b>
<b>TOTAL</b>	<b>100</b>	<b>100</b>

**Table 6: Position of Executives**

According to Table 6, the majority of respondents were Corporate Social Investment Managers and Corporate Affairs Managers responsible for the policy formulation representing 35 percent and 27 percent respectively. Other areas that were equally responsible for policy formulation and implementation were the Foundation Managers and HR Managers who represented 10 percent and 9 percent. It is evident from this study that the CEO (5 percent), the HIV/Aids Manager (4 percent), and the Public Relations Manager (7 percent) are marginally represented. It is clear then that the Corporate Social Investment Manager and the Corporate Affairs Manager play an important role to ensure that HIV/Aids is successfully and effectively managed and controlled in the organisation.

<b>Location</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Durban</b>	<b>25</b>	<b>25</b>
<b>Johannesburg</b>	<b>44</b>	<b>44</b>
<b>Pretoria</b>	<b>5</b>	<b>5</b>
<b>Cape Town</b>	<b>23</b>	<b>23</b>
<b>Port Elizabeth</b>	<b>3</b>	<b>3</b>
<b>TOTAL</b>	<b>100</b>	<b>100</b>

**Table 7: Location of organisation**

Table 7 illustrates the various locations of the different organizations under investigation and clearly indicates that these organizations are almost evenly distributed within the area

of study. Durban (25 percent), Johannesburg (44 percent) and Cape Town (23 percent) were representative of the top 100 listed companies in the area of study, while the opposite is evident in respect of Pretoria (5 percent) and Port Elizabeth (3 percent).

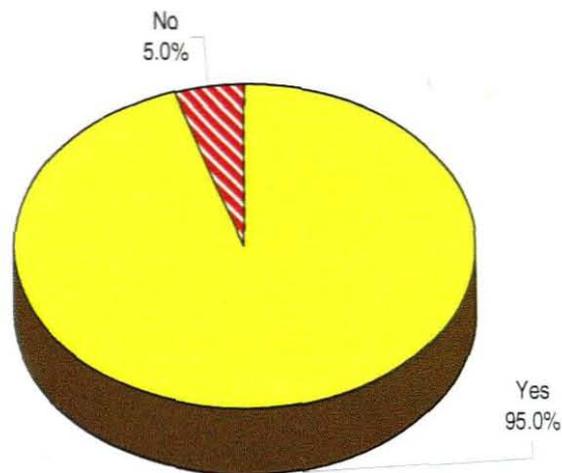
	<b>SECTOR</b>	<b>TOTAL</b>	<b>%</b>
1	Financial Services	23	23
2	Parastatals	3	3
3	Mining	10	10
4	Oil	2	2
5	Technology	19	19
6	Pharmaceuticals	1	1
7	Retail	9	9
8	Automotive	8	8
9	Beverages, Hotels and Leisure	5	5
10	Other	4	4
11	Agricultural	1	1
12	Chemical	3	3
13	Forestry	1	1
14	Manufacturing	6	6
15	Medical	2	2
16	Paper	1	1
17	Shipping	1	1
18	Sport	1	1
	<b>TOTAL</b>	<b>100</b>	<b>100%</b>

**Table 8: Sector of organisation (N = 100)**

Table 8 discloses that the largest percentage (23 percent) of respondents represented the financial services sector, followed by the technology sector (19 percent). This is consistent with the analysis of the selected sample, which reveals that the major concentration of the 18 identified sectors, were in the financial sector and the technology sector.

## SECTION B : INFERENCE STATISTICS

This section uses inferential statistics for the presentation and analysis of the empirical data, with the aid of the Statistical Package for the Social Sciences (SPSS) Version 13.0.



**Figure 20: Operation of a strategic Corporate Social Investment Programme**

The figure above clearly indicates that 95 percent of the companies claimed they were in possession of a strategic CSI programme, while five percent did not have programmes in place. This indicates that a large percentage of corporations are taking the issue of corporate social investment very seriously. The CSI policy/programme has become integrated into the mainstream activities of the company and objectives are set and aligned to those of the business. The binomial test indicated a significant difference in proportions ( $p < 0.001$ ).

		Responses		Percent of Cases
		N	Percent	
How do you communicate the strategies? <sup>a</sup>	Newsletters,reports	58	24.0%	75.3%
	Website	28	11.6%	36.4%
	Email	16	6.6%	20.8%
	Press releases	29	12.0%	37.7%
	Internal communication (telephone,notice)	47	19.4%	61.0%
	CSI handbook	23	9.5%	29.9%
	Meetings & forums	33	13.6%	42.9%
	Formal policy	3	1.2%	3.9%
	Foundation	5	2.1%	6.5%
Total	242	100.0%	314.3%	

**Table 9: Communication of strategies internally and externally**

Table 9 clearly shows that 75.3 percent of the cases used newsletters and communicated their strategies to the internal public, while 36.4 percent used the website as both internal and external communication and 29.9 percent used the CSI handbook as an external means of communication. Greater transparency has forced the corporate sector to communicate their CSI strategies to both the internal and external audience. Those companies who do not have resourceful and proficient strategies in place are enlisting the services of corporate strategists to assist with adapting new strategies to their core business programme.

		Frequency	Percent
Valid	Yes	72	90.0
	No	8	10.0
	Total	80	100.0

**Table 10: Linking CSI Programmes to national priorities**

In Table 10, a significant 90 percent of the sample indicated that their CSI programme is linked to national priorities. Ten percent indicated otherwise. The binomial test produced a significant result in this regard ( $p < 0.001$ ). The South African Government has identified priority needs and the corporate sector is ensuring that these needs are supported by way of their CSI programmes.

		Responses		Percent of Cases
		N	Percent	
CSI linked to national priorities?	Education	42	32.1%	71.2%
	Health	26	19.8%	44.1%
	Environment	10	7.6%	16.9%
	Art & culture	5	3.8%	8.5%
	Sport	3	2.3%	5.1%
	Community development	37	28.2%	62.7%
	Technology	6	4.6%	10.2%
	Safety & security	2	1.5%	3.4%
Total		131	100.0%	222.0%

**Table 11: Programmes Linked to national priorities**

Table 11 shows that the majority of programmes (71.2 percent) were linked to education and (62.7 percent) to community development. This shows that Education and community development have been selected because there is a vested interest and a sound business case for corporate involvement in this area.

		Frequency	Percent
Valid	Yes	46	57.5
	No	34	42.5
	Total	80	100.0

**Table 12: Use of CSI to contribute to enhancing company's brand and image**

Table 12, illustrates that 57.5 percent of companies indicated that they ensured that CSI be aligned to the corporate brand and image, while 42.5 percent did not. The results of the binomial test showed that these differences were not significant ( $p > 0.05$ ). Most corporates have come to realise that CSI is a valuable mechanism for demonstrating issues that are close to their hearts. It has therefore become necessary for the corporate sector to communicate their CSI programmes to the general public. This in turn shows assurance of the company's brand and image.

		Responses		Percent of Cases
		N	Percent	
\$A5 <sup>a</sup>	Media	16	33.3%	53.3%
	Contribute to country	2	4.2%	6.7%
	Annual Report	15	31.3%	50.0%
	Stakeholder's forums	10	20.8%	33.3%
	Internal publications	3	6.3%	10.0%
	Foundation	1	2.1%	3.3%
	Website	1	2.1%	3.3%
Total		48	100.0%	160.0%

**Table 13: Responsibility for two-way communication between the company and the community?**

Table 13 revealed that 53.3 percent of the companies ensured that there was two-way communication and particularly communicated via the media (53 percent), while 50 percent used the *Annual Report* and 33.3 percent did so via *stakeholder forums*. Today it is no longer just good enough to be doing good – a company must also be seen to be doing well. The corporate sector is therefore pressurised to deliver meaningful communication to government and the general public.

		Frequency	Percent
Valid	Yes	67	83.8
	No	13	16.3
	Total	80	100.0

**Table 14: Availability of CSI Strategy**

Table 14 illustrates that 83.8 percent indicated that they were in possession of a specific CSI strategy, while 16.3 percent were not. The results of the binomial test showed that these differences were significant ( $p < 0.001$ ). Respondents were extremely positive about the potential value of their CSI programmes.

		Responses		Percent of Cases
		N	Percent	
\$A6 <sup>a</sup>	Linked to core business strategies	16	34.0%	35.6%
	Via the foundation	13	27.7%	28.9%
	Bursaries and training programme	2	4.3%	4.4%
	Annual reports	2	4.3%	4.4%
	Community needs or Development	11	23.4%	24.4%
	Part of performance management system	2	4.3%	4.4%
	Healthcare sector	1	2.1%	2.2%
Total		47	100.0%	104.4%

**Table 15: CSI programmes linked to Core Business Strategy**

Table 15 revealed that 35.6 percent of their strategies were linked to core business strategies while 28.9 percent were taken care of via foundations and 24.4 percent through community needs or development. Those companies, who linked their CSI programmes to their core strategies, ensured that the underlying principles of the CSI programme did not run contrary to their vision and mission.

		Frequency	Percent
Valid	Extremely important	52	65.0
	Very important	21	26.3
	Average importance	3	3.8
	Not at all important	1	1.3
	Don't know	3	3.8
	Total	80	100.0

**Table 16: Communication of CSI Activities internally**

Table 16 reveals that 65 percent of the companies believed that it was extremely important to communicate CSI activities internally. 26.3 percent believed that it was very important, 3.8 percent believed that it was of average importance and 3.8 percent did not know. It was interesting to note that there was a higher skew towards recognising the value of internal communication. This is certainly a new trend.

		Frequency	Percent
Valid	Extremely important	47	58.8
	Very important	22	27.5
	Average importance	8	10.0
	Not at all important	1	1.3
	Don't know	2	2.5
	Total	80	100.0

**Table 17: Communication of CSI Activities externally**

In terms of external communication (table 17), 58.8 percent believed that this was extremely important while 27.5 percent thought it was very important and ten percent thought it was of average importance. 2.5 percent did not know the importance. It is interesting to note that internal communication far outweighs external communication.

		Responses		Percent of Cases
		N	Percent	
\$A8 <sup>a</sup>	Corporate social investment	38	37.6%	48.7%
	Public relations	12	11.9%	15.4%
	Corporate communication	25	24.8%	32.1%
	Marketing	7	6.9%	9.0%
	Csi committee	4	4.0%	5.1%
	Foundation	12	11.9%	15.4%
	HR	1	1.0%	1.3%
	Sustainable development dept	2	2.0%	2.6%
Total		101	100.0%	129.5%

**Table 18: Department responsible for the communication of CSI messages**

Table 18 reveals that 48.7 percent of companies indicated that the CSI department was responsible for communication, while 32.1 percent indicated that the Corporate Communication department was responsible, 15.4 percent indicated that it was the Foundation that was responsible and 15.4 percent indicated that the Public Relations department was responsible.

The Marketing (9 percent), Human Resources (1,3 percent) and Sustainable Development department (2.6 percent) also played a significant role in communicating CSI messages to the relevant publics. This strongly suggests that from a former philanthropic offshoot, CSI is now being forced to uncover and create synergies with the marketing, HR and other divisions within the organization.

	Extremely important		Very important		Fairly important		Not important	
	Count	Table N %	Count	Table N %	Count	Table N %	Count	Table N %
A9a CEO	55	71.4%	17	22.1%	5	6.5%	0	.0%
A9b Line managers	38	50.7%	27	36.0%	10	13.3%	0	.0%
A9c Public affairs	45	61.6%	22	30.1%	5	6.8%	1	1.4%
A9d Employees	29	38.2%	43	56.6%	4	5.3%	0	.0%
A9e Local government	12	16.2%	41	55.4%	18	24.3%	3	4.1%
A9f Customers	11	14.7%	48	64.0%	16	21.3%	0	.0%
A9g Provincial government	9	12.0%	49	65.3%	15	20.0%	2	2.7%
A9h Shareholders	17	22.4%	46	60.5%	12	15.8%	1	1.3%
A9i Suppliers	8	10.4%	36	46.8%	28	36.4%	5	6.5%
A9j Distributors	3	4.1%	36	48.6%	29	39.2%	6	8.1%
A9k Trade unions	6	8.1%	48	64.9%	17	23.0%	3	4.1%
A9l General public	17	22.7%	44	58.7%	13	17.3%	1	1.3%

**Table 19: Importance of CSI to different audiences**

The analysis of the above Table 19, of the frequency distributions, on the importance of CSI to the different audiences, revealed divergent responses. Corporations were requested to select the main reason from a list of coded qualitative responses given for the importance of CSI to different audiences. With regard to the extremely important category, respondents *cited* the CEO as extremely important (71.4 percent), followed by the Public Affairs department (61.6 percent). For the very important category, most respondents gave Provincial Government (65.3 percent) as very important, followed by Trade Unions (64.9 percent). For the fairly important category, respondents selected Distributors (39.2 percent) followed by Suppliers at (36.4 percent).

	Responses		Percent of Cases
	N	Percent	
\$A10 <sup>a</sup> CSI managers/ CSI Dept	33	37.5%	47.1%
Area/Environment managers,Community engagement facilitators	12	13.6%	17.1%
Exploration managers	1	1.1%	1.4%
Foundation	17	19.3%	24.3%
Corporate communication division	19	21.6%	27.1%
HR manager	1	1.1%	1.4%
Project management	1	1.1%	1.4%
All stakeholders	4	4.5%	5.7%
Total	88	100.0%	125.7%

**Table 20: Two-way communication between Company and Communities**

Table 20 illustrates that 37.5 percent of companies believe that CSI Manager or Department is responsible for such communication while 21.6 percent believe that the responsibility lies with the Corporate Communication Division. South African organisations have come a long way in-terms of CSI, most companies now have their own CSI department which often falls within the ambit of corporate affairs.

	Responses		Percent of Cases
	N	Percent	
\$A11 <sup>a</sup> Television	16	2.5%	20.5%
Radio	17	2.7%	21.8%
Newspapers	49	7.7%	62.8%
Magazines	38	5.9%	48.7%
House journals	67	10.5%	85.9%
Internet	66	10.3%	84.6%
Public website	61	9.5%	78.2%
Newsletters	60	9.4%	76.9%
Electronic forums	20	3.1%	25.6%
E-mail	67	10.5%	85.9%
Annual reports	72	11.3%	92.3%
Workshops	32	5.0%	41.0%
Face to face forums	50	7.8%	64.1%
Small group communication	19	3.0%	24.4%
Other	5	.8%	6.4%
Total	639	100.0%	819.2%

**Table 21: Media used to serve CSI Communication needs?**

The results in Table 21 indicate that 11.3 percent of companies rely on Annual Reports to communicate their CSI message. A further 10.5 percent of companies use house journals and e-mail as a means to communicate CSI activities. Companies are now taking the communication initiative very seriously and are concerned with the most appropriate ways to communicate and these both effectively and sensitively.

		Frequency	Percent
Valid	Frequently	42	52.5
	Occasionally	33	41.3
	Rarely or Never	5	6.3
	Total	80	100.0

**Table 22: Publishing of Company's CSI Programme**

In Table 22, 52.5 percent of the respondents frequently publish their commitment to social investment, while 41.3 percent occasionally do and 6.3 percent rarely or never publish at all. Communication has become imperative, and publishing of CSI programmes has increased. The medium used to communicate such programmes is discussed in Table 23.

	Responses		Percent of Cases
	N	Percent	
\$A12 <sup>a</sup> Website	8	10.1%	18.6%
Annual reports/Journals	35	44.3%	81.4%
Newspaper articles	8	10.1%	18.6%
JSE sustainability index	1	1.3%	2.3%
CSI handbook	20	25.3%	46.5%
Internal newsletters,bulletins/Intranet	6	7.6%	14.0%
BEE Policy documents	1	1.3%	2.3%
Total	79	100.0%	183.7%

**Table 23: Means of Publishing Company's CSI Programme**

Table 23 reveals that 44.3 percent of companies publish frequently in annual reports, while 25.3 percent often publish the company's CSI response in the CSI handbook. The corporate sector has become more accountable for their CSI programmes and are using every means of communicating this to the various publics. Apart from the annual report companies are now ensuring that measurable results are reported in other publications, one of them being the annual edition of the CSI Handbook which is published by Trialogue. Various companies use the media to show off their good programmes. More and more companies are taking the opportunity to present their CSI programmes using these approaches.

		Frequency	Percent
Valid	Yes	61	76.3
	No	19	23.8
	Total	80	100.0

**Table 24: Guidelines for general business ethics**

Table 24 shows that 76.3 percent of the sample was in favour of general business ethics, while, 23.8 percent were not. The results of the binomial test indicate a significant result in this regard ( $p < 0.001$ ).

	Responses		Percent of Cases
	N	Percent	
\$A13b <sup>a</sup> Equal opportunities	73	20.4%	93.6%
Health and safety	72	20.1%	92.3%
Employee development	73	20.4%	93.6%
Employment strategy	71	19.8%	91.0%
HIV/Aids atrategy	69	19.3%	88.5%
Total	358	100.0%	459.0%

**Table 25: Responsibility towards employees**

In Table 25, 20.4 percent of respondents were in support of equal opportunities and employee development, while 19.8 percent were in support of the employment strategy. Corporates were asked about their responsibility towards their employees and it is evident that they convey corporate compassion and 'inject soul into the working environment', which in turn satisfies their employees.

	Responses		Percent of Cases
	N	Percent	
\$A13c <sup>a</sup> Education and schools liaison	71	28.9%	93.4%
The arts	23	9.3%	30.3%
Health and welfare	62	25.2%	81.6%
Research	19	7.7%	25.0%
Seeding community activities	70	28.5%	92.1%
Women and child abuse	1	.4%	1.3%
Total	246	100.0%	323.7%

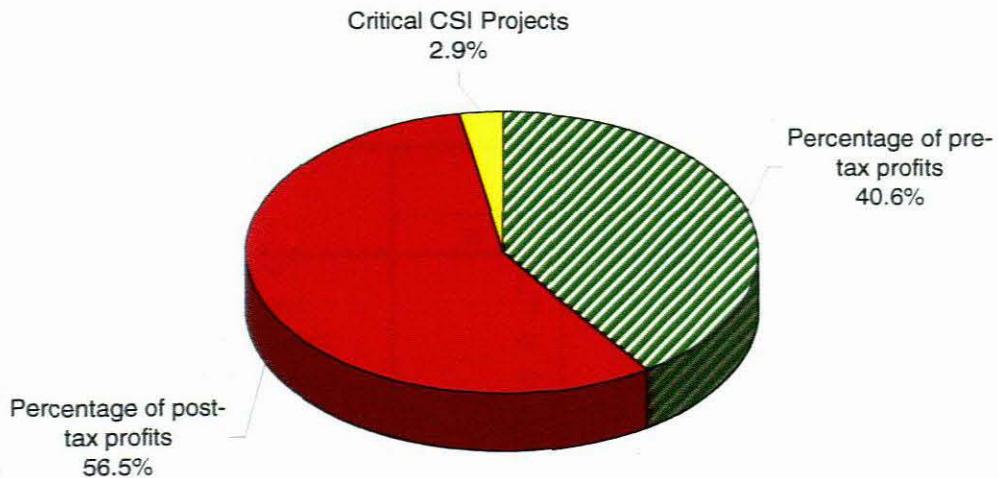
**Table 26: Responsibility towards the broader community**

Table 26 reveals that 28.9 percent of respondents indicated responsibility towards the education and schools liaison programme and 28.5 percent towards seeding community activities. This shows evidence that companies are devoted to their communities and use CSI as a synergistic company-community balance.

	Responses		Percent of Cases
	N	Percent	
\$A13cP Pollution	30	21.7%	50.0%
Energy usage	34	24.6%	56.7%
Use of non-renewable resources	39	28.3%	65.0%
Urban renewal	33	23.9%	55.0%
Other	2	1.4%	3.3%
Total	138	100.0%	230.0%

**Table 27: Responsibility towards the environment**

In Table 27, 28.3 percent of respondents indicated that they support use of non-renewable resources in the environment, while 24.6 percent support energy usage. Business has taken a keen interest in the responsibility towards the environment and is quite concerned about environment degradation.



**Figure 21: Budget**

Figure 21 indicates that 56.5 percent of budgets are determined from a percentage of post-tax profits, while 40.6 percent are determined from pre-tax profits. The amount spent is proportioned to the size of the business and its profitability. Corporate spending on CSI/CSR is often kept in line with industry norms and spending patterns of the corporate

peers. The most common formulae are percentage of pre – and post-tax profitability. These formulae are used by nearly one quarter of companies.

	Responses		Percent of Cases
	N	Percent	
\$A15 <sup>a</sup> Critical CSI projects	10	11.8%	14.5%
Increased need to preserve and enhance corporate image	4	4.7%	5.8%
Support of marketing activities	9	10.6%	13.0%
Long-standing corporate philosophy	60	70.6%	87.0%
Financial services charter	1	1.2%	1.4%
Social responsibility	1	1.2%	1.4%
Total	85	100.0%	123.2%

**Table 28: Growth of CSI budget in the last five years**

Table 28 reveals that 70.6 percent of companies believe that their CSI budget has grown in the last five years as a result of their long standing corporate philosophy, while 11.8 percent believe that it is due to their critical CSI projects. Corporations also revealed that other reasons were in keeping with profitability and inflation rules.

	Responses		Percent of Cases
	N	Percent	
\$A16 <sup>a</sup> At board level	39	43.3%	49.4%
Public relations	3	3.3%	3.8%
Social investment	19	21.1%	24.1%
CSI committee	12	13.3%	15.2%
Foundation	17	18.9%	21.5%
Total	90	100.0%	113.9%

**Table 29: Responsibility for the allocation of CSI funds**

Table 29 reveals that 43.3 percent of companies allocate funds at board level and in 21.1 percent of companies the responsibility lies with the CSI Department. Foundations also play a major role in the responsibility of allocating funds (21.5%). This once again proves the importance of the CSI department in an organisation.

	Responses		Percent of Cases
	N	Percent	
\$A17 <sup>a</sup> Community needs/Community based projects	51	56.0%	75.0%
Project funding proposals evaluated by committee	5	5.5%	7.4%
CSI policy documents	2	2.2%	2.9%
Health care	10	11.0%	14.7%
Education	19	20.9%	27.9%
National food security	1	1.1%	1.5%
% Of profits	2	2.2%	2.9%
Corporate strategy	1	1.1%	1.5%
Total	91	100.0%	133.8%

**Table 30: Principles adopted to determine the allocation of CSI funds?**

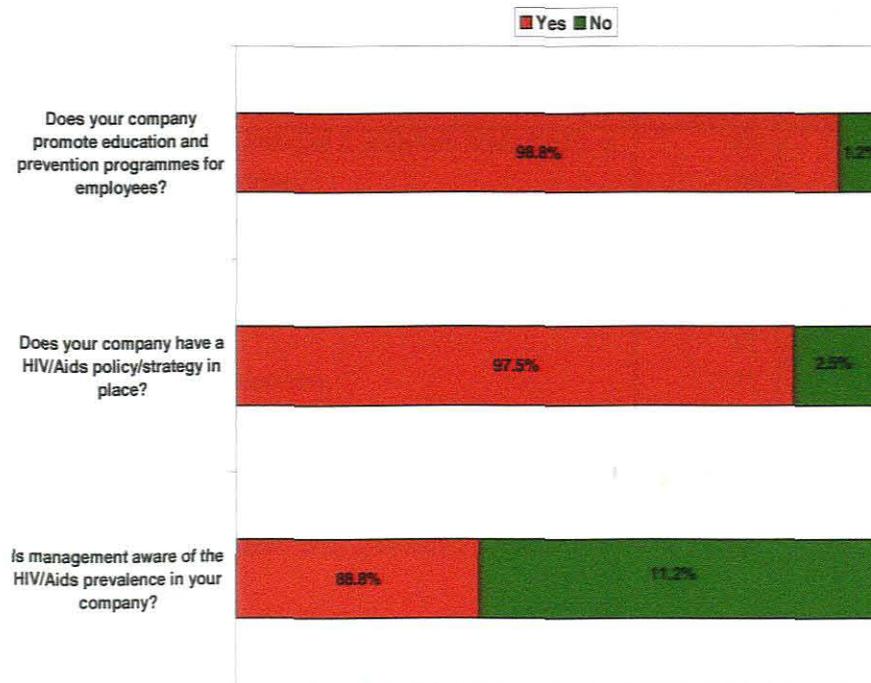
Table 30 reveals that 56 percent of companies believe that community based projects deserved the highest funding opportunities, while 20.9 percent thought that the education sector was most deserving. Companies are adopting a holistic developmental approach. CSI funds are predominantly used to support community upliftment initiatives.

	N	Mode	Minimum	Maximum
	Valid			
A18a Education	67	50	5	100
A18b Training	17	20	1	50
A18c Job creation	23	20	5	75
A18d Health	39	25	7	80
A18e Welfare	25	10	1	50
A18f Sports and recreation	8	20	1	40
A18g Community development	52	25	5	100
A18h Environment	16	10	5	25
A18i Arts and culture	12	25	2	50
A18j Housing	1	4	4	4
A18k Safety and security	6	5 <sup>a</sup>	2	25
A18l Technology	5	25	10	25
A18m Corporate membership & Publicity	2	5 <sup>a</sup>	5	7

a. Multiple modes exist. The smallest value is shown

**Table 31: Percentage of how CSI funds are spent**

In Table 31, 67 out of the 80 companies have a budget for education. The percentage of funds spent ranges from a minimum of 5 to a maximum of 100 percent. Companies most frequently spend at least 50 percent of their funds on education. Findings reveal that education remains the priority sector for CSI funding, with community based projects following suit.



**Figure 22: Operation of an HIV/Aids Strategy/Policy**

Figure 22 clearly indicates that the majority of companies (97.5 percent) have a policy or strategy in place, while 2.5 percent do not. The binomial test indicates that these differences are significant ( $p < 0.001$ ). Although 97.5 percent indicated that they have such a policy in place the question arises, are these policies or strategies effective enough to manage and control the impact of HIV/Aids on the company? Most companies recognise the threat posed to both the health of employees and the interests of the company. In so doing the company is committed to the structure of an effective HIV/Aids strategy or policy. The aim of the study lies in determining and investigating whether these companies have the necessary support to control the impact of the disease. The next table attempts to determine this.

	Responses		Percent of Cases
	N	Percent	
\$B2 <sup>a</sup> Communication to internal & external stakeholders	45	18.8%	56.3%
Aids awareness training	32	13.4%	40.0%
Voluntary Counselling & Testing	32	13.4%	40.0%
Education	36	15.1%	45.0%
Care and Support	36	15.1%	45.0%
Prevention	12	5.0%	15.0%
Monitoring and evaluation	21	8.8%	26.3%
Access to information and advice	25	10.5%	31.3%
Total	239	100.0%	298.8%

**Table 32: Internal Support of HIV/Aids**

Table 32 indicates that the emphasis is on internal support of HIV/Aids. Companies spend 18.8 percent of their time in communicating the various challenges related to HIV/Aids to their internal stakeholders and 15.1 percent on education, care and support.

	1		2		3		4		5	
	Count	%								
B3a Education	28	39.4%	31	43.7%	6	8.5%	4	5.6%	2	2.8%
B3b Community based assistance	34	47.9%	19	26.8%	12	16.9%	2	2.8%	4	5.6%
B3c Health care programmes	8	11.6%	14	20.3%	39	56.5%	6	8.7%	2	2.9%
B3d Counseling services	0	.0%	5	7.6%	9	13.6%	47	71.2%	5	7.6%
B3e Testing services	1	1.6%	1	1.6%	4	6.3%	5	7.9%	52	82.5%

**Table 33: External Support of HIV/Aids**

The table above reveals that enormous support is given to education and awareness programmes in the community (39.4 percent) and community based initiatives (43.7 percent). The results suggest that corporations are taking their commitment to community based initiatives very seriously.

		Frequency	Percent
Valid	Yes	59	73.8
	No	21	26.3
	Total	80	100.0

**Table 34: HIV/Aids and Corporate Governance**

Table 34 reveals that 73.8 percent of companies indicated that HIV/Aids had an influence on Corporate Governance, while 26.3 percent did not. The binomial test was significant in this regard ( $p < 0.001$ ). The guidelines and principles in the King Report provide a sound basis for the successful running of an organization.

		Responses		Percent of Cases
		N	Percent	
\$B5 <sup>a</sup>	Own workplace programme	36	10.0%	45.0%
	Newsletters	44	12.2%	55.0%
	Flyers	46	12.8%	57.5%
	Posters	51	14.2%	63.8%
	Policies	26	7.2%	32.5%
	Presentations	35	9.7%	43.8%
	Talks, training sessions	43	11.9%	53.8%
	1 December - Aids Day	15	4.2%	18.8%
	Occupational Nurses	5	1.4%	6.3%
	Industrial theatre	16	4.4%	20.0%
	Multimedia approach	17	4.7%	21.3%
	Internet/Intranet	8	2.2%	10.0%
	Prevention campaigns	11	3.1%	13.8%
	Health helpline	7	1.9%	8.8%
Total	360	100.0%	450.0%	

**Table 35: Communication methods employed to raise awareness for HIV/Aids**

Table 35 reveals that 14.2 percent of companies used posters as a method of awareness for HIV/Aids, while 12.8 percent used flyers as a communication method. Results reveal that a basic means of awareness is used to communicate the message of HIV/Aids to the internal and external publics. Many efforts are made to concentrate on awareness campaigns that bring the target audience into debate and engage them interactively.

		Responses		Percent of Cases
		N	Percent	
\$B6 <sup>a</sup>	CSI,CSR Dept	38	42.7%	52.1%
	PR	1	1.1%	1.4%
	HR	18	20.2%	24.7%
	Occupational Nurses	3	3.4%	4.1%
	Foundation	7	7.9%	9.6%
	Wellness Manager	2	2.2%	2.7%
	Hiv,Aids Manager	3	3.4%	4.1%
	Hiv,Aids Steering Committee	2	2.2%	2.7%
	Planning and Development	5	5.6%	6.8%
	Marketing Director/Manager	1	1.1%	1.4%
	Trust	2	2.2%	2.7%
	Corporate communication dept	7	7.9%	9.6%
	Total	89	100.0%	121.9%

**Table 36: Responsibility for monitoring community needs**

Table 36 reveals that in 42.7 percent of the companies the CSI/CSR department was responsible for monitoring community needs. On the other hand 20.2 percent of the companies revealed that the Human Resource division was responsible. This is interesting to note as one would imagine that CSI would be handled by the PR division if a CSI division did not exist

		Responses		Percent of Cases
		N	Percent	
\$B7 <sup>a</sup>	Peer educators	514	59.1%	650.6%
	Industrial theatre groups	355	40.9%	449.4%
	Total	869	100.0%	1100.0%

**Table 37: Methods of training and Communication media used**

Table 37 reveals that 59.1 percent of the responding companies used peer educators to train fellow employees, while 40.9 percent used industrial theatre groups. Findings revealed that companies used the more conventional education methods. Employees were willing to discuss their status with peer educators as opposed to outside trainers.

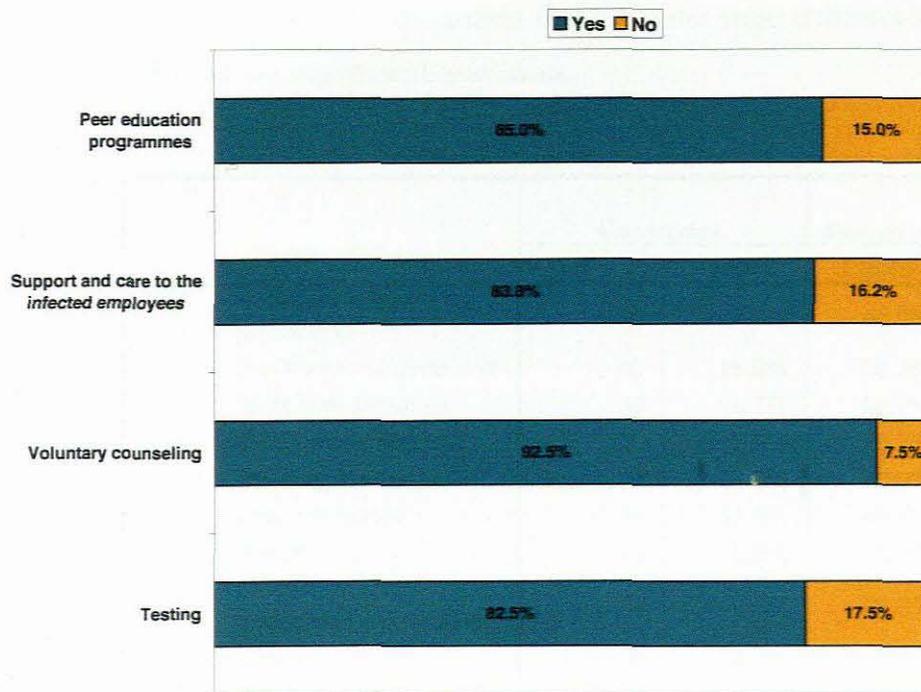


Fig B8. What services are provided by company to employees

Figure 23: Support provided to employees

Figure 23 indicates the support provided to employees. A wide range of support is provided, however, 92.5 percent of the respondents indicated that the more popular means of provision was voluntary counselling to employees, while 85.0 percent indicated that peer education programmes were provided.

		Frequency	Percent
Valid	Yes	79	98.8
	No	1	1.3
	Total	80	100.0

Table 38: Promotion of education and prevention programmes

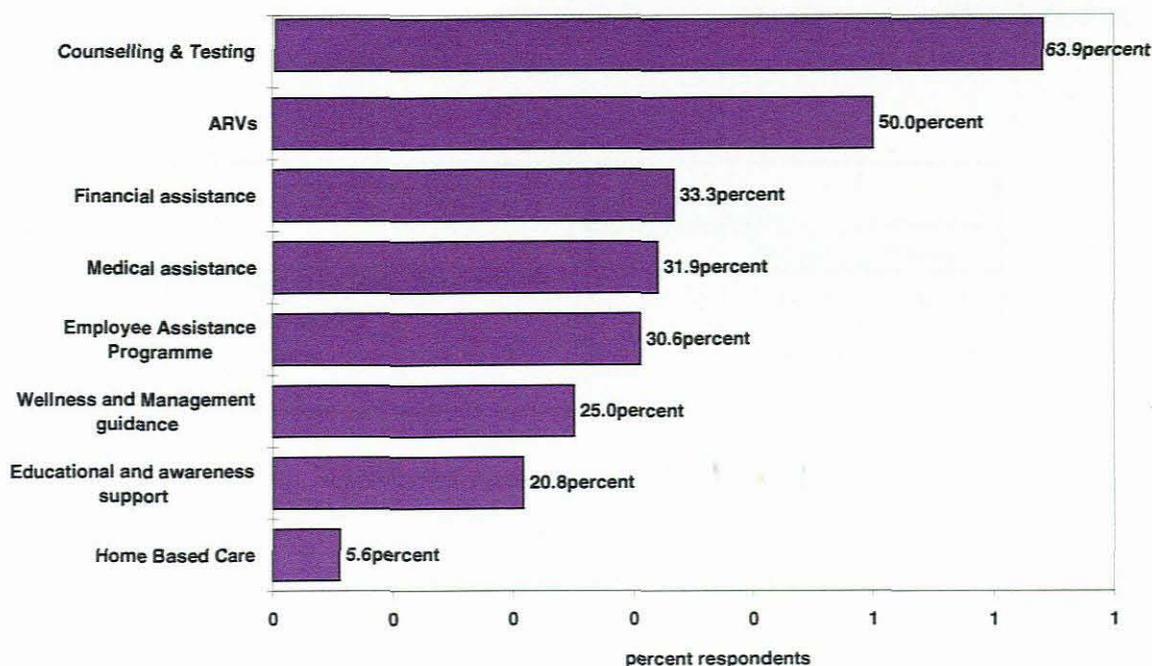
In Table 38, 98.8 percent of companies promote education and prevention programmes to employees as opposed to 1.3 percent who do not. These results are significant according to the binomial test ( $p < 0.001$ ). Education and prevention of HIV/Aids appears to be a priority to the corporate sector, and most companies are making an effort to ensure that their employees are properly educated in-terms of prevention programmes. Efforts are

now concentrated on awareness campaigns that bring the target audience into the debate, are more interactive and engage with audiences.

	Responses		Percent of Cases
	N	Percent	
\$B9 <sup>a</sup> Voluntary testing and counseling	36	14.3%	48.0%
Distribution of condoms	40	15.9%	53.3%
Talks and seminars	38	15.1%	50.7%
Video presentations	20	7.9%	26.7%
Training sessions	30	11.3%	40.0%
Peer educators	35	13.9%	46.7%
Posters	14	5.6%	18.7%
Prevention and awareness campaigns	19	7.5%	25.3%
Clinics	10	4.0%	13.3%
Induction programmes	4	1.6%	5.3%
Wellness management	4	1.6%	5.3%
24 Hour health helpline	2	.8%	2.7%
Total	252	100.0%	336.0%

**Table 39: Promotion of educational & prevention programmes**

Table 39 clearly identifies the various educational and prevention programmes available to employees. 15.9 percent of companies distribute free condoms in-house while 14.3 percent ensure that voluntary testing and counselling is used as a prevention programme.



**Figure 24: Methods of care and support given to employees**

Figure 24 reflects on the methods of care and support given to employees. 63.9 percent of respondents indicate that they efficiently carry out counselling and testing services in-house. On the other hand 50 percent indicate that they issue ARVs. Effective counselling sessions are held to alleviate the emotional trauma faced by Aids affected employees. A number of methods of care and support are offered by the corporate sector, this shows the commitment to employees.

		Frequency	Percent
Valid	Yes	20	25.0
	No	60	75.0
	Total	80	100.0

**Table 40: Effects of pandemic on profits**

Twenty five percent of companies indicated that the pandemic has had an adverse effect on the company's profit while 75 percent indicated otherwise (refer to table 40 above). These results are significant according to the binomial test ( $p < 0.001$ ). Business has

adopted a new consciousness, and has accepted that the struggle against HIV/Aids is a reality to them.

	Responses		Percent of Cases
	N	Percent	
\$B11 <sup>a</sup> Costs of recruitments, deaths and disability	3	75.0%	75.0%
Lost time	1	25.0%	25.0%
Total	4	100.0%	100.0%

**Table 41: Which key areas mostly affect your company?**

The cost of recruiting new employees due to the death or disability of the current employees is a cost that affects most corporates (75 percent). Lost time amounts to 25 percent, and this is due to the employee not being fit enough to attend work (table 41). These areas are costly and put a strain on the company. The corporate sector is facing substantial cost increases resulting from HIV/Aids that threaten their viability.

	Responses		Percent of Cases
	N	Percent	
\$B12 <sup>a</sup> Counselling & testing	29	33.3%	56.9%
ARVs	41	47.1%	80.4%
HIV/AIDS management program	11	12.6%	21.6%
Occupational Health services	2	2.3%	3.9%
Employee assistance programme	1	1.1%	2.0%
VCTs	1	1.1%	2.0%
Treatment for STIs	1	1.1%	2.0%
Condoms	1	1.1%	2.0%
Total	87	100.0%	170.6%

**Table 42: Treatment provided to employees**

Table 42 reflects that 47.1 percent of respondents provide ARVs to employees, while 33.3 percent settle on counselling and testing as a means of providing treatment to employees. Many forms of treatment are available to employees. Companies have an important advocacy role to play when it comes to their employees and they ensure that they do this effectively. Most companies endeavour not to discriminate against any employee on any unfair or arbitrary ground.

The company recognises the provisions of the Constitution, the Labour Relations Act, Occupational Health and Safety Act and the Basic conditions of employment Act.

**B13 Amount in millions**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.1	1	1.3	5.6	5.6
	.1	1	1.3	5.6	11.1
	.3	1	1.3	5.6	16.7
	.5	2	2.5	11.1	27.8
	.7	1	1.3	5.6	33.3
	.8	1	1.3	5.6	38.9
	1.2	1	1.3	5.6	44.4
	1.4	1	1.3	5.6	50.0
	1.7	1	1.3	5.6	55.6
	1.8	1	1.3	5.6	61.1
	2.0	2	2.5	11.1	72.2
	2.5	1	1.3	5.6	77.8
	3.0	2	2.5	11.1	88.9
	3.9	1	1.3	5.6	94.4
	5.0	1	1.3	5.6	100.0
	Total	18	22.5	100.0	
Missing	System	62	77.5		
Total		80	100.0		

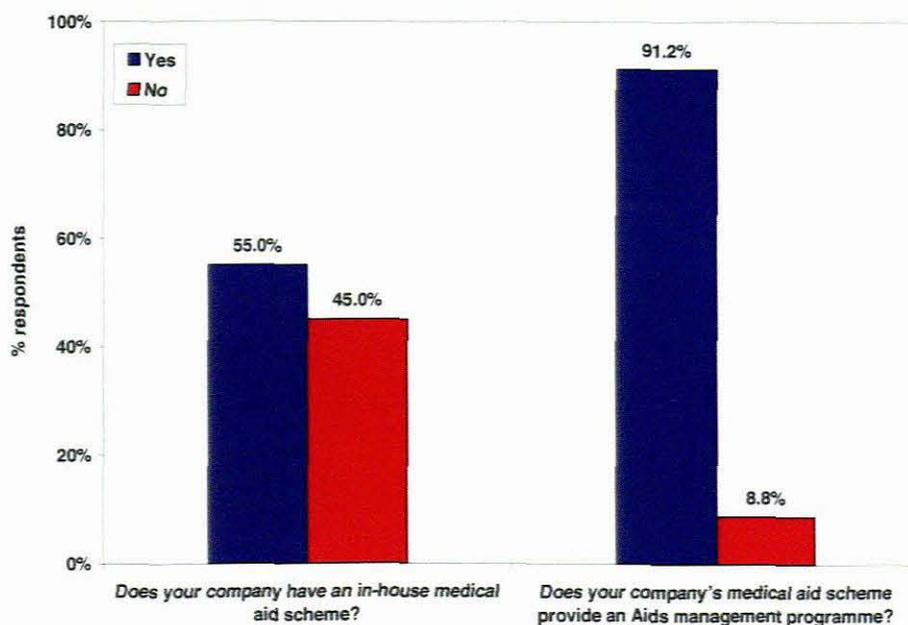
**Table 43: Budget for HIV/Aids programmes**

Table 43 illustrates that only 18 companies responded to the question relating to the budget for HIV/Aids programmes. The budgeted amounts varied from 0.1 million rands (i.e. R100 000) to 5 million rands. Of those who responded, 39.1% budgeted less than 1 million rands. 22.4% budgeted between 1 and 2 million rands and 39% budgeted 2 million rands or more for their programmes. Most of the companies that were interviewed showed commitment to budgeting for HIV/Aids programmes.

		Responses		Percent of Cases
		N	Percent	
\$B14 <sup>a</sup>	HR	35	44.9%	50.0%
	Corporate affairs	7	9.0%	10.0%
	Medical department	7	9.0%	10.0%
	PPC projects & secretariat	1	1.3%	1.4%
	CSI	14	17.9%	20.0%
	Foundation	9	11.5%	12.9%
	Alexander Forbes	1	1.3%	1.4%
	Finance Dept	3	3.8%	4.3%
	Signature trust	1	1.3%	1.4%
	Total	78	100.0%	111.4%

**Table 44: Department that administers Budget**

Table 44 indicates that in most companies the corporate affairs department (44.9 percent) administers the budget, while in other companies the CSI department (17.9 percent) is in charge of administering the budget.



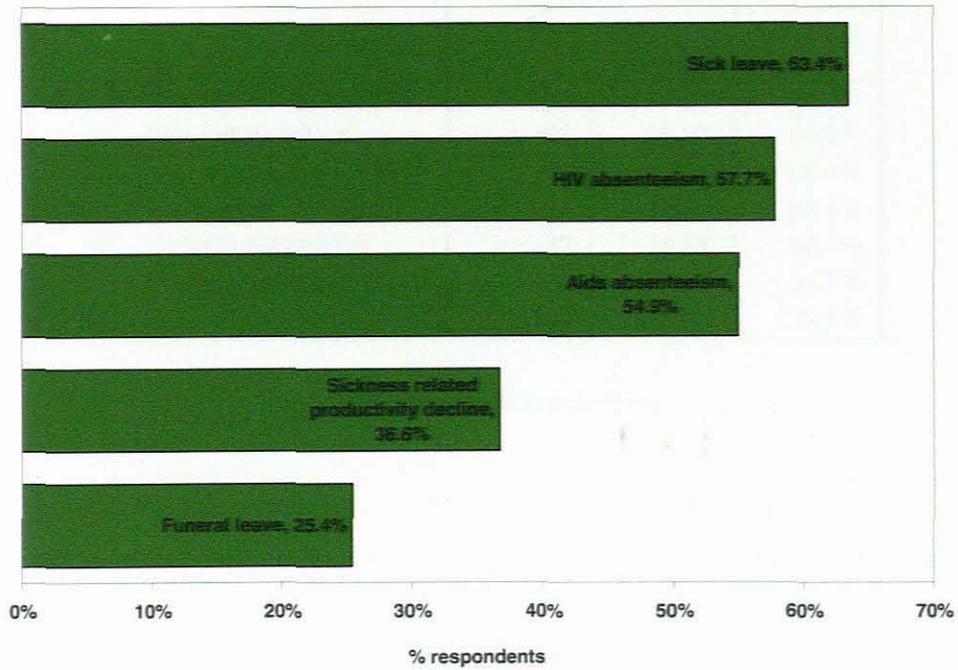
**Figure 25: In-house Medical Aid Scheme**

In figure 25, 55 percent of companies have an in-house medical scheme while 45 percent do not. These results are not significant according to the binomial test ( $p > 0.05$ ). Most Medical Aid Schemes sees to the provision of ARV's and run Aids Management programmes.

		Frequency	Percent
Valid	Yes	73	91.3
	No	7	8.8
	Total	80	100.0

**Table 45: Provision of Aids Management Programme by In-house Medical Aid Scheme**

91.3 percent of companies indicated that the company's medical scheme provides an Aids management programme (table 45). These results are significant according to the binomial test ( $p < 0.001$ ).



**Figure 26: Key areas that affect the company**

The results in Figure 26, suggest that there is increased absenteeism (57.7 percent) due to HIV, followed by Aids absenteeism (54.9 percent). Sick leave seems to lead the way (64.4percent). These factors severely affect the production side of the company.

		Frequency	Percent
Valid	Yes	71	88.8
	No	9	11.3
	Total	80	100.0

**Table 46: Management Awareness of HIV/Aids**

Table 46 reveals that the management of 88.8 percent of the companies are aware of the HIV/Aids prevalence in their company while in 11.3 percent of the companies are not aware. These results are significant according to the binomial test ( $p < 0.001$ )

	Responses		Percent of Cases
	N	Percent	
\$B19 <sup>a</sup> Formal training sessions	65	16.5%	85.5%
Group discussions	61	15.5%	80.3%
Treatment for HIV/AIDS	52	13.2%	68.4%
Counseling	71	18.0%	93.4%
Condom distribution	73	18.5%	96.1%
Poster awareness	72	18.3%	94.7%
Total	394	100.0%	518.4%

**Table 47: Preventative Action**

In Table 47, 18.5 percent of companies use condom distribution as a preventative measure, while 16.5 percent make use of formal training sessions. The corporate sector is ensuring that they do as much for their employees in order to prolong their lives and productivity.

		Frequency	Percent
Valid	Medical aid	14	17.5
	Funded/Subsidised by company	11	13.8
	Total	25	31.3
Missing	System	55	68.8
Total		80	100.0

**Table 48: Allocation of funding towards treatment**

Table 48 reveals that companies provide medical aid assistance (17.5 percent) and also fund/subsidise their employees towards the treatment of HIV/Aids. This seems to be the norm with most companies.

		Frequency	Percent
Valid	25000	3	3.8
	30000	1	1.3
	400000	1	1.3
	500000	1	1.3
	700000	1	1.3
	1200000	1	1.3
	3000000	1	1.3
	Total	9	11.3
Missing	System	71	88.8
Total		80	100.0

**Table 49: Allocation of funding towards treatment**

Only 25 out of the 80 companies have funding initiatives in place for ARV treatment. Of these 25, 14 companies have specified that their Medical Aid offers ARV treatment and 11 indicated that ARVs are funded or subsidized by the company.

Nine out of the 80 companies indicated the funding allocated to treatment. The allocated amount ranged from R25 000 to R3 million. Three companies spent R25 000 and the other six allocated between R30 000 and indicated that they spent between R25 000 and R3million on treatment.

**B22 % employees who are HIV positive**

		Frequency	Percent
Valid	1.0	3	3.8
	2.0	5	6.3
	3.0	1	1.3
	3.3	1	1.3
	3.4	1	1.3
	4.0	3	3.8
	4.2	1	1.3
	4.8	1	1.3
	5.0	5	6.3
	5.9	1	1.3
	6.0	1	1.3
	7.0	2	2.5
	9.4	1	1.3
	9.6	1	1.3
	10.0	3	3.8
	12.0	2	2.5
	13.0	2	2.5
	15.0	1	1.3
	17.5	1	1.3
20.0	3	3.8	
	Total	39	48.8
Missing	System	41	51.3
Total		80	100.0

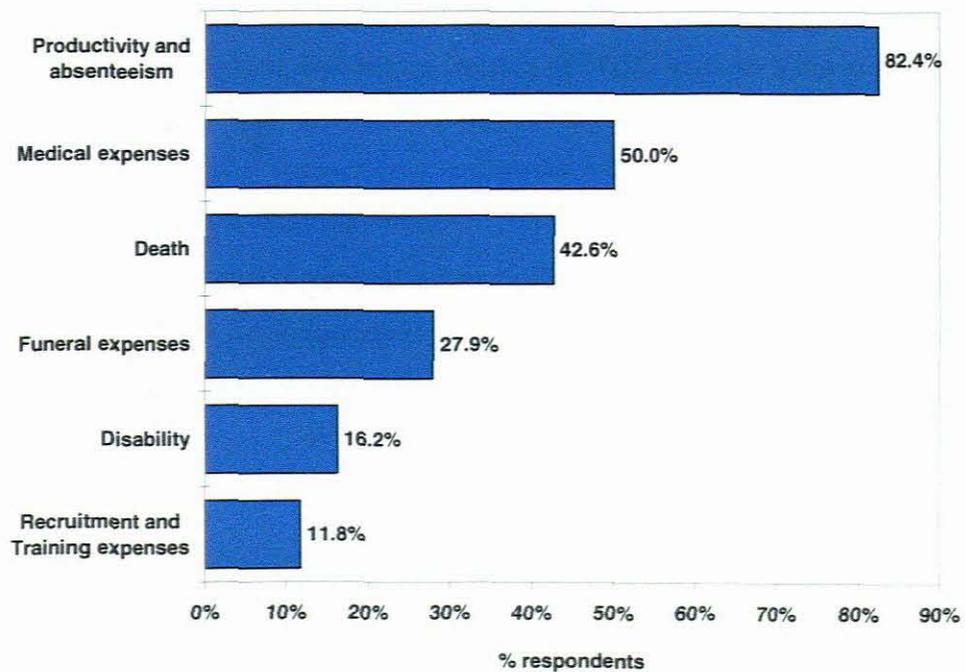
**Table 50: Estimation of HIV positive employees**

The percentage of employees who are HIV positive ranges from 1 percent to 20 percent (table 50). Three companies have indicated that 1 percent of their employees are HIV positive. Three companies have also indicated that 20 percent of their employees are HIV positive. 33 of the 80 companies indicated that the percentage of employees who are HIV positive ranges from 2 to 17.5 percent. The findings indicate that a large percentage of companies are not aware of their employees HIV/Aids status or do not want to divulge such information.

		Frequency	Percent
Valid	Expect serious impact	7	8.8
	Expect some impact	70	87.5
	No response	3	3.8
	Total	80	100.0

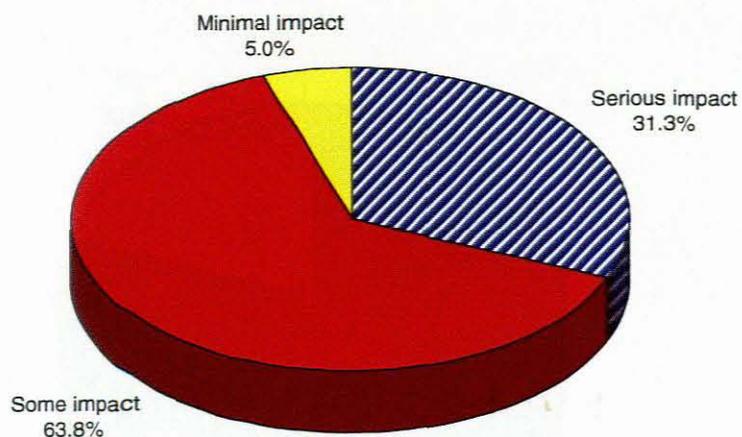
**Table 51: Current and future impact of HIV/Aids on the Company**

Table 51 illustrates that 87.5 percent expect some impact on their companies. This shows that companies do not believe that HIV/Aids is a threat to them, while a small percent (8.8 percent) expect serious impact.



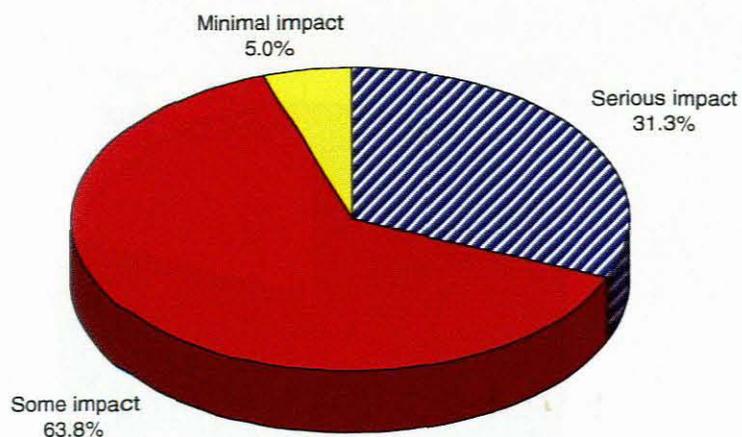
**Figure 27: Severity of HIV/Aids on business**

In Figure 27, 82.4 percent of the surveyed companies indicated that productivity and absenteeism affected their business the most. 50 percent believed that medical expenses were high, while 42.6 percent indicated that death was also a major factor and threat.



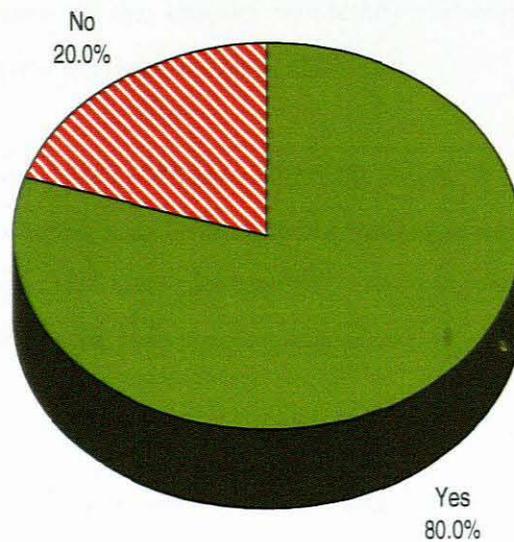
**Figure 28: Current and future impact of HIV/Aids on Community**

In Figure 28, 63.8 percent of the surveyed companies indicated that HIV/Aids had already had some impact on their business, while 31.3 percent believed that there was serious impact and 5 percent reported minimal impact. The corporate sector is endeavouring to work closely with their communities by introducing peer education programmes and assistance by way of medical responsibilities.



**Figure 28: Current and future impact of HIV/Aids on Community**

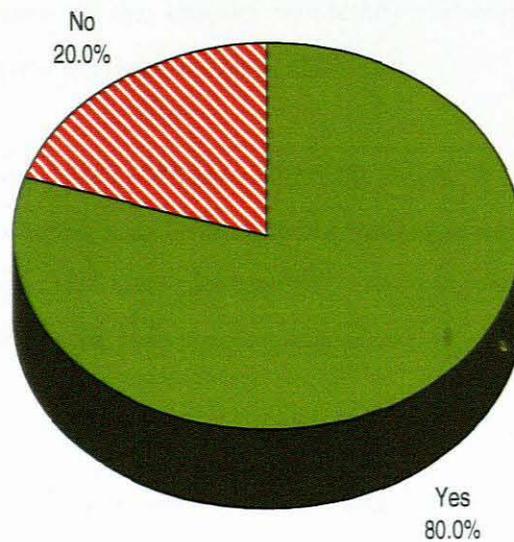
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**Figure 29: Adequacy of company's policies and programmes**

In Figure 29, eighty percent of respondents indicated that they were satisfied with their existent policies and programmes. Twenty percent revealed that they were not satisfied. These results are significant according to the binomial test ( $p < 0.001$ )

The results show that large companies are indeed leading the way, however there is clearly much more that can be done and it is important that business takes up the reins alongside government and other stakeholders in a proactive, multifaceted and comprehensive response to HIV/Aids. Business can be the driver for change.



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## **SECTION C: CROSS TABULATION AND CHI-SQUARE TEST**

For the purpose of this study, cross tabulations were included as a method of descriptive statistics within the scope of this chapter, to identify and explain important comparisons, and the effect they have within the scope of this study.

According to Zikmund (2000: 439) cross tabulations are “a technique organizing data by groups, categories or classes, thus facilitating comparisons; a joint frequency distribution of observations on two or more tests of variables”. The purpose of categorization and cross-tabulation is to allow for the inspection (analysis) of differences among groups to make relevant comparisons.

The following cross-tabulations were completed and will be discussed further:

- To establish whether the company operates a strategic corporate social investment programme and whether the company uses CSI to contribute to enhancing its corporate brand and image;
- To establish if there is two-way communication between the company and the communities that it invests in and to establish the percentage of employees who are HIV positive;
- To establish the importance of the communication of CSI activities internally and the communication of CSI activities externally.

**Crosstab**

Count		Does your company use CSI to contribute to enhancing its corporate brand and image?		Total
		Yes	No	
Does your company operate a strategic corporate social investment programme	Yes	44	32	76
	No	2	2	4
Total		46	34	80

**Chi-Square Tests**

	Value	df	p
Pearson Chi-Square	.097 <sup>b</sup>	1	.756

**Table 52: Comparison between CSI contribution to enhancing the brand and image and the Operation of a strategic CSI Programme**

A Cross tabulation and Chi – square test was done to determine if the company operates a strategic corporate social investment programme and whether the company used CSI to contribute to enhancing its corporate brand and image (table 52). From this study it was determined that only 44 out of the 80 companies who have a CSI program indicated that they do use CSI to enhance the corporate brand and image. Thirty two companies who do have this program do not use it to enhance the brand and image.

**Is there two-way communication between the company and the communities that you invest in \* B22grp Crosstabulation**

Count

		B22grp			Total
		<5%	6% - 10%	>10%	
Is there two-way communication between the company and the communities that you invest in	Yes	13	13	7	33
	No	3	1	2	6
Total		16	14	9	39

**Is there two-way communication between the company and the communities that you invest in \* % employees who are HIV positive Crosstabulation**

Count

		% employees who are HIV positive			Total
		<5%	6% - 10%	>10%	
Is there two-way communication between the company and the communities that you invest in	Yes	13	13	7	33
	No	3	1	2	6
Total		16	14	9	39

**Chi-Square Tests**

	Value	df	p
Pearson Chi-Square	1.193	2	.551

**Table 53: Comparison between two-way communication between the company and the communities and employees that are HIV positive**

With reference to table 53, there is no significant relationship at the five percent level between a company having two-way communication and the percentage of employees who are HIV positive ( $p > 0.05$ )

Thirty three companies indicated that there is two way communications between the company and the community. Thirteen companies indicated that less than 5 percent of their employees are HIV positive. Thirteen out of the 33 have indicated that between 6 and 10 percent are HIV positive. Seven out of the 33 companies have indicated that there are 10 percent who are HIV positive.

**Code of the sector to which your organisation belongs. \* How important is the communication of CSI activities internally Crosstabulation**

Count

		How important is the communication of CSI activities internally					Total
		Extremely important	Very important	Average importance	Not at all important	Don't know	
Code of the sector to which your organisation belongs.	Financial Services	11	2	0	0	0	13
	Parastatals	1	1	0	1	0	3
	Mining	6	1	1	0	0	8
	Oil	2	0	0	0	0	2
	Technology	6	4	0	0	1	11
	Pharmaceutical	1	0	0	0	0	1
	Retail	7	2	0	0	0	9
	Automotive	6	2	0	0	0	8
	Beverages,Hotels,Leisure	3	2	0	0	0	5
	Other	1	3	0	0	0	4
	Agricultural	0	1	0	0	0	1
	Chemical	1	2	0	0	0	3
	Forestry	0	1	0	0	0	1
	Manufacturing	4	0	1	0	1	6
	Medical	1	0	0	0	1	2
	Paper	1	0	0	0	0	1
	Shipping	1	0	0	0	0	1
	Sport	0	0	1	0	0	1
<b>Total</b>		<b>52</b>	<b>21</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>80</b>

**Table 54: Comparison between communication of CSI activities internally**

**Code of the sector to which your organisation belongs. \* How important is the communication of CSI activities externally Crosstabulation**

Count		How important is the communication of CSI activities externally					Total
		Extremely important	Very important	Average importance	Not at all important	Don't know	
Code of the sector to which your organisation belongs.	Financial Services	9	3	1	0	0	13
	Parastatals	1	1	1	0	0	3
	Mining	7	0	1	0	0	8
	Oil	2	0	0	0	0	2
	Technology	6	3	1	0	1	11
	Pharmaceutical	1	0	0	0	0	1
	Retail	5	2	1	1	0	9
	Automotive	5	3	0	0	0	8
	Beverages,Hotels,Leisure	2	2	1	0	0	5
	Other	1	3	0	0	0	4
	Agricultural	0	1	0	0	0	1
	Chemical	0	2	1	0	0	3
	Forestry	0	1	0	0	0	1
	Manufacturing	5	0	1	0	0	6
	Medical	1	0	0	0	1	2
	Paper	1	0	0	0	0	1
	Shipping	1	0	0	0	0	1
Sport	0	1	0	0	0	1	
Total		47	22	8	1	2	80

**Table 55: Comparison between communication of CSI activities externally**

Further analysis in terms of the cross tabulations within the sector have revealed that of the 13 companies in the financial services sector, 12 have indicated the importance of communicating externally and 13 internally. Of the 11 companies in the technology sector, nine indicated the importance of communicating externally and ten indicated the importance of communicating internally.

## **CONCLUSION**

This chapter discussed the relevant data by means of descriptive statistics. The analyses of the data under the relevant themes were presented in a tabular format which provided an integrated and holistic overview of the study as a whole. The final presentation and analysis, of the empirical data, points to the emergence of some significant trends.

*Chapter Eight presents an integrated discussion of the results, which links the relevant findings with the literature review.*

## *Chapter 8*

### DISCUSSION OF RESULTS

#### **INTRODUCTION**

The theoretical perspectives of Corporate Governance, an overview of corporate social investment and the impact of HIV/Aids in South Africa were discussed within the scope of Chapters Two, Three and Four. This study investigated the corporate social investment programmes of the top 100 companies listed on the JSE to determine what the role of business was in supporting HIV/Aids in South Africa through their existent CSI programmes. The data collected were obtained through the questionnaire designed for this study, which was distributed to all CSI, PR, Marketing and Communication Managers in the top 100 listed companies.

This chapter includes an examination of appropriate themes, which are discussed at length in Chapter Eight. Theme one examines the availability of CSI programmes among the top 100 listed companies in South Africa. Theme two looks at the communication of CSI activities internally versus externally. Theme three focuses on the media used to serve communication needs. Theme four investigates the responsibility and allocation of CSI funds. Theme five investigates the availability of an HIV/Aids policy/strategy. Theme six examines the support for HIV/Aids internally and externally. Theme seven examines the relationship between HIV/Aids and corporate governance. Theme eight looks at the communication methods used to raise awareness about HIV/Aids. Theme nine investigates the responsibility for monitoring community needs. Theme ten investigates the methods of training and communication media used to convey message about the virus. Theme eleven focuses on the provision of support, care and treatment to employees. Theme twelve identifies the effects of HIV/Aids on the company profit. Theme thirteen investigates the administration of the budget and how much is allocated towards an HIV/Aids programme. Theme fourteen investigates the effects of absenteeism and sick leave on the company. Theme fifteen investigates the effects of prevalence rates on the company. Finally, theme sixteen examines the anti-retroviral treatment and the funding thereof.

The central hypothesis is discussed under specific themes, with a brief summary of the main findings after each theme.

## **SECTION A – CORPORATE SOCIAL INVESTMENT**

### **Availability of a strategic CSI programme/policy**

The findings reveal that 95 percent of the companies claimed they were in possession of a strategic CSI programme. Five percent did not have programmes in place. The binomial test indicated a significant difference in proportions ( $p < 0.001$ ).

Du Toit (2001) reports that the notion that successful businesses have a responsibility to contribute to sustainable development is already championed from within CSI departments of many South African companies. She adds that CSI contributes to sustainability if its policy and planning is founded on strategic alignment between business and social goals. Rockey (2001) supports this view by adding that corporations are keeping in line with international trends and are increasingly recognizing the benefits of having a CSI programme. She further agrees that as CSI becomes increasingly recognised for its valuable role, corporates are striving to ensure that their programmes comprise 'best practice' principles. Mape (2001) comments that CSI strategies in a number of companies includes a strong emphasis on measuring the impact of the companies inputs. She further comments that a well-defined CSI strategy is valuable because it has become increasingly critical that CSI is viewed as a value-adding department that meaningfully contributes towards the company's corporate strategy as whole.

It is evident that big business is becoming committed to CSI and is linking policy to implementation, so that practical lessons assist in informing policy changes. CSI has taken a new stance and has now become integrated in the mainstream activities, where objectives are set and aligned to those of the business.

### **Linking CSI programmes to National Priorities**

A significant 90 percent of the sample indicated that their CSI programmes are consciously linked to national priorities. Ten percent indicated otherwise. The binomial test produced a significant result in this regard ( $p < 0.001$ ).

Rockey (2002) concurs that *acknowledging the national priorities within the CSI programme is useful when corporate grant makers are working jointly with government, and contributes positively to building public-private partnerships, especially when engaging at provincial and local levels. She further says that one can differentiate between those CSI programmes that are 'closely aligned to national priorities' by default, from those programmes that actually seek opportunities for linkages with national priorities by undertaking a more scientific approach.*

Evidence suggests that corporations are clearly making a more conscious attempt to align their CSI programmes to national priorities.

### **Communication of CSI activities internally versus externally**

Table 16 revealed that 65 percent of the cases believed that it was extremely important to communicate CSI activities internally using newsletters and reports to communicate their strategies to the internal public, while 58.8 percent believed that external communication was extremely important and particularly used the website as both internal and external means to communication. The CSI handbook was used as an external means of communication.

*While some companies have always blown their corporate social investment trumpet by making their acts of public good known as widely as possible, others have (purposely or inadvertently) downplayed such gestures of philanthropy. But in a world in which stakeholders increasingly demand corporate accountability and social responsibility, coordinated communication of CSI initiatives is becoming a more pressing imperative (Rockey, 2002: 115).*

Ractliffe (2004) reveals that CSI is now an important communication function. This move has been brought on by pressures to demonstrate corporate commitment to social responsibility, to justify their 'licence to operate', or to show a 'return' on CSI.

This is supported by the trend toward triple-bottom line reporting, the King 11 report on corporate governance and industry charters.

It is evident from this study that corporations today increasingly publish dedicated social responsibility or corporate citizenship reports, or promote their CSI expenditure not only through newsletters and reports but through public relations campaigns, awards ceremonies and through the media, including the CSI Handbook, published by Trialouge annually. CSI used to be seen solely as goodwill in the past, and was rarely tracked or measured. However, today companies are increasingly trying to measure the impact of their community involvement, using information and figures to compare and measure their efforts with those of other companies. Communicating their activities internally or externally has become a necessity.

### **Media used to serve communication needs**

The results in Table 21 indicate that 11.3 percent of companies rely on annual reports to communicate their CSI message. A further 10.5 percent of companies use house journals and email as a means to communicate CSI needs.

According to Morgan (2004:269) as CSI 'came out of the closet', so the media and public relations machines 'fired up'. Initially, it was fashionable to parade company executives at cheque hand-over ceremonies, and to boast pictures of congratulatory handshaking and oversized cheques in the company newsletter. But it wasn't long before CSI became big news for the external media too, and supplements focusing on CSI began appearing regularly in the business press. Companies also began producing their own social reports. The earliest ones were generally public relations exercises, with more spin than substance, but while such reports still prevail, there has been a discernible trend toward real accountability.

It has become evident that many companies have begun integrating CSI into their core marketing message, drawing on these activities for corporate image-building exercises. It is also interesting to note that companies have come a long way from just publishing in

Annual reports and the Corporate Social Investment Handbook; one is now able to locate their programmes on the company website.

### **Responsibility for the communication of CSI messages**

Table 18 reveals that 48.7 percent of companies indicated that the CSI Department was responsible for communication, while 32.1 percent indicated that the Corporate Communication Department was responsible, 15.4% indicated that it was the Foundation that was responsible and 15.4% indicated that the PR department was responsible. Where and how the CSI programme is situated in the company plays a significant role in the approach the company takes to community giving.

Rockey (2001) claims that due to the diversity of approaches undertaken by companies in South Africa to CSI, the CSI programme continues to be one of those functions that does not have a clearly designated home or formula. She further suggests that as CSI is becoming more strategic and incorporated into the overall corporate citizenship philosophy of the company, it is attracting a greater proportion of the company communications budget. This is a trend that is likely to continue gathering momentum. According to Skinner *et al.* (2001:281) effective communication of CSI activities plays an important role in the projection of the company as a caring citizen and is often given the priority it deserves. Rockey (2002: 116) reports that communication is imperative and that it is no longer good enough to be doing good, but a company must be seen to be doing good. The pressure to deliver and communicate meaningful CSI programmes is coming not only from government but from the general public.

The statistics prove that CSI is a relatively unstable area in terms of corporate structuring and there is continual reshuffling of how and where it fits into the company. It is evident though that there is a significant and encouraging trend towards the creation of a foundation to house the CSI activities of the company, especially by larger corporations. This appears to be in line with the trends in most of the developed countries, particularly in the USA where many multinationals have created foundations.

## **Responsibility and allocation of CSI funds**

Figure 21 indicates that 56.5 percent of budgets are determined from a percentage of post-tax profits, while percent are determined from pre-tax profits. Table 29 reveals that 43.3 percent of companies allocate funds at board level while in 21.1 percent of the companies, allocation is taken care of by the CSI Department.

Chrisman & Carroll (1984:61) suggest that there is an obvious need for strengthened training and capacity building for communities. They further add that organizations have a moral duty to be socially responsible and that corporations are rooted in real communities, therefore they have an implicit obligation to be good citizens of these communities.

A survey done by Top Companies 2004, in association with the *Financial Mail*, reveals that companies are increasingly applying more formality and structure to the way they determine the size of their CSI budget. This is driven by the fact that CSI is now regarded as a valuable tool for transformation, and expenditure levels. In this survey 35% of the responding companies indicated that they now use either pre-or post-tax profit as a formula for determining their social investment budget.

Evidence suggests that this more structured approach means fewer companies now base budget size predominantly on company or board approval.

## **SECTION B – HIV/AIDS**

### **Availability of HIV/Aids Policy/Strategy**

Figure 22 clearly indicates that the majority of companies (97.5 percent) have a policy or strategy in place, while 2.5 percent do not.

According to Ellis and Terwin (2004) an HIV/Aids policy is a written document that sets out an organization's position and practices as they respond to HIV and Aids. Not only does the policy provide guidelines as to how a business should respond to HIV positive employees, but it should also provide a framework for action to reduce the spread of HIV/Aids and manage its impact. Although the researched companies showed evidence that they have policies in place, the real challenge is whether they are translating the policy

into practice. Respondents indicated that they were satisfied with their existent policies and programmes. This shows that large companies are indeed leading the way, however there is clearly much more that can be done and it is important that business take up the reins alongside government and other stakeholders in a proactive, multifaceted and comprehensive response to HIV/Aids (Ellis and Terwin, 2004: 29).

The aim of the study lies in determining and investigating whether these companies have the necessary support to control the impact of the disease. The support for HIV/Aids internally and externally attempts to determine this.

### **Support for HIV/Aids internally and externally**

Table 32 suggests that the emphasis is on internal support of HIV/Aids. Companies spend 18.8 percent of their time in communicating the various challenges related to HIV/Aids to their internal audience and 15.1 percent on education, care and support. External support is acknowledged mainly in the educational arena. 39.4 percent of support is allocated to education, while 43.7 percent is allocated to community based initiatives.

Rockey (2002:182) reports that it is not possible to influence unless awareness of the disease is first broadcast. Awareness is not all; people must learn to accept that communication about HIV/Aids is not propaganda designed to instil certain moral behaviour, but they must understand the deadly consequences of contracting the disease, and must change their behaviour accordingly.

### **Relationship between HIV/Aids and Corporate Governance**

In Table 34, 73.8 percent of companies indicated that HIV/Aids had an influence on corporate governance, while 26.3 percent did not. The guidelines and principles in the King Report provide a sound basis for the successful running of an organization (Ferreira, 2003: 59).

According to Metcalf (2004) companies are being pressurized by a wide range of stakeholders, including current and potential investors, their employees and the labour unions, as well as government and the community, to report on the effects of HIV/Aids in the workplace, the costs involved and the strategies implemented to manage the issue.

This trend is echoed by the 2002 King Report on Corporate Governance for South Africa, which underscored the importance of annual corporate reporting on HIV/Aids and said that companies should detail the policies implemented to manage the effect of HIV/Aids on their businesses, regularly monitor performance and report on all these issues to stakeholders.

It is evident that strategic planning is another challenge faced by companies in South Africa and in the global economy and is an urgent priority for top management.

### **Communication methods used to raise awareness about HIV/Aids**

Table 35 reveals that 14.2 percent of companies used posters as a method of creating awareness about HIV/Aids, while 12.8 percent used flyers as a communication method.

According to Ellis and Terwin (2004) in order to achieve significant and sustainable results, business has to put comprehensive HIV/Aids programmes in place. Any workplace HIV/Aids programme should consist of two basic elements, namely programmes that aim to prevent or reduce new HIV infections (eg. voluntary counselling and testing and HIV/Aids awareness programmes) and programmes that provide treatment, care and support to employees and their families who are infected or affected by HIV/Aids.

Evidence suggests that a number of companies use the more conventional method of communication to make employees aware of the dangers of HIV/Aids, ie. posters and flyers.

### **Responsibility for monitoring community needs**

Table 36 reveals that in 42.7 percent of the companies the CSI/CSR department was responsible for monitoring community needs. However, 20.2 percent of the companies revealed that the Human Resource division was responsible.

CSI programmes are taking on real development challenges, driven by an understanding of the need to address existing inequalities and an awareness of the benefits that flow from successful social development (Rockey 2002). Joseph (2002) suggests that such strategies should ensure a proper process of consultation and planning with stakeholders to ensure the viability, monitoring and evaluation of social development.

Evidence suggests that companies are actively engaging with communities in which they do business. The main purpose of some big businesses is to improve the quality of life of the communities in which they exist, since it is the Foundation, CSI, or Human Resource departments that are responsible for communities needs.

### **Methods of training and communication media used to convey messages about the virus**

Table 37 reveals that 59.1 % of the responding companies used peer educators to train fellow employees, while 40.9% used industrial theatre groups.

Rockey (2002) suggests that it is not possible to influence employees unless awareness of the disease is first broadcast. She says that awareness is not all. One must learn to accept that communication about HIV/Aids is not propaganda designed to instil certain moral behaviour, but that employees must understand the deadly consequences of contracting the disease.

It is evident from this study that most companies are putting a lot of effort into in-house awareness programmes and ensuring that employees take heed of the dangers of HIV/Aids.

### **Provision of support and care and treatment**

Figure 23 indicates the support provided to employees. A wide range of support is provided; however, 92.5 percent of the respondents indicated that the more popular means of provision was voluntary counselling to employees, while 85.0 percent indicated that peer education programmes were provided.

Businesses can help their employees living with HIV/Aids to contribute to production levels for as long as possible, by providing a range of care and support services through company clinics or in partnership with other healthcare providers. For some this is an extension or an expansion of existing provision, whether in-house or through health insurance, to employees and their immediate families. Services extended to the treatment of opportunistic infections, particularly TB, psycho-social support, palliative care, home-based care and HIV treatment through antiretroviral therapy (2006: <http://www.redribbon.co.za>).

### **Effects of HIV/Aids on company profit**

In Table 40, 25 percent of companies indicated that the pandemic has had an adverse effect on the company's profit and 75 percent indicated otherwise. These results are significant according to the binomial test ( $p < 0.001$ ).

Stover and Bollinger (1999) report that most studies reveal, that the HIV/Aids epidemic causes an increase in costs of production and a decrease in revenues. Bloom and Mahal (2002), argue that the loss of a staff member through sickness has theoretical effects on (a) a company's stock of "know-how" and (b) the morale of other workers, as well as imposing recruitment costs. Rising turnover due to AIDS deaths, and resulting pressure on recruitment, is only one example of the potential impact of AIDS on the workforce.

### **Administration of the budget**

Table 44 indicates that in most companies the Human Resources department (44.9 percent) administers the budget, while in other companies the CSI department (17.9 percent) is in charge of administering the budget. The table also reflects other departments that may administer the budget.

According to Metcalfe (2004), companies will face increased costs in other, related areas. The costs of, for example, medical aid and health insurance, group life and disability insurance, employee benefits and pension fund contributions, funeral expenses and severance pay, will increase as the effects of HIV/Aids is felt in both the company and the economy. Further costs relate to management and staff resources and direct costs involved in planning, implementing and participating in HIV/Aids prevention, training and treatment.

### **Effects of absenteeism and sick leave on company**

The results in Figure 26 suggest that there is increased absenteeism (57.7 percent) due to HIV, followed by Aids absenteeism (54.9 percent). Sick leave seems to lead the way (64.4 percent). These factors severely affect the production capabilities of the company.

According to Metcalfe (2004), as HIV/Aids sufferers begin to see the effects of the disease in their lives, companies are likely to be faced with an increase in sick leave and

absenteeism. Additional leave days will be required even for employees who are not infected, as they attend funerals, take compassionate leave and care for family members who may be infected. He further reports that this places additional pressure on the rest of the employees to fill in for and carry the workload of those not at work. The resulting overtime, exhaustion and stress could lead to reduced job satisfaction and a reduction in productivity.

Such effects on the company could lead to a very stressful environment that can damage staff morale and lead to further decreases in productivity, which could potentially damage the corporate environment.

### **Effects of prevalence rates on company**

Twenty five percent of companies indicated that the pandemic has had an adverse effect on the company's profit and 75% indicated otherwise. These results are significant according to the binomial test ( $p < 0.001$ ).

### **Anti Retroviral treatment and funding**

Table 49 reveals that only 25 out of the 80 companies have funding initiatives in place for ARV treatment. Of these 25, 14 companies have specified that their Medical Aid offers ARV treatment and 11 indicated that ARVs are funded or subsidized by the company.

Nine out of the 80 companies indicated that the funding allocated to treatment, ranged from R25 000 to R3 million. Three companies spent R25 000 and the other 6 allocated between R30 000 and indicated that they spent between R25 000 and R3 million.

According to the Policy Project in Ellis and Terwin (2004), the argument that ARV programmes are too expensive is losing ground – various studies have shown convincing evidence that it is cost effective to invest in an ARV treatment programme. The way in which an organization incorporates ARVs into their policy and workplace programme depends on factors such as the size of the organization; its proximity to health services (and accredited ARV sites); the in-house occupational health infrastructure; health insurance policies, human resource infrastructure; profitability and financial status; and HIV/Aids prevalence in the organization.

The study reveals that a small percentage of companies offer ARVs to their employees. Some have in-house medical aids that offer the treatment while others sub-contract to HIV/Aids health management services. The reason for a small percentage offering the treatment is due to the high cost associated with the treatment. A suggestion would be to include ARVs as part of the overall workplace strategy. ARV treatment programmes should ideally run parallel alongside prevention and education programmes.

### **Current and future impact of HIV/Aids on the Company and Community**

Table 51 reveals that, 87.5 percent of the surveyed companies indicated that HIV/Aids had already had some impact on their business, while 8.8 percent believed that there was serious impact.

Rockey (2003) reports that in many cases, companies' management, employees, shareholders and other stakeholders are not aware of the impact of HIV/Aids on long-term sustainability. It is probably no exaggeration to conclude that the 'going concern' principle might potentially be compromised for many businesses. Companies have a responsibility to report on the status quo and on the future potential business risks of the disease.

The findings provide evidence that HIV/Aids has had some impact on corporations. HIV/Aids will continue to impact the on the bottom-line of a company unless proper measures are put in place to conscientise its employees.

### **CONCLUSION**

Ellis and Terwin (2004), report that the global spread of the Aids pandemic and increasing evidence of the economic impact of HIV/Aids has highlighted the need for business to take action against the pandemic.

The findings arising from the empirical evidence have been contextualized within the broader framework of the study. Although the companies surveyed provided support for effective HIV/Aids policies, the question arises, are these policies or strategies effective enough to manage and control the impact of HIV/Aids on the company?

While most of the companies across all the sectors surveyed indicated that they produce some form of statutory document, few seem to report on the impact of HIV/Aids on their business. However, large companies (and those in the financial services and mining sectors) appear to be leading the way in this regard.

Chapter nine highlights the conclusions of this study and makes recommendations for the future.

## *Chapter 9*

### CONCLUSIONS AND RECOMMENDATIONS

#### **INTRODUCTION**

In this final chapter, the researcher presents the conclusions and recommendations regarding Corporate Social Investment and HIV/Aids in South Africa.

It is no longer optional for a South African business organization to have an HIV/Aids programme that works to address the challenges of the pandemic for its own people, its customers and the communities in which it operates ( Green, *Daily News*, 1 December 2006: 20). Companies have now recognized that they are uniquely positioned to implement programmes that could directly and indirectly touch the lives of many people infected or affected by HIV/Aids.

#### **LITERATURE REVIEW OF THE STUDY UNDERTAKEN**

Chapter Two presented an overview of how corporate social responsibility and corporate social investment became incorporated into tripple bottom line reporting and therefore how HIV/Aids programmes were included in tripple bottom line reporting. This chapter therefore discussed the importance of corporate governance, tripple bottom line reporting (TBL) and the socially responsible investing index (SRI) and their impact on South African business. Since the JSE Securities Exchange in South Africa launched its first Socially Responsible Investment (SRI) Index, the index has aimed at increasing awareness and management of sustainable business practices, in particular through adopting the tripple bottom line, as a way of doing business. The process involved a detailed assessment against criteria relating to participants' policies, strategies and activities in respect of corporate governance, the environment, the economy and society. Evidence suggests that South African companies are under the influence of several ambiguous pressures. Monitoring and reporting of HIV/Aids is one area where powerful players outside the organisation (e.g. JSE) advocate for disclosure. This development has certified that many top South African companies are competent for inclusion in the Index and have received recognition for their commitment and performance to date.

Chapter Three reviewed and examined the broad development of the ideas behind corporate social investment (CSI)/corporate social responsibility (CSR) in South Africa and its specific characteristics in the context of the country's social, political and economic development. The chapter also discussed the findings in respect of corporate social investment programmes in all companies. Data in connection with organizational information, its operation of effective CSI strategies, communication of these strategies to the internal and external publics, media used to serve CSI needs, and the CSI budget were discussed. The trends reported in this chapter provide strong evidence to suggest that CSI is gaining in importance in companies. The benefits for the company are becoming apparent and the drive towards business sustainability is adding impetus to the case for CSI. Business has successfully positioned itself as a leader in corporate social investment. With different existing approaches to corporate social investment, many corporations have opted for a results-driven approach of developing, implementing and monitoring corporate social investment programmes in partnership with their host communities. Evidence also suggests that companies are committed to sound corporate governance. Their approach is in compliance with the King Report's (2002) code of Corporate Governance and Conduct for South Africa.

Chapter Four discussed all relevant information relating to HIV/Aids in the listed companies. Data in connection with HIV/Aids policies and practices, indicating methods of training and communication media used to convey messages about the virus both internally and externally, the role of the organization in supporting HIV/Aids within the organization, methods of care and support given to employees, the amount budgeted for each company's HIV/Aids programme were discussed. The chapter revealed that companies with aggressive HIV/Aids policies/strategies enjoy a surge in employee morale. Therefore effective management of HIV/Aids in the workplace requires effective policies/strategies that will ensure that there are both long and short term measures in place that will reduce the impact of the virus on employees. Education is a key component of many programmes and the study has revealed that most corporations have coordinators or clinics that deal specifically with the pandemic. They have internal HIV/Aids committees consisting of employees from various departments in the organization, union representatives and management to monitor implementation of activities.

## **ACHIEVEMENT OF THE STUDY'S OBJECTIVES**

The central objective of this study was to highlight the role of business in supporting HIV/Aids in the South African society where evolving political, social and economic issues are of significance. In the initial chapter of specific research questions were posed:

- Does the company have a strategic corporate social investment programme in place and if they do what is the nature of the programme?
- What percentage of the budget is allocated to HIV/Aids?
- Does the company have an HIV/Aids policy in place and what is the nature of such a policy?
- How are the policies and activities communicated to stakeholders?
- What is the proportion of corporate business support for HIV/Aids awareness?
- What is the proportion of corporate business support towards HIV/Aids treatment for its employees?
- What are the other funding initiatives of the company?
- What general and specific theoretical conclusions can be drawn from the Mersham *et al.* (1995) model for corporate social investment and development communication?

The findings in respect of each question are highlighted and discussed further in the conclusions.

## **CONCLUSIONS**

### **Existence of strategic corporate social investment programmes**

Rockey (2002: XIV) reports that corporations are keeping in line with international trends and are increasingly recognising the benefits of having an advanced CSI programme. CSI programmes have taken on real development challenges, driven by an understanding of the need to address existing inequalities and an awareness of the benefits that flow from successful social development. Leading companies in South Africa treat CSI as a strategic and not as a superficial, feel-good form of charitable giving. Evidence from this study suggests that large corporations are leading the way in terms of broad development challenges. Business plans have now become impossible to consider CSI without the

inclusion of HIV/Aids. Additional pressure has been placed on the CSI practitioner to deliver in the area of HIV/Aids.

The study highlights several factors that are important and relevant for CSI and HIV/Aids in the South African society.

### **Percentage of the budget allocated to HIV/Aids**

There is ample evidence in this study which indicates that business has successfully come to realize the importance of CSI. Companies have shown a desire to see genuine and sustainable social upliftment. According to Rockey (2004: 77), companies are increasingly applying more formality and structure to the way they determine the size of their CSI budget. This is driven by the fact that CSI is now regarded as a valuable tool for transformation. The CSI health-spend of a large number of companies is targeted at HIV/Aids and companies are channelling some of their development funding accordingly and seem to acknowledge that dealing with the virus requires a concerted effort and investment across a broad front.

### **Existence of an HIV/Aids workplace policy**

Nilsson (2005: 94) comments that 'business is admittedly making serious efforts as regards the pandemic, both internally as well as in the broader community'. Strong evidence from this study suggests that the South African corporate sector have accepted the problem of HIV/Aids and have realised that the problem can be addressed and have adopted the approach that community equals workplace. Business is now actively supporting the issue of HIV/Aids in South Africa. Companies have begun to recognise the seriousness of HIV/Aids and the impact it has on the workplace as well as the social and economic life of employees. Evidence also reflects the degree of commitment displayed by large corporations towards the development of policies on HIV/Aids. Companies are therefore committed to addressing HIV/Aids in a positive, supportive and non-discriminatory manner, with the informed support and cooperation of all employees. New company strategies have a two-pronged approach, with the focus on prevention and positive living. The prevention aspect involves the avoidance of new infections by encouraging employees to make informed choices and decisions and take responsibility for their own lives. Part of this strategy includes training and development, awareness campaigns, information and

knowledge sharing. Some companies have elected HIV/Aids committees representing staff, members of management, human resources staff, trade unions and peer educators. These strategies also extend to the broader community, and in most cases are facilitated by a Foundation.

### **Communication of HIV/Aids policies and activities to stakeholders**

There is ample evidence from this study to suggest that education is a key component of many programmes. Education and awareness programmes enjoy strong support. Relevant education that is accessible in terms of language and literacy levels is disseminated on an ongoing basis. Awareness activities include exhibitions and campaigns linked to World Aids Day, National Condom Week and Aids Memorial Day, etc. Since 1994, education programmes within the workplace and surrounding communities have been presented by nominated employees who have been trained as peer educators. In addition to targeting high-risk groups through education programmes, peer educators also distribute condoms in their specific zones and refer high-risk patients for treatment at clinics. Establishing levels of infection is essential both in ascertaining the effectiveness of education and awareness programmes and in planning reaction to the disease. Against this backdrop it is evident that corporations have promoted voluntary counselling and testing programmes (VCTs) as part of their health care services. This has proved positive as results show that a number of employees have taken to utilising the VCT programme.

### **Proportion of corporate business support towards HIV/Aids treatment for its employees**

Evidence suggests that a small number of companies have funding initiatives in place for ARV treatment. Some have specified that their medical aid offers ARV treatment and others indicated that ARVs are funded or subsidized by the company. The focus on positive living aims to extend life expectancy and the quality of life of employees living with HIV/Aids. Such approaches aim at reducing absenteeism and a lengthened period of economic activity and productivity for individual employees.

## Conclusions on the Graphic Communication Model for Development

One of the most significant findings arising from the empirical evidence presented in Chapter Five confirms the application of Mersham's Graphic Communication model (1995) which analyses the message components in the triptych, drawing attention to the codes and symbols of content as a vital area in the process of understanding. All of these factors have particular relevance with the organisations interviewed in contemporary South Africa. The conclusions on the application of the model also relates to the other two components of the triptych, namely the communicator and the recipient.

- Findings suggest that the current prevalence of the virus in South Africa proves to be a major challenge for corporations and the government. Although no reliable data of HIV infection per sector or per skills category are available, it is believed HIV prevalence is significantly higher among semi- and unskilled workers than among highly skilled and white-collar workers. However, it is becoming apparent that the mining, transport, building, construction and manufacturing sectors could be vulnerable to the HIV/Aids pandemic (Ellis & Terwin, 2004). Many corporations in Africa subscribe to the same means of ensuring that their employees are kept regularly informed, educated and up to date on HIV/Aids related issues.
- The **form of messages** has taken on a different format. Communities are now accepting explicit messages as opposed to the past subtle messaging system of billboards and posters, etc. Approaches to communication have changed from sensitive and subtle to hard, cold and direct messages. Ferreira (2003: 60), asks "does simply telling people about HIV/Aids through posters, pamphlets, videos and other media get people to actually change their behaviour"? His answer is, "we must begin to realize that education does not take place within a vacuum, that there are social, political, and cultural barriers that influence the ability of any particular sub-group of people to assimilate the messages being communicated. As long as these barriers remain underplayed, the efficacy of HIV prevention education programmes will remain disappointing".

- Evidence suggests that the model draws attention to the importance of the way in which the communicator manifests his or her ideas, and its importance to the success of the communication process. The central position in the communication triptych is **the message**. In order to transfer thoughts, information, feelings and attitudes Mersham *et al.*, (1995), argue that we need to consciously ensure that the form in which these ideas are manifested is decodable by the partners in the communication process. The model further suggests that the interpretations attached to messages by partners in the communication process should consciously be monitored. The audience are now able to engage themselves in this instance, in that they are able to debate, enquire and expect feedback. The message is clear and not ambiguous.
  
- Evidence suggests that Mersham's model can be seen to work in practice especially as far as **the recipient** is concerned. Employees are engaging with the issue at hand and asking pertinent questions which tend to affect their immediate lifestyle. From the companies interviewed it is evident that the message has become the medium. For example in some companies top management encourage the rest of the company, by being the first to be publicly tested and counselled within the company. This shows that the issue of confidentiality is of paramount importance to these companies. HIV positive employees are treated in the clinic as all other employees, which removes any potential stigma that could arise. Famous personalities are used to relate experiences, e.g., Hlubikazi Mbboyo who takes the role of Nandipha in Isidingo. The 'Know your status' drive is so vital in breaking down the HIV/Aids stigma. People who know they are HIV negative are encouraged to stay that way. People who are HIV positive are helped by wellness programmes that aim to delay the onset of full blown Aids. This makes a distinct difference to understanding the problems associated with HIV/Aids. Employees are also able to encode and decode the message. From the findings various examples come to mind. One that is most common is that on World Aids Day (1 December) South African fellow employees who have lost the fight to HIV/Aids are remembered by a candle lighting ceremony in their memory.

- The findings from the study suggest that the medium is now thought of as a **message receptacle** or that which provides the platform for the signs, symbols and codes of meaning to be conveyed. Mersham adds that each medium has its own set of encoding possibilities and structures, drawing on McLuhan's (1967) observation that 'the medium is the message'. The communicator has skills in encoding messages in the mother tongue of the communication partners and skills in the technology and techniques of the medium in question e.g., billboards, pamphlets and brochures in the different languages attract people to the message, e.g. the Love Life campaign, which is one of South Africa's most ubiquitous brands with a wide range of awareness and educational approaches, from controversial billboards and Love Life painted taxis ('how safe was your ride last night'), to newspaper inserts and well equipped youth centres. The model implies that all partners must have the skills for decoding the mediated message. The message should ideally be suitable to the different language groups in that these groups should have the capacity to decode and interpret the message. To be really effective education and awareness programmes need to be understood by the target audience and should ideally bring the audience into debate, by being interactive with them.
  
- Significant findings suggest that South African companies have well-established **communications media** in different languages which include internal staff magazines, electronic communications, videos and posters, and comprehensive HIV/Aids intranet sites and including the use of industrial theatre and workshops as a method of constantly reinforcing the educational messages around HIV/Aids. Billboards, radio spots and other material ranging from calendars, stickers, posters ,flyers, videos, slide shows, photographs, displays, murals audio tapes and CDs were used to get the message across to various audiences.

Prevention strategies employed by corporations include:

- Use of conventional media (TV, radio, print and outdoor media) and Popular media (theatre, drama, posters, leaflets and booklets) are utilized to promote general knowledge and awareness;

- Promotion of condoms and distribution of free condoms through in-house clinics, community clinics, hospitals and commercial networks;
  - Education and awareness of STDs.
- 
- As far as **the communicator** is concerned the development communication scientist (and public relations practitioners involved in community and social investment programmes) was able to 'prompt' the community to initiate the messages about their development needs. The public relations practitioner or CSI practitioner was seen as the development communication scientist in this study, and was able to scan the environment and actively monitor the internal and external community for messages/information related to HIV/Aids.
- 
- Findings reveal that corporations also run other related **HIV/Aids programmes** that confront ignorance by providing facts, reducing prejudice through demonstration of positive attitudes, and fighting discrimination through the use of affirmative role models and practices. Findings reveal that the ultimate objective is to reduce stigma, discrimination and prejudice against people living with and affected by HIV/Aids. Campaigns are carried out and expected to help encourage people to use voluntary counselling and testing (VCT) services. Considerable progress is made to create a supportive environment for effective implementation of other HIV prevention, care and treatment programmes. Companies are proud to be part of innovative behaviour-change and communication programmes to reduce the incidence of new infections and further promote stigma reduction.
- 
- Evidence illustrates that programmes and campaigns have been implemented in which the skills of **the communicator** were of great significance. The *communicator* (in most cases a trained public relations practitioner or corporate social investment practitioner), normally has the skills to encode messages. Findings suggested that communicators had a thorough understanding of the various audiences that they were communicating HIV/Aids messages to.
- 
- Another conclusion relating to the **medium** is that **the signs and symbols** were effectively used. The meaning of a sign depends not only on personal

interpretation, but also on collective agreement that may vary across space, time and culture. Logos and symbols offered a way to create unity among a wide range of communication messages, allowing the target audience to build up interpretations and meanings over time (Parker, *et al.*, 2000). A good example of this is the red beaded ribbon that symbolizes the international struggle against HIV/Aids. The beads denote a South African passion towards the struggle for HIV/Aids.

Most of the companies targeted in this study have been actively involved in HIV/Aids prevention and awareness programmes using frequently used media. Some companies engage in behaviour-change communication through the various projects that take cognizance of compassion, tolerance, and sensitivity. Such programmes confront ignorance by providing facts, reducing prejudice through demonstration of positive attitudes, and fighting discrimination through the use of affirmative role models and practices. The ultimate objective is to reduce stigma, discrimination and prejudice against people living with and affected by HIV/Aids.

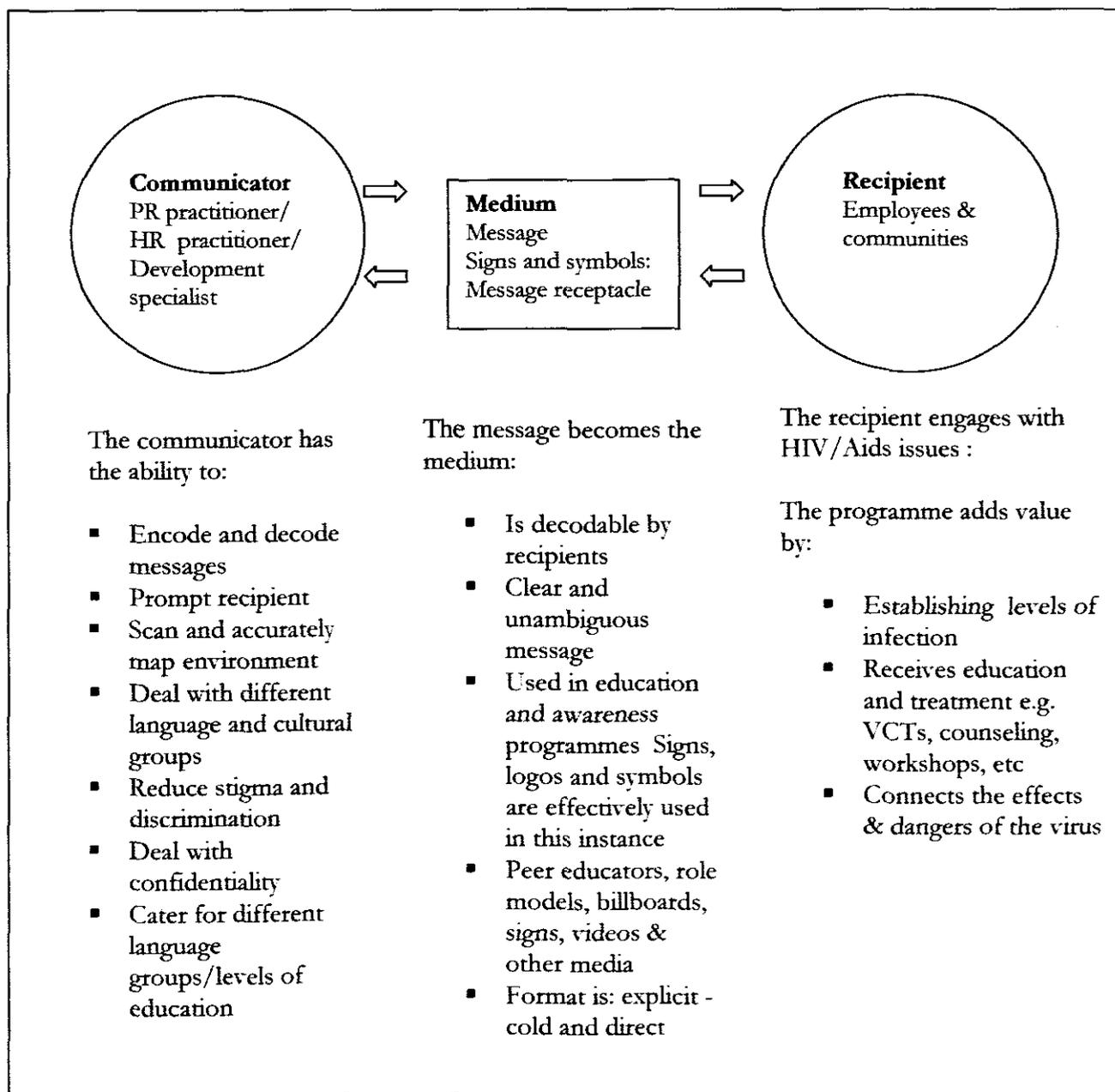
Such campaigns are expected to help encourage people to use voluntary counselling and testing (VCT) services, and make considerable progress in creating a supporting environment for effective implementation of other HIV prevention, care and treatment programmes.

Mersham's (1992b) graphic communication model for development provides a basis for evaluation of the corporate social investment opportunities and HIV/Aids strategies/policies of the sample. Strong evidence suggests that the findings support Mersham's graphic communication model for development. Mersham's model reveals itself to be underpinning the campaigns, programmes and strategies implemented by corporate South Africa. Although this is not done explicitly with knowledge of the model itself, the study has shown that the basic principles and practices are applied. What the model proposed is substantiated by the results of this study.

Findings also reveal that the South African business community is serious about HIV and they are serious about educating their staff and are therefore guided by South African

legislation which provides strict instructions on HIV/Aids testing procedures. The results reported in this study help South Africans understand the stimulus faced by the private sector when dealing with the problem of HIV/Aids. Many large corporations have implemented effective workplace policies and are ensuring that their employees are given the best in terms of education and medical assistance to help curb the spread of the virus. However, this is not so in the case of the smaller companies, where only a small percentage of SMEs have implemented HIV/Aids policies. This shows that smaller companies still lack a strategic response to the pandemic. Although most of the large companies indicate they have policies/strategies in place, it is not certain whether employees have seen or are aware of these policies. It is also not certain exactly how much is being done in terms of communication, care and assistance to employees.

A summary of the conclusions in response to the model are represented in figure 30 below. Observations regarding the communicator, medium and recipient are indicated under the respective sections of the model.



**Figure 30: Observations on the Communicator, Medium and Recipient**

In summary, it is clear that the mining sector and large corporations are leading the way in responding to HIV/Aids. However, it is also clear that much more can be done with the assistance of government and other stakeholders.

It has become apparent that some corporations, due to ignorance and myth, have not put in place programmes and are not delivering in this area.

The results of this study can also help us understand what we can realistically expect from the private sector as far as addressing the problem of HIV/Aids.

## RECOMMENDATIONS

In 2000, UNAIDS along with the Prince of Wales Business Leaders Forum and the Global Business Coalition on HIV/Aids compiled a series of lessons learned from various corporate responses to the pandemic. From this, a number of key lessons were distilled which provide guidance for business in their approach to addressing HIV/Aids. It is envisaged that these lessons could be employed within the South African business sector.

Eight corporate lessons in response to HIV/Aids are adapted from UNAIDS Business response to HIV/Aids, Daly (2000:14):

- 9.3.1 Ensure a committed leadership (CEO, board and management) and understanding at all levels of the workforce, particularly through demonstrating the business case for addressing HIV/Aids.
- 9.3.2 Go beyond the workplace and address issues within the local community to ensure real effectiveness (e.g., by commemorating World Aids Day on December 1<sup>st</sup> with the wider community).
- 9.3.3 Demonstrate business costs and benefits and human resource implications of HIV/Aids initiatives.
- 9.3.4 Undertake a consultative approach with all stakeholders to ensure that initiatives are appropriately directed.
- 9.3.5 Enter into partnership with other businesses, NGOs, governmental and intergovernmental organisations to provide the necessary expertise and knowledge of HIV/Aids issues and to enable the scaling-up of responses.
- 9.3.6 Involve the use of peer educators/leaders from the target groups in dissemination of education and prevention information.
- 9.3.7 Utilize low cost creative tools to ensure sustainability and replicability.
- 9.3.8 Undertake continual monitoring, and review the effectiveness of HIV/Aids.

In the context of this study the following tentative recommendations can be made:

- **Companies should start within**

They need to recognise the problem, factor the risks and potential implications, banish the stigmas, and develop strategies that address the problem: not only with their own employees, but also in the communities from which they draw their labour source.
- **Corporations should gather information from joint ventures and collaborations**

Information should ideally be sourced from local, national and international collaborations. Such collaborations can be useful in developing proper strategies etc.
- **Involve other stakeholders in Policy and Program development**

Seek feedback from local and international stakeholders
- **Create an HIV/Aids Policy with assistance from affected employees**

Involve infected and affected people in the creation of such a policy. Describe company policies on issues such as confidentiality, lack of harassment, benefit plans, etc.
- **Design workplace HIV/Aids programmes to fit local cultures**

Design programmes to address circumstances of HIV/Aids prevalence and cultural norms by taking into account local cultures.
- **Ensure that the policy is a living document**

The policy should be understood and used as a key tool by all levels within the company. The company should demonstrate that the policy is a commitment to protecting employees and should publish the policy at all times.
- **Ensure legal compliance**

A specific policy legal compliance should be incorporated into the company alongside the HIV/Aids policy. Such a policy would help to focus on preventing future disputes and allegations of discrimination on the basis of the employee's HIV/Aids status.

- **Collaborate with other organizations**

Companies should build leverage in support for the disease using national and international examples to assist.

- **Follow best practice**

Due to ignorance, myth, and misinformation, many companies have followed unsustainable HIV/Aids programmes, delivering little in the way of value. Those companies that have an HIV/Aids strategy, but do not follow best practice, should endeavour to strengthen their programmes by looking at what has been done nationally and internationally.

## **LIMITATIONS**

The limitations to this study were as follows:

- The sample frame that was utilised within the scope and nature of this study, included only the top 100 listed companies on the Johannesburg Stock Exchange (JSE), because they represented the more competitive private sector companies.
- The sample did not allow for the inclusion of non-listed companies.

## **AREAS FOR FURTHER RESEARCH**

Further work and analysis could be done in areas allied to the present topic. Several aspects were encountered during the course of this study that did not necessarily fit in with the research at the time but are certainly important issues for further research.

Future research could explore the following:

- Comparative perceptions of unlisted companies to determine the progress made towards tackling HIV/Aids problems in this sector;
- A study on gender specific approaches would be beneficial as they have proven to be effective in curtailing the spread of HIV/Aids and sexually transmitted diseases. Companies should incorporate strategies into their HIV/Aids programmes and policies that are sensitive to the specific needs of female and male workers;

- Research into possible community involvement in the development of the HIV/Aids programmes/policies of companies ;
- An investigation of the involvement of employees in the formulation of policies/strategies or programmes and procedures within companies for HIV/Aids prevention;
- To determine what coalitions are available to companies for networking purposes, which will allow discussion on issues relating to HIV/Aids;
- Interventions on HIV/Aids problems will have an impact on branding and reputation for the company. A study on such impact will be beneficial to companies.
- To explore the strategies used by the international business sector in combating the HIV/Aids problem, as well as related risk areas.

The reality of the HIV/Aids problem is affecting all facets of our South African Society and has especially challenged the corporate world. The investment in human resources has come to the forefront, and why not? If collectively the corporate world does not take responsibility for its manpower, it will not only be detrimental to the company, but also to innocent affected employees that assist the corporate sector in achieving its many commitments.

The absence of investment in mitigation will result in labour becoming a non-renewable resource. The challenge is to effectively link corporate social investment and HIV/Aids policies, in order to optimise impact, both for business and for the community.

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***ADDENDA***

***ADDENDUM 1: LETTER TO SAMPLE COMPANIES***

22 November 2004

To: The Senior Manager / Corporate Social Investment Manager

Dear Sir/Madame

**CORPORATE SOCIAL INVESTMENT AND HIV/AIDS SURVEY**

As a senior representative of one of the top 100 companies listed on the JSE in South Africa, I would like to invite you to participate in this very important study on Corporate Social Investment and HIV/Aids.

The aim of this survey is to investigate and examine the corporate social investment programmes of the top 100 listed companies on the JSE and to determine the extent to which their programmes strategically include a HIV/Aids component.

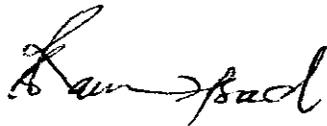
I confirm that I am a registered student with the University of Zululand studying towards the Doctor of Philosophy in Communication Science.

It would be greatly appreciated if you will kindly participate in the survey by sharing your expertise in the completion of the questionnaire. The information that you will provide will make an important contribution to the success of this study.

Your input will be treated as strictly confidential and you can be assured that it will not be divulged to any third party. A summary of the findings will be published at the end of this study and you can be guaranteed that a copy will be sent to you for your information.

Your co-operation in this study is highly appreciated.

Yours sincerely



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Ms Renitha Rampersad  
Head of Department  
Department of Public Relations Management  
Durban Institute of Technology



---

Prof. Gary Mersham  
Supervisor  
Department of  
Communication  
Science  
University of Zululand

Doctor of Philosophy: Communication Science (Student No. 024416)  
University of Zululand

***ADDENDUM 2: QUESTIONNAIRE***

**CORPORATE SOCIAL INVESTMENT AND HIV/AIDS IN SOUTH AFRICA**

**Name:** \_\_\_\_\_

**Designation:** \_\_\_\_\_

**E-Mail:** \_\_\_\_\_

**Name of organization:** \_\_\_\_\_

**Address :** \_\_\_\_\_

**Tel. No.:** \_\_\_\_\_ **Fax. No.:** \_\_\_\_\_

**SECTION A**

**CORPORATE SOCIAL INVESTMENT**

1. Please circle the code of the sector to which your organisation belongs.

a	Financial services	1
b	Parastatals	2
c	Mining	3
d	Oil	4
e	Technology	5
f	Pharmaceutical	6
g	Retail	7
h	Automotive	8
i	Beverages, Hotels, Leisure	9
j	Other (please specify)	10

2. Does your company operate a strategic corporate social investment programme? Please circle the relevant numeric code.

Yes	1
No	2

3. How do you communicate these strategies internally and externally?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4. Is your CSI programme linked to national priorities? If yes, please elaborate.

Yes	1
No	2

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5. Does your company use CSI to contribute to enhancing its corporate brand and image? How is this communicated to the various publics?

Yes	1
No	2

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6. Do you have a specific strategy for enhancing your organisation's social investment performance? If yes please elaborate.

Yes	1
No	2

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7. How important is the communication of CSI activities internally versus externally? Please tick the relevant answer.

		Internally	Externally
a	Extremely important		
b	Very important		
c	Average importance		
d	Not at all important		
e	Don't know		

8. Which department is responsible for the communication of CSI messages?

		Circle
a	Corporate social investment	1
b	Public Relations	2
c	Corporate Communication	3
d	Marketing	4
e	CSI Committee	5
f	Other	6

9. How important is CSI communication to the following audiences? Please tick the relevant answer.

		Extremely Imp.	Very Imp.	Fairly Imp.	Not Imp.
a	CEO				
b	Line Managers				
c	Public affairs				
d	Employees				
e	Local Government				
f	Customers				
g	Provincial Government				
h	Shareholders				
i	Suppliers				
j	Distributors				
k	Trade Unions				
l	General Public				

10. Is there two-way communication between the company and the communities that you invest in. Who is responsible for such communication links?

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11. What media do you use to serve your CSI communication needs to the internal and external audiences?

		<b>CIRCLE</b>
a	Television	1
b	Radio	2
c	Newspapers	3
d	Magazines	4
e	House journals	5
f	Internet	6
g	Public Website	7
h	Newsletters	8
i	Electronic Forums	9
j	E-mail	10
k	Annual reports	11
l	Workshops	12
m	Face to face forums	13
n	Small group communication	14
O	Other	15

12. Is your commitment to social investment published at all? Please state where such information is published.

		<b>Circle</b>
a	Frequently	1
b	Occasionally	2
c	Rarely or never	3

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13. Does your organization have any specific guidelines on the following issues? Please tick those appropriate and please state where such guidelines are published.

		Yes	No
A	General business ethics		
B	Responsibility towards employees <ul style="list-style-type: none"> <li>- equal opportunities</li> <li>- health and safety</li> <li>- employee development</li> <li>- employment strategy</li> <li>- HIV/Aids Strategy</li> <li>- Other (please specify)</li> </ul>		
C	Responsibility towards the broader community <ul style="list-style-type: none"> <li>- education and schools liaison</li> <li>- the arts</li> <li>- health and welfare</li> <li>- research</li> <li>- seeding community activities (crime prevention, health, homelessness, small business development, etc.</li> <li>- other (please specify)</li> </ul>		
D	Responsibility towards the environment <ul style="list-style-type: none"> <li>- pollution</li> <li>- energy usage</li> <li>- use of non-renewable resources</li> <li>- urban renewal</li> <li>- other (please specify)</li> </ul>		

14. Please indicate how your corporate social investment budget is determined, please circle one of the following:

		Circle
a	Percentage of pre-tax profits	1
b	Percentage of post tax profits	2
c	Percentage of dividends	3
d	Percentage of payroll	4

15. Has your budget grown more in the last five years? If so, what have been the main reasons for doing so? Please circle the correct option.

		Circle
a	increased need to preserve and enhance corporate image	1
b	support of marketing activities	2
c	pressure from the general public	3
d	competitive pressure	5
e	long-standing corporate philosophy	6
f	recovery from a major public relations disaster	7
g	other (please specify)	8

16. Where does the responsibility for the allocation of CSI funds lie?

		Circle
a	At board level or at board committee level?	1
b	Through a public relations department	2
c	Through a social investment department	3
d	Through a staff committee	4
e	Through a CSI committee	5
f	Other (please specify)	6

17. What principles are adopted to determine the allocation of corporate social investment funds? (please specify)

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18. Please provide a percentage of how CSI funds are spent across the various development areas within your company:

		Percentage
a	Education	
b	Training	
c	Job creation	
d	Health	
e	Welfare	
f	Sports and recreation	
g	Community development	
h	Environment	
i	Arts and culture	
j	Housing	
K	Safety and security	

## SECTION B

### HIV/AIDS

1. Does your company have a HIV/Aids policy/strategy in place? Please circle the correct answer.

Yes	1
No	2

2. What is the role of your company in supporting HIV/Aids within the company?

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3. What is the role of your company in supporting HIV/Aids externally? Please rank each in ordered form with 1 being of high priority to 5 being of low priority on a scale of 1 to 5. (i.e. 1,2,3,4,5).

		Rank
a	Education	1
b	Community based assistance	2
c	Health care programmes	3
d	Counseling services	4
e	Testing services	5

4. Does the issue of HIV/Aids have any bearing on corporate governance, if yes, how do you see the relationship between the two.

Yes	1
No	2

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5. What communication methods does your company employ to raise awareness about HIV/Aids

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6. Who is responsible for monitoring community needs?

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7. What methods of training and communication media do you use to convey messages about the virus both internally and externally? Please tick.

		Circle
a	Peer educators	1
b	Industrial theatre groups	2
c	Print and electronic media	3
d	Community workshops	4
e	Internal workshops	5
f	Internal staff magazines	6
g	Billboard campaigns	7
h	Posters	8
i	Intranet sites	9
j	Industrial theatre	10
k	Other	11

8. Does your company provide the following to its employees:

		Yes	No
a	Testing		
b	Voluntary counseling		
c	Support and care to the infected employees		
d	Peer education programmes		

9. Does your company promote education and prevention programmes for employees? If yes please elaborate.

Yes	1
No	2

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10. What methods of care, support and involvement is given to employees living with HIV/Aids? Please elaborate.

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11. Has the epidemic had adverse effects on the profits of your company? If your answer is yes, please state how this has affected the company.

Yes	1
No	2

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12. What treatment is provided to employees infected or affected by the virus?

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13. What amount is budgeted for your company's HIV/Aids programme?

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14. Which department administers the budget?

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15. Does your company have an in-house medical aid scheme?

Yes	1
No	2

16. Does your company's medical aid scheme provide an Aids management programme?

Yes	1
No	2

17. Which key areas mostly affect your company.

		Circle
a	HIV absenteeism	1
b	Aids absenteeism	2
c	Funeral leave	3
d	Sick leave	4
e	Sickness related productivity decline	5

18. Is management aware of the HIV/Aids prevalence in your company?

Yes	1
No	2

19. Does the company take any preventative action?

		Circle
a	Formal training sessions	1
b	Group discussions	2
c	Treatment for HIV/Aids	3
d	Counseling	4
e	Condom distribution	5
f	Poster awareness	6

20. Briefly describe what funding initiatives are in place for Antiretroviral treatment?

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21. How much of funding is allocated towards this treatment?

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22. What percentage of your employees would you estimate to be HIV positive?

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23. How serious do you consider the current and future impact of HIV/Aids on your company?

		Circle
a	Expect serious impact	1
b	Expect some impact	2
c	Do not expect impact	3
d	No response	4

24. How severely is the HIV/Aids epidemic currently affecting the following aspects of your business?  
Please circle the most applicable response codes only.

		Circle
a	Death	1
b	Disability	2
c	Funeral expenses	3
d	Medical expenses	4
e	Productivity and absenteeism	5
f	Recruitment and training expenses	6

25. How serious do you consider the current and future impact of HIV/Aids on your community?

		Circle
a	Serious impact	1
b	some impact	2
c	Minimal impact	3
d	No response	4

26. Do you believe that your company's current policies and programmes are sufficient? If yes, please state what further measures are necessary.

Yes	1
No	2

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Thank you for your assistance.

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