

# Impact of hiv aids on business term paper example

[Literature](#), [Russian Literature](#)



## **Introduction**

Let's face it: HIV/AIDS is one of the most pressing socio-economic challenges facing the world today. Consequently, the business community cannot turn a blind eye to the issue because it is with us now. Although the menace has been of particular concern to developing countries, which have been hardly hit, the issue is not confined to the business enterprises in developing countries only. Businesses from the developed nations are also affected as well. In the current scenario, whereby the world has become a global village, multinationals are expanding into developing economies and in the process they are experiencing economic impacts of HIV/AIDS as well.

## **Background**

Although most people recognize the fact that HIV/AIDS is a serious health problem, the impact of the epidemic on business operations has not yet been fully understood. According to the amfAR website, 34 million people were living with HIV/AIDS by the year 2001. Every day, more than 7, 000 people contract HIV and deaths arising from the disease are estimated to be 1. 7 million per year. Since the discovery of HIV, more than 60 million people have contracted the disease, and more than 30 million of those have died due to HIV-related consequences. Going by these statistics, HIV/AIDS has a lot of implications for the world health and economic development. These effects have largely been felt in the Sub-Saharan Africa, whereby more than 69 % of the people infected with HIV live. Nonetheless, the rest of the world is suffering the consequences of HIV/AIDS.

HIV/AIDS affects businesses from two aspects: from the perspective of

consumers, and from the perspective of employees. It is a well documented fact that HIV/AIDS prevalence is high among the working-age population. The fact that the disease affects people in their most productive age (15-49) means that businesses suffer from loss of labor and from reduced consumer demand. From the perspective of consumers, their earnings reduce as they spend more on their health and eventually pass away. Reduced consumer demand arises from the reduction of disposable income, as consumers spend more on health related services. In the long run, consumer market is reduced as the resources available for expenditure are reduced. As a result of reduced demand, businesses have little money for expansion and this may depress economies.

It is in light of this that the World Bank estimates that, by the year 2020, the macroeconomic impact of HIV/AIDS will be significant enough to reduce national income by up to a third in countries with an adult prevalence of above 10 %. For businesses in the developing countries, human capital is one of the essential assets of the business since the presence of skilled labor is often low. If any of the skilled workers (either in the managerial or non-managerial level) is affected, this has negative implications on the labor force within that company. First of all, productivity reduces and the profits are reduced as well. In addition, the ability to meet consumer demand also reduces. Such a situation not only impacts the reputation of the company, but also impacts future profitability of the company.

One of the main causes of reduced profitability is absenteeism from work which is one of the direct consequences of HIV/AIDS on employees.

Absenteeism affects utilization of resources within the company and

production cycle within the company. Absenteeism from work could also be as a result of the need to care for family members who are ill, employees who are ill or those who out attending funerals. Apart from the effects of absenteeism, productivity also reduces due to increased organizational disruption.

Figure 1: Impact of HIV/AIDS in a company

Source: <http://www.nef.com.na/workAids.php>

According to Namibian Employers Federation website, organizational disruption arises from high staff turnover, loss of skills, loss of tacit knowledge and declining morale. The Namibian Employers Federation website also states that, in a situation whereby there are high morbidity and mortality rates, the transmission of skills and knowledge becomes a challenge and morale among workers reduces to loss of colleagues. In other circumstances, the organizational work is affected by the discrimination of workers living with HIV/AIDS. In some areas, if the colleagues find out the health situation of fellow workers, it may result into a depressing situation whereby tension, suspicion grips the workplace hence resulting into recrimination within the organization. As a result, lose of morale would be inevitable. This becomes a challenge because the organization has to educate its workers to avoid stigma and make sure that the employees are productive. When these subtle organizational factors are reproduced over a long period, the efficiency and effectiveness of the workforce is greatly hampered.

Another factor that directly affects an organization is increased costs.

Increased costs have both short term and long term effects. Short term

effects include reduced profit margins, while long term effects include reduced capacity to invest and expand. Other constraints which have a financial basis include reduced capacity for research and development, and reduced capacity for training and support. High staff also arises as the demand for recruitment and training arises due to the need to replace the skills lost. Extra labor may also be required to reduce the staff fluctuations, and to widen the skills base. This leads to a situation whereby the training costs are increased and may also lead to demand for higher wages.

High costs also arise from paying insurance premiums and from paying pension funds due to early retirement. For companies which cover health care for their workers, their costs increase significantly as HIV/AIDS takes toll. As the health care costs increase, it may reach a point whereby the business cannot sustain the benefits it provides to its workers. For businesses which cover funeral costs for their workers, this adds a considerable cost especially in sub-Saharan Africa where mortality rates are quite high. However, the provision of health care does not necessarily have to a negative factor because provision of health services may prevent absenteeism and ensures that the workers are productive.

Nonetheless, the loss of skilled labor creates a generation of orphans. This constrains the economy further. Even for people who are not HIV/AIDS patients, they may also be affected in the sense that their extended families, friends and communities could be affected hence they have to fill in for them. The loss of skilled workers, coupled with the entry of orphaned children into the labor market, means that there is a danger of lowering the working age, and the skills level will also be reduced. It may also lead to

widespread child labor.

The business sector also experiences losses since the education sector is affected. Businesses rely on the education sector to provide future workers, and since the education sector suffers the consequences of HIV/AIDS, the business sector is also affected. For example, the education sector suffers from loss of skilled teachers, children who cannot attend classes because they have to take care of siblings after lose of parents, reduced household incomes which means that schools fess cannot be paid and others struggling with HIV infections themselves.

## **Solution**

Creating awareness of HIV/AIDS in the workplace is long overdue. In the past business have made a mistake of thinking that the pandemic should be concentrated on the “ high-risk” groups, but this is misleading. There is need to create educational campaigns that advocate for less risky behavior among the employees, without having to use threatening and stigmatizing language. It is also important for business to use approaches that do not re-enforce stigma within the workplace.

One of the ways to arrive at this is by creating an enabling and less threatening supporting environment where people take part in a confidential testing and counseling process. By entrenching this approach in the workforce, the employees will be able to determine the programs to use to protect themselves or live positively. In most cases, stigma is created in the workplace because the people are ignorant about what HIV/AIDS is, the impact it has on them and their organization. Therefore, the organization has to create an environment which tackles fear, ignorance and denial.

Businesses can also play a proactive role of creating AIDS awareness in the society by partnering with organizations that support people living with HIV/AIDS and organizations that fight stigma. Another useful approach of tackling HIV/AIDS in the workplace involves the use of a model known as AIM-B. AIM-B is a model created for the human resources managers to assess the impact of HIV/AIDS within their organizations. The model asks the HR manager to estimate the number of people living HIV/AIDS within the organization by extrapolating local AIDS statistics and taking into consideration factors such as prevalence within specific age groups, income levels, and other categories as defined.

The model can be either used for specific departments, or for the organization as a whole. Generally, the objective of the model is to assess the prevalence of HIV/AIDS within an organization, and project how the disease is likely to develop in the future. The model also projects how healthcare costs and benefits within the organization will be in future. The results obtained using the model give a comprehensive analysis of HIV/AIDS, and this can be used by a business to design an effective prevention and care program which will be sustained by the organization.

The model also helps the organization to assess recruitment and training costs that may be incurred after loss of HIV + workers. Such estimates include the costs of advertising for new staff, administration costs, the costs incurred when interviewing candidates, the fees associated with hiring trainers and the costs associated with the training itself. The model also gives an estimate of the costs associated with death such as death benefits

paid to the family of the deceased, funeral costs and the cost of transporting the body of the deceased to family home.

## **Conclusion**

HIV/AIDS is a serious threat to businesses, communities, and economies. Those who are directly or indirectly affected by the epidemic include workers, children and civil servants. What needs to be clear is that a worker does not have to be HIV + for the business to be affected. If a family member, a close friend, or a colleague is affected, the worker will also be affected. This may arise due to low morale and pre-occupation with family issues. For the workers, who are directly affected, the business may experience absenteeism, low productivity, high medical costs and other associated costs. All these factors impact on productivity, profitability, and long-term programs of the organization.

In light of this, what each business needs to do is to provide an enabling environment whereby workers are aware of the disease, and the prevention programs which are available to choose from. For those who are HIV +, the least the business can do is to provide a supportive working environment. Above all, the business should strive to eliminate stigma in the workplace and plan for its future using the AIM-B model as discussed earlier.

## **Works Cited**

AmfAR. Statistics: Worldwide. 30 November 2012. 15 May 2013

.

Bizcommunity. com. The Impact of HIV/AIDS on Business. 27 September 2007. 15 May 2013



.

Condon, Bradly J. and Tapen Sinha. Global Lessons from the AIDS Pandemic: Economic,

Financial, Legal and Political Implications. New York, NY: Springer, 2008.

Global Business Council on HIV/AIDS. AIDS Impact Model Business. 15 May 2013

.

Haacker, Markus. The Macroeconomics of HIV/AIDS. Wasington DC: International Monetary

Fund, 2004. Print.

Namimbian Employers Federation. HIV/AIDS & Wellness. 15 May 2013

. Web.