

HIV/AIDS: A Growing Concern to Business

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Introduction

Recent years have seen calls for the private sector to become more involved in the fight against HIV/AIDS. Business has valuable skills and other resources that could assist government and civil society efforts, and some firms (although by no means all) also have strong reasons for involvement. HIV/AIDS hits hardest the working-age individuals who make up the bulk of the private sector's workforce and consumer base. As well as a moral case for action, deflecting the virus's impacts on employees and economies can avert business costs and strengthen corporate reputations. This article presents some of the key arguments for business action on HIV/AIDS and provides examples of where business has less reason to be concerned about the impact of the epidemic in specific situations. It also outlines findings from the World Economic Forum's 2006 Executive Opinion Survey, which polls the views of over 11,000 business leaders in 125 countries. It finds a small proportion of firms reporting that the virus is seriously affecting their operations, with the greatest effects felt in Sub-Saharan Africa. A much larger proportion of firms believe the virus will affect them in the next five years. Despite this growing worldwide concern, it is primarily companies in the hardest-hit countries that have developed policies to cope with the threat. It is noteworthy that most firms are

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basing their action or inaction on a subjective perception of the risk posed by HIV/AIDS, rather than on a formal risk assessment.

The case for business action

A strong case for some

HIV/AIDS is among the world's leading infectious disease killers. In 2007, according to UNAIDS, it was responsible for 2.1 million deaths worldwide, of which 85% were adults.¹ New infections continue to occur at an alarming pace and, despite recent efforts to expand antiretroviral treatment for those living with AIDS, the number of deaths is projected to persist in the millions in the coming years.

Notwithstanding notable successful efforts by some governments and global health agencies, the epidemic, overall, is not under control. In recent years this has led to calls for businesses to become involved. International organisations such as the Global Health Initiative of the World Economic Forum and the Global Business Coalition for AIDS, TB and Malaria have focused resources on encouraging and facilitating private sector participation in the fight against the disease.²

Businesses working in areas with high HIV prevalence have strong reasons to address the disease. Working-age adults account for over 90% of global infections. A large share of businesses' employees, suppliers, and customers come from this age group. When the effects of HIV/AIDS are factored into businesses' decision-making practices, taking action can make good sense.

In regions such as Sub-Saharan Africa where HIV prevalence is high, the virus is taking a heavy toll on workforces. This can impose costs on businesses. Sick employees are more often absent from work and less productive while in the workplace. Absenteeism for funerals is likely to increase. Medical care bills will rise for firms that protect the health of

¹ United Nations Joint Programme on HIV/AIDS (UNAIDS)/World Health Organisation: *AIDS Epidemic Update: December 2007*. December, 2007.

² AIDS is, of course, not the only disease that can cause huge problems for business. Cardiovascular conditions, cancer, diabetes, mental illness, and a wide range of common, lesser diseases can also be quite significant and may be worthy of the attention of business. In addition, we note at the outset that dealing with HIV infections and AIDS may be more complex for businesses than responding to other diseases. Many businesses do not have systems in place for preventing and reacting to longstanding health problems of their own employees, let alone for dealing with HIV/AIDS that affects both their workforce and the wider community. Acknowledging these points, this paper focuses on HIV/AIDS, because it is important to lay out the need and the opportunities for business action in this arena.

their workforces, as will recruitment and training costs from replacing sick employees. Workplace morale, moreover, may be weakened if employees see colleagues and family members falling sick or dying of AIDS.

Robust, large-scale studies measuring the cost that the disease imposes on firms through its effect on workers are few. A number of empirical studies have attempted to assess the impacts, with some intuitively expected findings: On a tea estate in Kenya between 1997 and 2002, for example, workers with HIV were significantly less productive than their uninfected colleagues in the 18 months prior to death. They also took more days of sick leave.³ A company in Tanzania, meanwhile, experienced a five-fold rise in medical costs per employee between 1993 and 1997 in the wake of HIV/AIDS.⁴

The effect on workers is particularly strong in certain regions and in specific industries. Firms in high-prevalence settings such as Sub-Saharan Africa are currently bearing the brunt of the impacts. In a 2004 survey of 1,006 South African firms, 43% of respondents predicted the virus would seriously hinder their operations within the next five years. 24% reported an increase in recruitment and training costs.⁵

Within these regions, companies involved in sectors such as mining and transportation are at particularly high risk. Mineworkers in Sub-Saharan Africa traditionally spend long periods living away from their families, and some have concurrent relationships with women other than their spouses, sometimes including sex workers. Communities of sex workers are also often found along transportation routes, making truck drivers who have unprotected sex with them, vulnerable to HIV infection. Anglo American plc., one of the world's leading mining companies, with most of its workers based in Sub-Saharan Africa, is one of few large companies to have conducted a quantitative assessment of the cost of HIV/AIDS. It has estimated that the disease would cost the company 5% of its payroll in the absence of a treatment programme.⁶

Beyond the impact on workers, some commentators have forecast that HIV/AIDS could have negative effects on entire economies in hard-hit

³ Fox, M., Rosen, S., MacLeod, W., Wasunna, M., Bii, M., Foglia, G., and Simon, J., "The Impact of HIV/AIDS on Labor Productivity in Kenya." *Tropical Medicine & International Health* 2004, 9 (3), 318–324.

⁴ Bollinger, L., Stover, J., and Riwa, P., "The Economic Impact of AIDS in Zambia." The Policy Project, UNDP 1999.

⁵ South African Business Coalition on HIV/AIDS, "The Impact of HIV/AIDS on Business in South Africa." SABCOHA 2004.

⁶ Personal communications with Dr Brian Brink, Senior Vice President, Medical, Anglo American plc.

settings. These can translate into damage to business if markets are weakened by the disease. The Commission on Macroeconomics and Health estimated that the years of healthy life lost to the virus in 1999 reduced Sub-Saharan Africa's gross national product by at least 11.7%.⁷ Other studies have forecast much smaller macroeconomic effects. The World Bank estimated that "the macroeconomic effects are likely to be small in most countries," but that a generalised epidemic—that is, one that has spread beyond high-risk groups into the general population—"would reduce per capita GDP by as much as half a percentage point per year."⁸

Companies' reputations may be affected by their response to the threat of HIV/AIDS. Around the world, shareholders, employees, customers, and activists are making increasing demands on business to act in an ethical and socially responsible manner. Firms have come under pressure for harming the environment, using child labour and many other unpopular activities. In the case of HIV/AIDS, drug companies have been criticized for charging monopoly-level prices in developing countries ravaged by the virus (in response, some have changed their practices and now supply the drugs at very low cost). If companies in hard-hit settings fail to protect their workforces, they may face similar difficulties and their brands may be weakened. Western firms with branches or contractors in Africa could also experience damage to their reputations if they do not act soon enough to protect their staff.

For many of these reasons, a number of companies have seized on the opportunity to join the struggle against HIV/AIDS. The large membership bases of the Global Health Initiative of the World Economic Forum and more than thirty different Business Coalitions against HIV/AIDS worldwide include numerous firms that do not have direct interests in high-prevalence regions but that have nevertheless developed a deep commitment to this cause. Moreover, HIV/AIDS is an important issue for millions of globally-aware young consumers, and programmes such as the (Red) campaign, launched by rock star Bono and friends in 2006 as a means for businesses to help raise funds to tackle the virus, illustrate the

⁷ Commission on Macroeconomics and Health, *Macroeconomics and Health: Investing in Health for Economic Development*. World Health Organisation, 2001.

⁸ World Bank, *Confronting AIDS: Public Priorities in a Global Epidemic*. World Bank, Washington DC, 1999: 34. See also Bloom, D. E., and Mahal, A., "Does the AIDS Epidemic Threaten Economic Growth?" *Journal of Econometrics*, 1997, 77(1):105–24; Bloom, D. E., Mahal, A., Rosenberg, L., Sevilla, J., Steven, D., and Weston, M. D., *Asia's Economies and the Challenge of HIV/AIDS*, Asian Development Bank, 2004.

awareness of some large Western firms that action on AIDS can both do good and strengthen their reputation as responsible corporate citizens.

A weaker case for others

The impact of HIV/AIDS on business is quite varied. As such, some firms will have persuasive motivations for action, but many will, in the absence of a perceived threat, decide not to become involved.⁹ Most firms in countries with very low prevalence are unlikely to experience any increase in labour costs or reduction in sales as a result of the disease.¹⁰ In hard-hit settings in developing countries, although industries such as mining may suffer, other sectors may even see increased revenues. For example, the funeral industry in heavily affected countries is expanding rapidly.

The effect of HIV/AIDS is likely to differ among smaller and larger companies. Most firms in developing countries operate in the informal sector,¹¹ and a large number of these are family concerns. Losing one staff member to AIDS will tend to have a much greater impact on this kind of business than on a larger organisation. Large firms with many unskilled employees may find replacing workers who succumb to the virus easier than small organisations that rely on a handful of key, experienced staff.

Even in hard-hit settings, the cost of a workplace or community HIV/AIDS programme may outweigh the financial benefit. Many heavily affected regions have a surplus of unskilled labour, so the cost of replacing unskilled employees who are sick or have died can be small. HIV/AIDS, moreover, takes several years to make an infected individual sick, thereby reducing the incentive to prevent infection among workers who are unlikely to remain in a firm's employ for such a long period.

Some firms that face a threat from HIV/AIDS may attempt to use benefit and employment policies to fend off its impacts. Companies that cover

⁹ Bloom, D. E., and Sevilla, J., "Profits and People: On the Incentives of Business to Get Involved in the Fight against AIDS," in López-Casasnovas, G., Rivera, B., and Currais, L. (eds.), *Health and Economic Growth: Findings and Policy Implications*. MIT Press, 2005.

¹⁰ Reflecting this expectation, only 2 percent of firms in the United States report spending more than \$1 million annually on HIV/AIDS. Prevention efforts focus mostly on employees, with treatment expanding in some cases to their families. Fifty-four percent of firms spending less than \$500,000 do not spend more because they do not see HIV/AIDS as a problem for their company. Still, roughly one-third of firms with more than 20,000 employees do expect to increase their spending on the virus in the next five years. See Bloom, D. E., Bloom, L. R., Steven, D., and Weston, M. D., 2006, "Business and HIV/AIDS: A Healthier Partnership?: A Global Review of the Business Response to HIV/AIDS 2005–2006." World Economic Forum, Geneva, pp. 29–32.

¹¹ Firms in the "informal sector" are those that are not registered with the government. As such, they are outside the realm of taxation, are typically small, often employ many family members, and only rarely provide any type of protection or benefits for their workers.

worker health care costs, for example, face a potentially large burden, but those that leave the health care of their employees to others (such as the state or private individuals) will be able to avoid such expenditure. Some companies may perceive that they have an incentive to avoid the costs of HIV/AIDS by attempting to use pre-employment screening to ward off impacts by only recruiting uninfected individuals.¹² Companies could also seek to lay off sick workers to reduce the virus's negative impact on productivity and labour costs. In other situations, laying off a sick worker might create morale problems among remaining workers or deprive a company of a critical human resource. Under these circumstances, a company may perceive net benefits from providing treatment.

The World Economic Forum's Executive Opinion Survey

To find out more about how HIV/AIDS is affecting the private sector and how businesses are responding to the disease, the Global Health Initiative of the World Economic Forum began in 2003 to include questions about HIV/AIDS in its annual Executive Opinion Survey. The survey is an essential building block for the Forum's *Global Competitiveness Report*, which is meant to help business leaders and policy makers understand the factors that affect the large differences in countries' economic situations and to serve as a tool in the shaping of policy and institutional reforms.¹³

Between January and May 2006, 11,232 senior executives in 125 countries (accounting for 98.1 percent of world GDP) responded to the Executive Opinion Survey (see Boxes 1 and 2 for, respectively, survey methodology, and geographical spread of firms surveyed and countries' HIV prevalence). As well as questions related to governance, bureaucracy, and other matters that affect competitiveness, it contained ten questions on HIV/AIDS. The survey is one of the most comprehensive sources of concrete cross-corporation evidence about businesses' awareness of and concerns about HIV/AIDS, as well as their programmes to respond to it. The fact that it elicits the views of business leaders means that the opinions and concerns expressed could (though we cannot be certain) be

¹² For the results of a survey about prevention activity by employers in East Africa and pre-employment health checks by private firms, see Ramachandran, V., Shah, M. K., and Turner, G. L., "Does the Private Sector Care About AIDS?: Evidence from Firm Surveys in East Africa." *AIDS*, forthcoming 2007.

¹³ For detailed information on the Global Competitiveness Report and on data collection for the Executive Opinion Survey, see World Economic Forum, *Global Competitiveness Report 2005–2006: Policies Underpinning Rising Prosperity*. September, 2005: 213–223; and World Economic Forum, *Global Competitiveness Report 2006–2007*. September 2006.

BOX 1

Survey Methodology

In consultation with academic experts and survey professionals, the World Economic Forum (“the Forum”) devises the survey instrument in its Geneva headquarters. The full Executive Opinion Survey is approximately 30 pages long and is represented as taking 30 minutes to complete. Conduct of the survey is primarily outsourced to partner institutes in every country covered by the Report. In addition to the work of the partner institutes, the Forum conducts a mailing effort targeting selected companies, typically reaching out to the headquarters of large, multi-national corporations. The Forum communicates with its partner institutes to ensure that they are not contacting these same organizations.

Firms are invited to participate by World Economic Forum partner institutes. The questionnaire, which is returned either via the internet or mail, is sent to the lead person for the surveyed business in a given country. The Forum’s guidelines request that the respondent be one of the top five officials of the company.

The Forum translates the survey instrument into Arabic, French, German, Portuguese, and Spanish. The survey is sent to each country in the most appropriate of these languages and English. In some countries, it is translated by the partner institute (thus leading to more than 20 language versions).

The partner institutes receive guidance from the Forum in choosing the set of businesses to be surveyed, although each partner ultimately makes the final decisions on the sample. The Forum and its partner institutes endeavour to make the survey representative of a country’s various economic sectors by selecting interviewees according to their sector’s share of gross domestic product (GDP). The partner institutes are responsible for determining how many surveys should be issued in order to receive a desired number of responses. The Forum encourages partner institutes to use the online questionnaire. Of all respondents, 30 percent are firms with 50 or fewer employees; 13 percent have 51 to 100 employees; 26 percent have 101 to 500 employees; and 28 percent have more than 500 employees; firm size information is missing for the remaining 3% of respondents.

The questions related to HIV/AIDS in the 2006 survey were as follows:

- How severely is HIV/AIDS currently affecting your business operations (e.g., death, disability, medical and funeral expenses, productivity, and absenteeism, recruitment and training expenses, revenues)?

(continued)

- How serious do you consider the impact of HIV/AIDS/tuberculosis/malaria on your company in the next five years?
- Have you conducted a quantitative HIV/AIDS risk assessment?
- What is the state of your company's HIV/AIDS policy?
- Does your company have an HIV/AIDS policy and/or programme that provides information about the risks of infection?
- Does your company have an HIV/AIDS policy and/or programme that addresses the issue of voluntary, confidential, anonymous HIV testing?
- Does your company have an HIV/AIDS policy and/or programme that addresses the issue of condoms?
- Does your company have an HIV/AIDS policy and/or programme that addresses the issue of discrimination in promotion, pay or benefits based on HIV status?
- Does your company have an HIV/AIDS policy and/or programme that addresses the issue of antiretroviral drugs?
- To what extent do you believe that your company's policies and programmes are sufficient to effectively manage the impact of HIV/AIDS on your business in the next five years?

BOX 2

Firms Surveyed, by Region

Sub-Saharan Africa

The 1,969 Sub-Saharan African firms in the survey came from Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Chad, Ethiopia, Gambia, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe. Botswana, Lesotho, and Zimbabwe have adult HIV prevalence of 20% or above; Mozambique, Namibia, South Africa, and Zambia have prevalence between 15% and 19.99%; Malawi between 10% and 14.99%; Cameroon, Kenya, Tanzania, and Uganda between 5% and 9.99%; Angola, Benin, Burundi, Burkina Faso, Chad, Ethiopia, Gambia, Mali, and Nigeria between 1% and 4.99%; and the remainder below 1%.

South and South-East Asia

The 1,054 South and South-East Asian firms came from Bangladesh, Cambodia, India, Indonesia, Malaysia, Nepal, Pakistan, Philippines,

Singapore, Sri Lanka, Thailand, Timor-Leste, and Vietnam. Cambodia and Thailand have adult HIV prevalence between 1% and 4.99%; in the remainder it is below 1%.

East Asia

The 729 East Asian firms came from China, Hong Kong SAR, Japan, Republic of Korea, Mongolia, and Taiwan. All have adult HIV prevalence below 1%.

Latin America

The 1,626 Latin American firms came from Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Uruguay, and Venezuela. Guyana, Suriname, and Honduras have adult HIV prevalence between 1% and 4.99%; in the remainder it is below 1%.

North America

The 330 North American firms came from Canada and the United States. Both have adult HIV prevalence below 1%.

Oceania

The 134 Oceanian firms came from Australia and New Zealand. Both have adult HIV prevalence below 1%.

Western and Central Europe

The 1,969 Western and Central European firms came from Albania, Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Luxembourg, Macedonia FYR, Malta, Netherlands, Norway, Poland, Portugal, Serbia and Montenegro, Slovak Republic, Slovenia, Spain, Sweden, and United Kingdom. Adult HIV prevalence in each is below 1%.

Eastern Europe and Central Asia

The 2,187 Eastern European and Central Asian firms came from Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Kazakhstan, Kyrgyz Republic, Latvia, Lithuania, Moldova, Romania, Russian Federation, Tajikistan, and Ukraine. Estonia, Moldova, Russian Federation, and Ukraine have adult HIV prevalence between 1% and 4.99%; in the remainder it is below 1%.

reflective of corporate long-term thinking, although in some cases these views may not translate into day-to-day practices. The response rate to the survey, at approximately 40% in 2006, is quite respectable and lends credence to its findings.¹⁴

Changes in country coverage of the survey from one year to the next complicate efforts to detail changes in the private sector's level of concern. First, the Forum adds new countries every year, and sometimes a country drops out of the list. Second, the sample of firms approached in each country—and perhaps to an even greater extent, the subset who respond (who may not be a random sample of those solicited)—are not necessarily a stable representative sample of the overall set of businesses in a country. This leaves the data generated vulnerable to potential biases. In response to this problem, our analysis takes into account the slightly changing composition of respondents. Third, cultural, economic, and political differences among countries may have a significant influence in determining the conditions that motivate firms to reply in one country but not others; such differences may also affect how the questions are understood and hence the responses given. And fourth, the Forum does not include in the data to be analyzed information about the corporate position of the person who responds to the survey (although it does target only the top five employees in a company). A CEO may respond differently than would someone in a different position, but if so, we have no way of accounting for this when analyzing the data. These caveats mean that caution is needed when testing hypotheses regarding the private sector impacts of, and response to, HIV/AIDS. Nevertheless—and importantly—there appears to be valuable information in the data insofar as they correlate as one might expect with independent indicators. For example, business concern about the impacts of HIV/AIDS correlates positively with adult HIV prevalence at the country level.¹⁵ In an arena where robust studies are thin on the ground, the data are the most extensive available, and they offer a descriptive picture of how businesses worldwide are dealing with the virus.

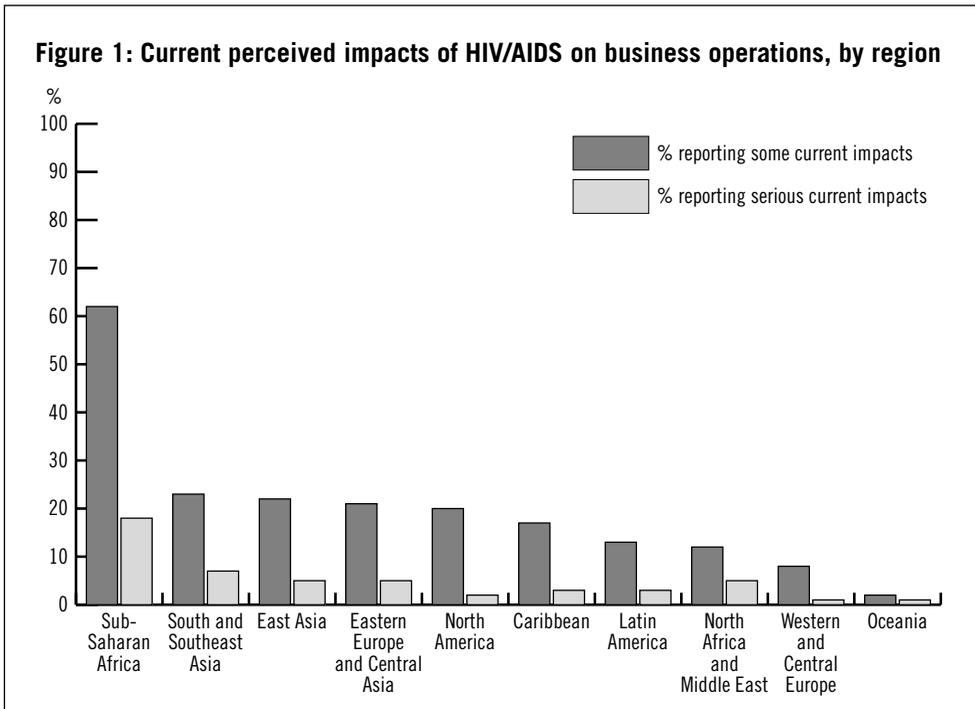
¹⁴ We have calculated the response rate based on a careful study of the responses compiled by WEF, the response summary sheets supplied by some of the partner institutes (approximately 20% supplied these), and an analysis of the surveys returned online. As in many surveys, however, some respondents did not answer particular questions. Non-response rates for particular questions were generally less than 10 percent.

¹⁵ Multivariate analysis of the survey data shows that both the severity of reported current impacts on operations and concern about future impacts rise sharply with country HIV prevalence (though at a rate that decreases as HIV prevalence rises) among countries with comparable region-level HIV prevalence and income.

Health-related questions in the 2006 Executive Opinion Survey covered the current and future impacts of HIV/AIDS on company operations; the future impacts of malaria and tuberculosis; and the nature and extent of firms' response to the virus.¹⁶

HIV/AIDS is not currently perceived as having serious effects on businesses worldwide by businesses themselves. Firms report moderate "impacts"¹⁷ with 24% of the respondents to the Executive Opinion Survey in 2006 believing that HIV/AIDS is currently affecting their firm's operations to some degree. 6% perceive these effects to be serious.

Not surprisingly, given the high infection rates in the region, respondents in Sub-Saharan Africa report the greatest impacts. 62% believe the virus is affecting their business, with 18% perceiving the impacts as serious (see Figure 1).



¹⁶ Most of the questions on the impact of HIV/AIDS included seven-point Likert scales. In analysing the data, we have broken down responses to show serious impact (defined as a score of 1 or 2 on the scale), some impact (a score of 1–5; i.e., “serious” is included in “some”) and minimal impact (6 or 7). We have also analysed responses by national HIV prevalence, national income group, and region, as well as making comparisons with previous years’ surveys.

¹⁷ The Executive Opinion Survey reports “impact” on business in a broad sense, because businesses were simply asked about “impact”. As such, impacts can cover production, sales, profits, labour, reputation, etc.

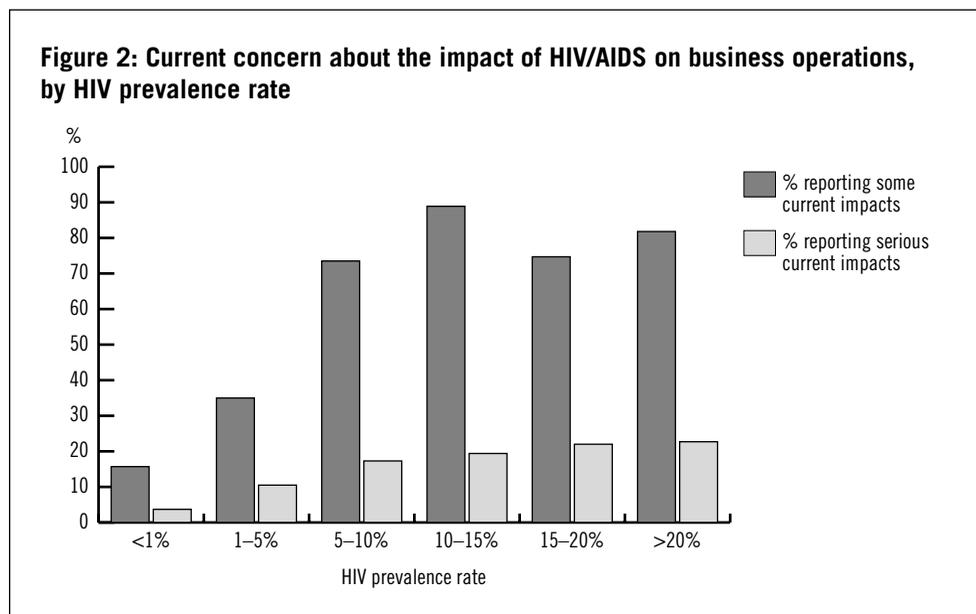


Figure 2 shows that the level of business concern varies greatly depending on a country’s HIV prevalence level.

Many respondents expect the business impacts of HIV/AIDS to increase in the next five years. Whereas 24% of respondent firms worldwide perceive current impacts, nearly half (49%) believe the disease will affect them in the future. 18% are seriously concerned about the future repercussions for their business. Countries with large discrepancies between current and anticipated impact include India, Botswana, Lesotho, South Africa, and several in the Caribbean.

In the hardest-hit countries, a large proportion of firms are seriously concerned about the future. Among firms based in countries with adult prevalence above 20%, 74% of respondents believe the disease will have *serious* impacts on their business in the next five years.¹⁸

Firms in higher-income countries are less concerned than those in poorer settings, even when holding HIV prevalence constant. But even in low-prevalence, wealthy regions, significant numbers of respondents believe their firms will not remain immune to the virus for long. In North America, 20% report some current impacts, while 42% expect some

¹⁸ This finding holds after holding constant national per capita income.

impacts in the next five years. The corresponding figures in the Western and Central Europe region are 8% and 27%.

Examination of the results of the Executive Opinion Survey from earlier years¹⁹ shows that, although the proportion of firms reporting current impacts on their business has fluctuated between 30% (2004), 22% (2005), and 24% (2006), concern about the future impacts of HIV/AIDS has grown. In 2004, 37% of respondents believed the virus would affect them in the next five years. In 2005 and 2006, 46% and 49%, respectively, reported the same concern.²⁰

Despite this increasing worldwide concern over the potential business impacts of HIV/AIDS, only 11% of respondent firms have carried out formal risk assessments of the likely effects of the disease. Many respondents are basing their estimates of impact on incomplete information. This may leave them ill prepared to develop an effective response to the virus.

Respondents were also asked about the expected impacts of tuberculosis and malaria in the next five years. Both diseases cause less concern than HIV/AIDS. Globally, 35% of respondents predict they will experience some impact from TB, and 10% predict serious impacts. 29% of respondent firms believe malaria will affect their operations in the next five years, with 9% expressing serious concern.

Although almost half of the firms that responded to the survey are worried that HIV/AIDS will hamper their operations in the next five years, few have a formal policy to deal with the virus. Worldwide, 7% of respondent firms have specific written HIV/AIDS policies, with a further 15% having informal programmes. There has been little increase in the proportion of firms with policies over the past four years of the survey.

The existence of policies rises with national HIV prevalence. In countries with infection rates above 10%, formal policies outweigh informal programmes, with over 70% having a policy of some sort.²¹ In countries with prevalence between 1% and 9%—that is, with generalised but less

¹⁹ The 2006 survey had 11,232 respondents from 125 economies, while the 2005 survey had 10,993 respondents from 117 economies. In 2004, there were 8,729 respondents from 104 economies.

²⁰ This finding holds after conducting a series of shift-share analyses that address, in principle, two issues that arise in comparing overall responses from two survey years. The first issue involves changes in the set of countries being surveyed; the second issue relates to changes in the distribution of responses across countries. See Bloom, D. E., Bloom, L. R., Steven, D., and Weston, M. D., *Business and HIV/AIDS: A Healthier Partnership?* World Economic Forum, 2006 (Appendix 3: "Shift-share analysis for year-on-year comparisons", pp. 37–38).

²¹ Note that only Malawi (with 38 firms) falls in the 10%–15% prevalence bracket, so the data for this group should be viewed with particular caution.

rampant epidemics—only a small minority of respondent firms have policies. Firms do not appear to take action until rates cross the 10% threshold. By this time, however, significant proportions of employees may have contracted the virus, and the cost of action is likely to be greater than developing programmes at an earlier stage.

HIV prevention is the focus of most policies. 55% of those companies that have addressed the virus include information on the risks of infection in their programmes. 33% include voluntary, confidential HIV testing, and 30% provide condoms. In low-income countries, information provision and condom distribution are much more widespread than voluntary testing, perhaps reflecting the latter's greater cost or weaker access to testing in such settings.

Treatment is a less common feature of business programmes. 19% of respondent firms with policies provide antiretroviral drugs to infected employees. In the highest-prevalence settings this rises to 30%. This figure may also vary based on the set of treatment programmes that are broadly available in a country, but further analysis would be required to be certain of this.

Among firms with policies, only 19% tackle HIV-based discrimination in promotion, pay, or benefits. Even in the highest-prevalence settings, fewer than half of firms commit to such measures. This may jeopardise the effectiveness of policies—in the 2004–2005 Executive Opinion Survey, 40% of firms with policies reported that stigma was hindering their implementation.²²

Importantly, firms with an HIV/AIDS policy are more confident in their ability to manage the virus's impacts. 60% of respondents whose companies have developed programmes believe they will be sufficient to mitigate the disease. 24% lack such confidence. Among all firms, including those without policies, only 38% are confident.

In hard-hit settings, the existence of a policy does not necessarily confer protection. 38% of Sub-Saharan African firms with programmes do not believe they will be sufficient to cope with the virus. 17% are strongly lacking confidence. In other areas with less well-established epidemics, including East Asia and the Caribbean, significant numbers of companies are not confident in their policies. Ultimately, the ability of firms to

²² Bloom, D. E., Bloom, L. R., Steven, D., and Weston, M. D., *Business and HIV/AIDS: Commitment and Action?* World Economic Forum, 2005.

protect their employees is limited, and firms may suffer even if they take concerted action.

What can business do?

Businesses have many assets that can assist efforts to tackle HIV/AIDS. Their strategic thinking can help develop more effective prevention and treatment campaigns, and in their workforces they have a ready audience for these campaigns. Their skills in product development (i.e., antiretroviral drugs) are already saving the lives of millions of infected individuals (private sector pharmaceutical development is often, of course, heavily abetted by government investment and research). Distribution networks that are used for their own products can be used to deliver HIV prevention and treatment materials to hard-to-reach communities, and the private sector's marketing expertise can effectively transmit education messages to large and hard-to-persuade audiences.

Based on our analysis of this and previous years' Executive Opinion Survey data, we present the following recommendations for businesses and for those interested in increasing private sector involvement in the fight against HIV/AIDS:

- Advocates of business action can strengthen the private sector's stock of knowledge on the business impacts of HIV/AIDS. Few of the firms that responded to the Executive Opinion Survey have conducted quantitative risk assessments of the risk posed by AIDS, and this lack of information leaves them ill placed to keep on top of the threat. Acting on the basis of loosely formed perceptions may often be better than not acting at all; but a company that undertakes a formal risk assessment will be better able to decide whether, how, when, and to what extent it should take action (or additional action) to counter the threat of AIDS. In many cases, particularly in low-prevalence settings, firms will conclude they do not need to take action, but clear information will be a better guide in the decision-making process, and it will help those firms that do decide to act to create policies that are appropriate for the challenge. Tools and resources from, for example, the Global Health Initiative of the World Economic Forum, the Global Business Coalition, and

national business coalitions are available for companies to use for this purpose

- Businesses will benefit from developing programmes that will address future as well as current impacts. As HIV prevalence crosses the 10% threshold, many Executive Opinion Survey firms appear to be spurred to develop formal policies. Remarkably few of those based in countries with prevalence between 1% and 9% have formal programmes, however, and if prevalence rises, it is likely they will be compelled to take action. Acting earlier may reduce costs later on, and firms in such settings should consider whether their current strategies are robust enough to cope with a rise in infection rates or death rates
- Linked to the above is the need to develop comprehensive programmes. Education provision is at the heart of most policies, but condom distribution and voluntary testing are also vital for prevention. As the epidemic progresses, more antiretroviral therapy will be needed to keep workers healthy, and early treatment is vital if the spread of TB which accompanies AIDS epidemics is to be stopped. Companies may find that they can reduce one aspect of program cost—buying antiretroviral drugs—by forming consortia to buy them at lower prices. At present, companies in hard-hit low-income countries are struggling to provide more expensive programme elements such as testing and treatment. There may be a role for international donors and national governments in partnering with firms to assist them with these measures. National Business Coalitions and numerous local NGOs already have tools and programmes for businesses wanting to run workplace programmes
- Firms should continually evaluate the effectiveness of programmes and assess their progress against clearly defined target outcomes. Money and time could be wasted if companies fail to monitor the outcome of their efforts. Civil society organisations and international development agencies with expertise in such areas may be well placed to help firms develop effective evaluation methods

- Finally, firms with HIV/AIDS policies would benefit greatly from incorporating measures to fight the stigma surrounding the disease. Business has great potential for reducing stigma at a society-wide level, but few firms currently prohibit AIDS-based discrimination in their internal programmes.²³ As well as missing a great opportunity to cut infection rates in their countries, this also reduces the effectiveness of firm-level programmes.

The private sector has much to offer and much to gain in the fight against HIV/AIDS. With a few exceptions, however, it has not yet taken concerted action to fend off the threat. In some parts of the world, this will give the virus the opportunity to cause more serious damage in the future. A growing number of firms are aware of this looming menace, and some may find that fast action now will avert higher costs later.

²³ Bloom, D. E., Bloom, L. R., Steven, D., and Weston, M. D., *Business and HIV/AIDS: Who Me?* World Economic Forum, 2004.

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