

How hiv aids affect the mining industry commerce essay



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The purpose of this paper is to examine the affects that HIV/AIDS can have on the mining industry in South Africa. I aim to look at how does HIV/AIDS affects to the mining industry. My goal is to show that HIV/AIDS has its direct and indirect impact on the business and that it plays a major role in the business environment today.

I looked at individual mine companies, one that I focussed on throughout the paper was Anglo American, I also looked at the bigger picture and researched on how it would affect the country and the mining industry. The first phase of this project was to look at how HIV/AIDS affects the labour supply, and how it affects your profitability, than I moved onto more indirect affect which were what other impacts it has and then finally its impact on the economy.

I found out that most of South Africa's mine workers are HIV positive and this has a negative effect on the industry as they experience high expenditure due to providing health care, benefits and training and that the mining industry is experiencing a decline in revenue as efficiency and productivity is reduced due to workers being ill and weak. This paper shows that the education and support of the workers is vital to prevent the HIV/AIDS rate from increasing and threatening their workforce. If companies have strong policies in place they could lessen the impact HIV/AIDS has on their company.

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Introduction

For a company to be successful they must demonstrate a competitive advantage, for African companies, most of them already have a competitive advantage as there is a profuse supply of inexpensive, and productive labour. Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome most commonly know to us as HIV and AIDS are one of the main causes of deaths in Africa. The percentage of infected people has steadily increased throughout the years and this infection rate does not seem to be stopping. The infection rate of South Africans is approximately 28% of the people that go into the clinics[1]. This statistic is not including the whole population so the total percentage of South Africans is unknown to us.

I decided to focus on the Mining Industry in South Africa has it has recently had a spotlight shone upon it from having a high HIV workforce, to unemployed workers going into abandoned mines in the hope of generating an income for their family. There is an abundance of mining companies in South Africa, it holds nearly 90% of the platinum metals of the Earth, 80% of the Manganese 73% of the Chrome, 45% of the Vanadium, and 41% of the Earth's Gold.[2]Miners are usually migrant workers who are away from their family. They are housed in same-sex hostels. These miners are often visit prostitutes to escape from their tough jobs. These visits to prostitutes make the mine workers vulnerable to HIV.

I shall be concentrating for the purpose of this essay mainly the effect of the financial, economical and motivational effect HIV has on the workplace. By

only focusing on one industry it helps me narrow down the research area and therefore I can focus much more deeply into each of the factors I shall be exploring in this essay.

I will respond to my research question “ How does HIV/AIDS Affect the Mining Industry?” by looking at the specific components that may be affected and see how these components are affected or how some components are not affected at all.

Why I choose this topic

I choose this topic as it is something that is relevant to me. I am living in South Africa and am confronted every day with new articles, new figures about HIV/AIDS. This interested me and I began to think about what impact this has to a business, I was interested to know more, know the deeper consequences and benefits that this HIV epidemic has on and business, on an industry. I then decided that choosing the mining industry would be great, there is this highlight on the mining industry and it is also an industry that requires you to have a strong workforce that can take the severe conditions. With these two very prominent things in South Africa, I can up with my research question.

How is the Labour Supply Affected

For a business to be successful they would need a constant supply of trained workers that are capable to do the job to the best of their ability. Companies that require a workforce that is fully trained, they seem HIV as a problem. It requires a huge amount of time to train a new employee and the costs to the company are great to so this.

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The highest prevalence of HIV is for the age group of 30-34 years of age, with the age groups 25-29 and 35-39 not too far behind[3]. These age groups are the groups that are entering the workforce or are already working. This is not a good thing for a business as this suggests that their workforce and their future supply of workforce are most likely going to be affected by HIV.

The mining sector is very labour intensive, mechanisation is difficult in mining which results in mining having to have a big labour force. Most mine workers tend to be young males, which is the main age category that has been affected by HIV. These young males have to engage in physically demanding and dangerous work for up to 12 hours a day in hot, dusty conditions and are breaks are not very frequent, these workers need to be physically capable and up to full health to cope with this. Workers living with HIV may find these working conditions straining and they physically do not have the strength to cope in these difficult conditions. Mines require a workforce of semi-skilled workers and also require highly-skilled workers such as geologists and engineers, if one of these highly skilled workers were to be affected or be lost to the illness, their departure could disrupt operations greatly until a replacement is found for them. HIV also has an impact on the labour force of mining by having an increase in mortality, for example around 60% of the mining workforce is aged between 30 and 44 years; in 15 years this is predicted to fall to 10%[4]. This shows that the labour force for mining is being affected due to deaths related to AIDS.

How Profitability is Affected

HIV can affect a company in possibly two ways; to either increase its expenditures or it can decrease revenues. In the early stages of the HIV a company may experience the worker having an unexplained increase in absenteeism and the said worker and his or her family may have an increase in their health care costs. Some companies may choose to reimburse the worker for these costs or pay for a percentage of them. The productivity of the worker may decrease especially when infections that are well known to affect HIV positive people start to attack the body such as tuberculosis.

With that said, the companies may observe an increase in diseases within their workforce as the contagious diseases are spread between the workforce. This would lead to workers having to take off more sick days and an increase in health care costs. Employees that have been identified as HIV positive may be kept on working in the same position, moved to a less demanding position or might even be fired, this all depends on the company's policy to HIV positive workers.

A loss of revenue is due to workers having to take leave due to illness or having to take leave due to family members being HIV positive or needing to attend a funeral. For example in north central Namibia it has been estimated that extension staff spend at least 10 percent of their time attending funerals.[5] Productivity is also affected as workers in poor health are no longer able to produce at the same levels to when they were in good health.

Approximately 45% of South Africa's mineworkers are HIV positive; this has already decreased productivity in mines by 15%.[6] This means that in the <https://assignbuster.com/how-hiv-aids-affect-the-mining-industry-commerce-essay/>

years to come mines would have to employ more workers, to keep up with the productivity level that they usually operate at to keep up their output levels.

The extent to employees living with HIV being kept on at a company depends on the type of work they do and the companies policy that are in place regarding this. For some companies the government or trade unions require that they supply benefit to HIV positive workers but some companies are able to not do this, and therefore the government of the workers family are made to provide the benefits.

There are a number of ways in which a company's expenditures may increase due to having employees suffering from HIV. They could experience an increase in health care costs, which indicates that the company is being affected by HIV epidemic. Companies that have invested in private health insurance policies could have an increase in their premiums. Companies that have in-house health services such as clinics may have an increase in the need for their services. According to the Chairman of Gold Fields, Christopher Thompson the HIV epidemic will cause the production of gold to increase by R100 per ounce in the next six years.[7]Anglo American has made anti-retroviral therapy available to all of their employees that are HIV positive at the company's expense. This decision could greatly increase costs to the company and affect the profitability of the company.

As more workers die of AIDS, businesses can have an increase in costs in terms of death benefits. Larger companies often offer death benefits to the family of the deceased worker. With the increase in HIV related deaths

companies have increased a big increase in costs and have had to find ways lessen the impact of these benefit costs. Some companies have lessened their financial contribution to the funeral, and some have required that funerals are only to take place on the weekend, to minimize the amount of time taken off of work. With such a high infection rate in mine workers together with the related incidence of illness and death means that mines loose between 5% and 10% of their workforce each year.[8]

The cost of recruiting and training new employees may be high. The cost of replacing an unskilled worker is usually very same, and these types of workers can usually be replaced within a week and the cost of replacing them is very small, especially when the area the company is located experiences a very high unemployment rate. But many companies require skilled experienced employees, these are much harder to recruit. Most of Africa has a shortage of skilled labour which makes recruiting a suitable an appropriate candidate very difficult and positions can be left unfilled for weeks or even months. The training of the unskilled workers often doesn't cost the company much, can be done in-house and only takes a couple of days. However training of the skilled workers such as director of financing, marketing is of a much higher cost to the company, they usually get trained outside of the company, and many go overseas for the training. One company says they face costs of \$100 000 to recruit and train a replacement for the managing director role.[9]It is estimated that in South Africa that every 100 natural deaths that occur in a year 88 are highly skilled workers and 176 skilled workers will die of AIDS in the same year, it is also estimated

that in the same year 308 semi-skilled and unskilled workers will die of AIDS.

[10]

What Other Impacts Occur

Another impact that HIV/AIDS has on a company is that it can lower the morale of its employees, employees may feel de-motivated and not willing to work as efficiently. They see their colleagues and friends at work die before their eyes and they soon start to have a negative, defeatist attitude towards their work as they see themselves in the same position as the deceased one.

One indirect effect of all the leave that has been taken by employees is that the healthy workers have to work harder than usual to make up for the people on sick leave. In many companies workers are said to be working extra hours to make up for the time lost by the sick colleagues, however these 'healthy' employees usually do not get paid over time and often feel overworked and exhausted. This could then reduce the quantity and quality of the final product as employees are stressed and de-motivated. The spread of HIV could lead to poor work relationships, they may not feel they are being supported by their company and their colleagues, that there are not enough care and prevention methods in place. Some workers may demand that employees that have been infected should be dismissed when they learn about their status. There often a negative attitude and behavioural responses towards an HIV positive person when other workers learn the status of that person.

A way for managers to address the indirect effects HIV has on their company is to generate a workplace policy that addresses the needs of an HIV positive

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person; this policy promotes healthy relationships between all workers and levels of the hierarchy. Anglo American is one of the mining companies that is leading in the fight against HIV/AIDS, they have community outreach and strong policies to go on, Cynthia Carroll, Chief Executive of Anglo American said: “ Anglo American’s aim, as the Employer and Partner of Choice, is to effectively manage the impact of HIV/AIDS on our employees and to make a positive contribution towards minimising the social, economic and developmental consequences of this epidemic. Anglo American’s response reaches beyond its workforce, through community outreach HIV/AIDS programmes, to spread the application of good practice in a way which helps to strengthen community health systems.”[11]By having strong aims like this the company is able to address some of the indirect effects that HIV has on their company and helps strengthen the moral of the workers as they feel like they are being taken care of and that they are an assets to the company. The Anglo American policy towards HIV/AIDS focuses on the some main things such as:

Confidentiality- the employee who has HIV has the right to confidentiality and privacy. They are under no obligation to tell management about their HIV status.

Non- Discrimination- Anglo American does not tolerate unfair discrimination towards a person with HIV and take all the steps to respects their dignity and ensure human rights. All employees that are part of the company, who know (or think they know) a worker’s HIV status are told of the requirements and responsibilities of disclosing this information to a third party, and the consequences that could happen if they were to do this.

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Gender equality- Anglo American aims towards having equal gender relations. They recognise that the empowerment of women is vital to successfully prevent the spread of HIV infection and enable women to cope with HIV/AIDS.

Social Dialogue- Anglo American aims to build partnerships and alliances with their stakeholders so that they can develop a common vision and shared strategy with them.

This policy they have is constantly updated with the ever changing environment that we live in. This strong policy as said before strengthens the employee relations as the company is seen to care for their employees and cares about their well being.

Another effect HIV/AIDS can have on a business is that it can cause a decline in some products. Products known as 'luxury' products could no longer be bought as much as previously, this is because with the employee getting sicker with HIV they no longer bring in that much income as previously, they are also experiencing an increase in their medical costs. This leaves them with no having enough money to buy those nonessential goods. This could not necessarily affect the mining industry, but it does affect their workers and their families. It means that they can no longer buy as many goods as they previously could have. It also affects the businesses where the mine workers buy their goods from as they are no longer getting as much business from them as they would have before the worker had been infected.

How HIV/AIDS is Affecting South African Economies

HIV/AIDS can not only affect a company, but it can also affect the economy.

This could lead to people not wanting to invest in the country as they are seen to have a declining economy.

The decline in the economy impacts two things: investment and trade. The investment is impacted by the uncertainty over the impact of HIV/AIDS causes reluctance from the investor. Investors are not sure how the ever growing HIV epidemic is going to affect the business and they start to become reluctant to invest as they are not sure if the company will succeed or not. Another thing is there had been a decrease in the amount and variety of entrepreneurs; people are not going out as much and starting their own company, this means that there is not as many projects to be invested in as there is not the variety and range that investors want in that country, so they then move to the next country looking for the next best thing to invest in. Also the general economic picture is impacting on investment; some countries do not seem to be doing well and seem 'unstable' this therefore would not be a wise country to invest in as the country could fall at any moment, think Zimbabwe, all people who invested in Zimbabwe must've lost tonnes of money due to the country falling economically. This could affect the mining industry greatly, if no one is willing to invest in them then they lose vital financing. Mines are the ones being hardest hit by the HIV/AIDS epidemic; investors are able to see this and predict the high labour turnover rate and the overall costs and losses the company experiences due to this. Investors would then be discouraged to invest in the company as the percentage of staff with HIV would only increase. They would also see the

general economic picture of South Africa, and with the recession they could see that overall investing in mines in South Africa as an unwise decision due to all the factors.

The trade in South Africa is impacted by the reduced production due to increased costs. With HIV epidemic growing companies are having greater costs than they have had in the past, they have to deal with factors like death benefits, providing health care and anti retroviral therapy and the recruitment and training of staff, this means that there is not as money available to buy the raw materials or employ as many staff as they have before, which leads to there being a decrease in the production levels. Another thing that impacts the trade is the decrease in workers with experience in the export markets. Skilled labour is much harder to recruit than unskilled labour positions can be left empty for ages. This means that it is difficult to find labour that has experience in export markets due to there being a lack of qualified labour. For the mining industry this means that its trade is being impacted by HIV, they are experiencing an increase in their costs due to all the factors above and because the work is demanding, they are also experiencing a decrease in efficiency which leads to the company not producing as much. They also loose lots of workers due to the demanding work and often have positions left unfilled as they cannot find someone with the right experience.

There has been much debate on whether or not the HIV/AIDS epidemic would affect the economy. A Kenyan analysis indicated that the HIV/AIDS epidemic would cause a significant impact, which predictions that HIV/AIDS would leave the Kenyan economy one sixth smaller than it would have been in the <https://assignbuster.com/how-hiv-aids-affect-the-mining-industry-commerce-essay/>

absence of HIV/AIDS.[12]A South African study suggest that by the 2010, the level of GDP (Gross Domestic Product) could be lower than 17 percent due to the HIV/AIDS epidemic while the level of per capita GDP could be lower than 7 percent. About half the decline is due to an increase in the amount government is spending on health care to do with HIV/AIDS and one third is due to the lower productivity levels.[13]

Conclusion

South African mining companies have the potential to have a great competitive advantage against all the other companies around the world. Businesses need to protect the workers that have not been infected by HIV and educate their workforce to ensure the number of HIV positive people does not increase much more. For the ones that have been infected the mining companies need to use the services they have on them and that they support the workers through this difficult time. The companies need to ensure that the impact of this is as less as possible.

As we have seen HIV mainly affects those that are at the prime working age, this means that the companies are greatly affected by this especially when skilled workers are needed or workers undergo an intensive training process. Therefore the loss of one of the workers can cause a business to lose some of its competitive edge.

The increase in the HIV epidemic has lead companies to experience a loss in their profitability. This is due to an increase in their expenditures, such as sick leave, health care, funeral benefits, recruiting and training new employee and even providing anti retroviral therapy. Also their revenues

have declined due to a decrease in efficiency and productivity as workers become ill and weak. Due to mining being such a demanding job, this has been one of the main problems they have experienced. There have also been more indirect ways in which the mining industry has been affected, such as de-motivation, poor work relationships. This great HIV epidemic may be slowly down investors wanting to invest new money into the mining industry. Also HIV/AIDS is said to be slowly down economic growth with is also turning investors away and limiting the number of people willing to invest in South Africa.

Overall, with still more than half the population not being affected by HIV, there is still a chance that we can turn this situation around and lessen the impact of this epidemic to the mining industry and to our country. With continuing education, handing out condoms mining companies can hopefully limit the spread of HIV or even reduce it. If they keep addressing the issue and commit to the cause, we can limit the affects of HIV/AIDS to the mining industry.