



# HIV/AIDS and Misconduct in South Africa: Insight of business owners and business support organizations

Hendricks Booysen

Department of Management, University of the Western Cape, Private Bag X17, Bellville, 7535, South Africa.

Abstract

Economic growth will be severely curtailed if crime and HIV/AIDS is not effectively dealt with. Despite the fact that the business support organizations and the SMME owners are dissatisfied with the crime situation, the government reports that it is showing a decreasing trend. The research shows that 92% of the respondents are of the opinion that crime negatively affects small and medium enterprises and these owners are spending between \$21 and \$87 per annum on crime prevention. It was surprising when 52% of the owners mentioned that they have no measures in place to combat crime, whilst 17% have a double inventory and cash control system in place. A further 14% reported that they do a thorough background check before appointing new employees. Sixty percent of respondents believed that unemployment and low self-esteem (15%) are consequences of crime and it was therefore not surprising when 30% indicated that job creation should receive a priority; another 30% believed improved police visibility and 23% was of the opinion that youth programmes and a further 17% suggested that the prosecution system should be more effective. Hundred percent (100%) of the business owners indicated that they do not have a HIV/AIDS policy. Eighty eight percent of the respondents were of the opinion that HIV/AIDS have a negative impact on the small and medium enterprises. Fifty four percent of the respondents believed that HIV/AIDS reduces the workforce and forty six percent opinioned that it decreases the purchasing power of the affected employees. Fifty four percent of the respondents were of the opinion that awareness programmes; 23% thought treatment programmes and it was surprising when 20% of the respondents reported that they do not know what can be done to reduce the HIV/AIDS situation.

**Keywords:** South Africa, SMME, business support organizations, crime, HIV/AIDS, poverty alleviation.

## INTRODUCTION

Since 1994 South Africa has embarked on an ambitious process of political, economic, social and legal reforms to improve the quality of life of the people of South Africa, in particular the fight against crime, HIV/AIDS and the elimination of poverty.

The Government's social and economic development programme, referred to as the Reconstruction and Development Programme (RDP) and the Growth, Employment and Redistribution programme (GEAR) were developed to ensure a stable macro environment and contribute to accelerated growth. These policies contributed to the inflation rate decreasing from 15% in the 1990's to below 1% in 2004. The economic growth rate for the last ten years however, was about 3% (Department of Trade and Industry, 2003). The economists are of the opinion that

accelerated jobs would only be created when the growth rate reaches 7% (SABC 1 News, 2005). The South African Government believes that it has achieved many of its economic goals as set out in GEAR.

This is not evident as unemployment decreased marginally from 28.4% in September 2003 to 27.8% in March 2004 (Burger, 2004). The economic workforce increased from 11.7 million in September 2003 to just less than 12 million in March 2004 (Burger, 2004). Despite the increase in the workforce, it was reported that "75% of this year's matriculants (learners who have successfully completed grade 12) will not get jobs or tertiary education despite having a matriculation certificate (matriculation certificate gives learners access to study at a tertiary institution, i.e. technical university or university), according

to the National Professional Teachers Organization of South Africa" (Staff Reporter, 2003; Kassiem, 2003a; Kassiem, 2003b)

Despite all its natural resources (gold, copper, coal, iron ore, manganese, etc.), good physical environment (roads, rail, air, water networks, etc) and agricultural produce, and having a skilled and unskilled labour pool, South Africa still imports a large proportion of basic items, for example, low quality clothing, toys, and electronic items from various countries outside Africa. This resulted in a number of clothing manufacturers being forced to close or scale down operations and large numbers of people becoming unemployed.

Crime and HIV/AIDS are worldwide phenomena. In the United Kingdom, it is estimated that business crime will cost about £19 million annually (Axa Insurance, 2003: Online). According to Wilson, (2003) although police statistics show a decrease, the perception by people is that crime has increased. Mfaume and Leonard, (2004) state that due to negative impact of crime on business, it will not be surprising if future statistics show a decrease in small business and entrepreneurship development in Tanzania. A report by Price-Waterhouse-Coopers on Global Economic Crime in 2003 in the Asia-Pacific region reported that corruption and theft to be the most prevalent crime in India (Puri et al., 2003) . It is perceived to be significantly higher there than in the other countries such as Australia, Japan, Indonesia, Hong Kong, Thailand and Singapore (Puri et al., 2003). Other types of crime reported in the report include asset misappropriation, financial misrepresentation, product piracy, cyber-crime, money laundering and industrial espionage. In Brazil, for example, inequality and not poverty is contributing to crime (Lobo, 2004). While in a country such as Thailand, the government is finding it extremely difficult to bring crime under control (Thai-Info, 2005) which is as a result of "laid-back" visa regulations (Thai-Info 2004, 2005: 3) and globalization (Dougherty, 2001). It would appear that the Government of Thailand is winning the fight against HIV/AIDS but not crime.

At the end of 2004 the World Bank estimated that about 37.8 million people were living with HIV/AIDS. This constitutes less than 1% of the total population of the world <sup>1</sup> . Research shows that the long-term impact on economies are greater than anticipated and could even cause a collapse of an economy, like that of South Africa (World Bank, 2005). Despite the investment in antiretroviral drugs, only 7% of people living in low and middle income countries received the drugs (World Bank, 2005). The International Labour Office, (2005) estimated that by 2005 the workforce would be less by 28 million workers. This will increase to 48 million by 2010 and 74 million by 2015. The loss for Africa will be 20 million by 2005, 34 million by 2010 and 50 million by 2015. This is a very small fraction of the total workforce of 2981

<sup>1</sup> Total population estimated at 6.4 billion.

million<sup>2</sup> (World Bank, 2005) in the world. It is evident from research (Trebilcock, 1989; World Bank, 2005; Conyers, 2004; International Labour Office, 2005; Zulu, 2005) that HIV/AIDS is threatening economic growth, reducing the workforce, decreasing productivity and increasing social insurance costs (Fraser et al., 2002; Connelly and Lehohla, 2003). Coupled with crime it could have devastating consequences for any economy but in particular third world economies.

Statistics from a number of developing and developed countries show clearly that in developing countries the HIV/AIDS situation is worse than in developed countries as shown in Table 1.

In Brazil it is estimated that approximately 660,000 people are living with HIV/AIDS; in Thailand it is estimated that "one-in-100 Thais" in the country is infected with HIV and AIDS (HIV inSite, UCSF Center for HIV, 2005a, 2005b, 2005c, 2005d, 2005e; Fredriksson-Bass and Kanabus, 2005a, 2005b).

Fredriksson-Bass and Kanabus, (2005) believe that Botswana seems to be the one country in Africa that could succeed in implementing a "comprehensive HIV / AIDS care and treatment programme". In India (2005) there is still a stigma attached to it is a "disease of others" and a "punishment from God". Unfortunately until such time that these ill-conceived ideas are removed the fight against the disease will not succeed. In Brazil an active National Plan for HIV Vaccines is in place (Fact sheet, HIV/AIDS in Brazil and Latin America, 2005) . It would appear as if Thailand is a success story. It has managed to reduce the number of new infections annually from 140,000 in 1991 to 21,000 in 2003 (Kanabus and Fredriksson, 2005). This was achieved through "well funded, politically supported and comprehensive prevention programmes (2005). It is clear from a report titled "Intensifying HIV prevention" by the Joint United Nations Programme on HIV/AIDS (UNAIDS, 2005) that a global strategy to prevent HIV/AIDS is required.

A haphazard approach will not help prevent this pandemic. Gill and Thompson, (2003) believe that if China did not learn from the SARS (severe acute respiratory syndrome) threat then HIV/AIDS will also have disastrous consequences in China. It is estimated by 2010 China will have approximately 10 to 15 million HIV/AIDS prevalent people.

Gill and Thompson (2003) have suggested:

- i). Develop an HIV/AIDS policy.
- ii). Develop health education programmes for the workplace.
- iii). Supporting communities in the fight against the disease.

This would reduce the primary and secondary costs related to HIV/AIDS (2003). The Commission on HIV / AIDS and Governance in Africa (2004) identified three

<sup>2</sup> The estimated workforce as at the end of 2004

**Table 1.** Percentage of population between 15 – 49 that are HIV/AIDS prevalent (2003).

Country	Purchasing power parity	Total population (millions)	Population between 15-49	% of population between 15-49	People living with HIV/AIDS
Australia	\$30,700	20.1	67.2%	0.1%	14,000
Belgium	\$30,600	10.4	65.7%	0.2%	10,000
France	\$28,700	60.7	65.2%	0.4%	120,000
Germany	\$28,700	82.4	66.7%	0.1%	43,000
New Zealand	\$23,200	4.0	66.9%	0.1%	1,400
Sweden	\$28,400	9.0	65.5%	0.1%	3,500
Botswana	\$9,200	1.6	57.5%	36.5%	350,000
Nigeria	\$1,000	128.7	54.6%	5.4%	310,000
South Africa	\$11,100	44.3	64.5%	21.5%	5.3 million
Uganda	\$1,500	27.3	47.7%	4.1%	530,00
China	\$5,600	1.3 billion	71.0%	0.1%	840,00
India	\$3,100	1.1 billion	63.9%	0.9%	5.1 million
Thailand	\$8,100	65.4	68.6%	1.5%	570,000

Adapted from: HIV inSite, UCSF Center for HIV, 2005 and the World Fact Book, 2005.

**Table 2.** The Impact of HIV/AIDS on business.

Different levels	Increased expenditures	Decreased productivity
Level 1: Individual Costs from each employee with HIV/AIDS	More benefits claims; Higher costs for medical care; Costs of recruiting and training a replacement worker.	Reduced on-the-job productivity; Increased leave and absenteeism; Diversion of supervisor's time; Vacancy until replacement is hired; Lower productivity while replacement learns the job.
Level 11: Organizational Costs from many employees with HIV/AIDS	Increase in insurance premiums; More accidents due to ill and inexperienced workers; Litigation over benefits, dismissals etc.	Diversion of senior managers' time; Production disruption; Loss of workforce morale, cohesion, and experience; Deteriorating labour relations.
Level 111: Market	Higher costs of inputs because suppliers' labour costs are rising; Rising wages for skilled labour; More security needed due to breakdown in civil society; Higher cost for capital, because investment in company is riskier; Higher cost of transactions with government and labour.	Reduced demand for products (services) due to smaller population, shifts in consumer preferences, less disposable income.

**Source:** Commission on HIV/AIDS and Governance in Africa, 2004.

levels of impacts:

- i) The costs from each employee.
- ii) The costs from many employees.
- iii) The high HIV prevalence in the society.

The additional employee cost 1% to 6% at each level. The consequence of HIV/AIDS is increasing expenditures and decreased productivity and is shown in Table 2. This paper will only focus on the perceptions of business sup-

port organizations and those of the entrepreneurs on the impact of crime and HIV/AIDS on businesses performance.

#### RESEARCH METHODOLOGY

Small and medium enterprises play an important role in job creation and poverty alleviation. These businesses rely on the business support organizations such as universities, technical universities, business schools and non-governmental organizations for training and development. Unfortunately most of the training programmes focus

**Table 3.** Profile of the business support organizations.

Type of organization	Total per category	Number of respondents	%
Managerial and consulting services	21	3	14
Financial institutions	7	2	29
Non-governmental organizations	51	26	51
Provincial and local governments	4	3	75
Tertiary institutions	17	2	12
Research institutions	7	4	57
<b>Total</b>	<b>107</b>	<b>40</b>	<b>37</b>

**Table 4.** Profile of the business owners.

Area and type of business	Types of businesses		Total	%
	Service	Manufacturers		
Rural	10	0	10	8.5
Urban	77	30	107	91.5
<b>Total</b>	<b>87</b>	<b>30</b>	<b>117</b>	<b>100,0</b>

on the functional aspects and often ignored the consequences and impact of crime and HIV/AIDS. This was believed to be a shortcoming; hence the focus of the research project was to ascertain the perceptions of business support organizations and business owners on crime, HIV/AIDS and poverty alleviation.

For this study, two validated questionnaires were used; one questionnaire was used when interviewing the manager at a business support organization and the other when interviewing the owner or manager of a small, medium or micro enterprise in the Western Cape. The questionnaires were validated in a pilot study. The business support organizations (serviced providers) are those organizations providing training, consulting/counseling services and doing research amongst small, medium and micro enterprises. The questionnaire that was sent to these organizations consisted of 25 questions covering:

- i) The profile of the organization year started, mission and objectives.
- (ii) The conducive environment — objectives of the National Strategy for the Promotion of Small Business and factors inhibiting growth and development.
- (iii) The service providers— the use, knowledge and quality of service delivery by the different service providers.
- (iv) An understanding of issues such as crime and HIV/Aids and its impact on the small, medium and micro sector.

The categorization and profile of these business support organizations are shown in Table 3.

Another questionnaire was sent to small and medium enterprise owners. This questionnaire consisted of questions covering

- i) The profile of the owner and the business,
- ii) The impact of crime on business performance and
- iii) The impact of HIV/AIDS on business performance.

One hundred seventeen (117) businesses were selected using the random walk technique (Frese, 2000). The profile is shown in Table 4. The 117 owners completed the questionnaire with honesty.

From Table 4 it is clear that of the 117 businesses surveyed 87 were in the service and retail sector and 30 in manufacturing. Of the

87 service businesses 10 were from the rural areas and 77 from the urban areas. All 30 manufacturing business were located in urban areas. This however, does not imply that there are no manufacturing businesses in the interviewed areas, but these businesses were

- i) Too small.
- ii) Owners and/or managers were not prepared to participate in the survey.

Seventy one percent (71%) of the respondents were males and twenty nine percent (29%) females. Sixty-eight percent (68%) of the male respondents and twenty three percent (23%) of the female respondents own businesses in the urban areas, whilst only three percent (3 %) of the male respondents and six percent (6 %) of the females own businesses in the rural areas. The average age of the female respondents was 40 years and that of male's 45 years.

## RESEARCH QUESTIONS

- What is the business support organizations and owners perception of crime and HIV/AIDS,
- Is crime impacting on the performance of small, medium and micro enterprises?
- Is HIV/AIDS impacting on the performance of small, medium and micro enterprises?

The results of the pilot study are shown in the following sections.

## RESEARCH RESULTS

### Crime

Crime is a social issue (Brown, 2001; Naylor, 2005) and poverty is a contributing factor. The government is focusing on a range of programmes to address poverty alleviation (Burger, 2004). Various strategies are currently in progress; they however do not solve the current problems which the business fraternity is experiencing with crime,

**Table 5.** Crime in the Western Cape.

Types of Crime	Western Cape	South Africa
	% change form 1996 to 2000	% change form 1996 to 2000
<b>Internal crime</b>		
Stock theft (Inventory)	12.4	4.8
Shoplifting	0.3	-1.0
All fraud, forgeries, misappropriations, embezzlements and other related crimes	-9.5	9.2
<b>External crime</b>		
Burglary at business premises	23.4	8.7
Malicious damage to property	25.3	6.7
Hijacking of trucks	394.2	29.1
Robbery of cash in transit	-10.5	-42.1
Bank robbery	33.3	-30.4
<b>Total</b>	<b>15.0</b>	<b>6.2</b>
<b>Total crime activities</b>		
1996	56,306	389,124
2000	64,776	413,538

Source: Lehohla, 2004.

that is, more security personnel at business, improved police presence in business areas during non-business hours and burglar alarm systems.

Crime can be divided into internal and external crime. Internal crime is those committed by employees and includes theft of inventory, shoplifting, fraud, forgeries, misappropriations and embezzlements. External crime includes burglary at business premises, malicious damage to property, hijacking of trucks, robbery of cash in transit and bank robberies.

### **The business support organizations perceptions about the impact of crime**

Lehohla, (2004) reported that all types of crime in South Africa increased by 5% per annum from 1996 to 2000, whilst in the Western Cape it increased by 8% over the same period. This increasing trend is supported by a study conducted by Louw, (1997). This increasing trend does not corroborate with the statistics provided by the South African Police Services (Louw, 1997; Mahadea, 2003). The business related crimes for South Africa increased by 6% whilst in the Western Cape it increased by 16%. Altbeker, (2001) is of the opinion that the battle against crime is lost. The business related crimes are shown in Table 5.

It was however, interesting to note that the crime situation in the rural area is lower than in the urban area (see Table 6). The perception of the business support organizations is that the crime situation is not too serious and that the major contributing factor is unemployment (60%), low self esteem due to unsuccessful primary or secondary schooling (15%) and lack of sensitivity (3%). The

respondents are of the opinion that through job creation (30%), increased police visibility (30%), introducing youth programmes (23%) and improve prosecution system (17%) the crime rate can be reduced. Crime necessitates that entrepreneurs need to invest money in burglar bars, alarm systems and security companies to ensure that their property and products are well protected. The result of crime is that insurance premiums increase and thus decreases the profit. It might negatively impact on its sustainability and success (Business Gazette, 2005) or even causes closure of the organization (Wilson, 2003; Head, 2005). According to Smit, (2001) crime is rated the second most important factor which impacts upon the business confidence index.

### **Business owners' perception of the impact of crime on their businesses**

Hundred percent (100%) of the rural respondent strongly agreed that crime negatively affects the SMME sector, whilst 92% of urban respondents agreed with the statement. This translates to an overall 92% of the respondents agreeing with the statement that crime negatively affects the SMME sector (Table 7).

Table 8 shows the expenditure or investment in security measures to eliminate or minimize the likelihood of crime. The average expenditure or investment in security is higher in the urban (\$68) than in the rural areas (\$30). It could therefore be assumed that the crime situation in the rural areas is not as problematic as in the rural areas. In the rural areas the towns are less densely populated and owners know the people in their immediate target areas.

It is conclusive that crime negatively affects businesses

**Table 6.** Crime situation in the urban and rural areas.

Serving non crime area	Sub-total	Rural	Urban	Total
		<b>3</b>	<b>5</b>	<b>8</b>
<b>Low</b>	% within Urban or rural	33.3%	16.1%	20.0%
		<b>2</b>	<b>10</b>	<b>12</b>
<b>High</b>	% within Urban or rural	22.2%	32.3%	30.0%
		<b>1</b>	<b>9</b>	<b>10</b>
<b>Extremely high</b>	% within Urban or rural	11.1%	29.0%	25.0%
		<b>3</b>	<b>7</b>	<b>10</b>
	% within Urban or rural	33.3%	22.6%	25.0%
<b>Total</b>		<b>9</b>	<b>31</b>	<b>40</b>
% within Crime situation on your area		22.5%	77.5%	100.0%
% within Urban or rural		100.0%	100.0%	100.0%
% of Total		22.5%	77.5%	100.0%

**Table 7.** The impact of crime on SMME's in rural and urban areas

		% of Total	Rural	Urban	Total
Crime negatively affects the SMME sector			<b>.0%</b>	<b>.9%</b>	<b>.9%</b>
	Mildly disagree	Count	0	1	1
		% of Total	.0%	.9%	.9%
	Medium	Count	0	3	3
		% of Total	.0%	2.6%	2.6%
	Mildly agree	Count	0	4	4
		% of Total	.0%	3.4%	3.4%
	Strongly agree	Count	10	97	107
% of Total		8.6%	83.6%	92.2%	
<b>Grand Total</b>			8.6%	91.4%	100%

**Table 8.** Expenditure on security measures per annum.

Rural	Mean		Results	
				\$30
	95% Confidence Interval for Mean		Lower Bound	\$21
			Upper Bound	\$42
	5% Trimmed Mean			\$30
	Median			\$33
			Std. Deviation	\$75
<b>Urban</b>	<b>Mean</b>			<b>\$68</b>
	95% Confidence Interval for Mean		Lower Bound	\$48
			Upper Bound	\$87
	5% Trimmed Mean			\$52
	Std. Deviation			\$97

located in rural and urban areas. It is therefore imperative that money is spend on combating crime (Table 8) and that effective measures are put in place to protect the owners personally and their merchandise and assets against any eventuality (Table 9).

It is clear from Table 8 that small business owners still fail to do background checks when recruiting people. Fifty

six percent of the respondents indicated that employees are also involved in crime and in Table 9 they indicate what measures are taken to reduce or eliminate crime by employees. Despite the significance of all the measures listed in Table 9 none received adequate attention from the respondents. A possible reason why these respondents are blasé about crime is that they were possibly

**Table 9.** Measures against crime.

		<b>Total</b>
Thorough staffing checks when recruiting	Count	16
	%	100.0%
Double checking system of control of inventory and cash	Count	20
	%	100.0%
Regular stock (inventory) checks	Count	2
	%	100.0%
Limited number of people involved in payments (Cash control)	Count	7
	%	100.0%
Owner vigilant/vigilant approach (effective management of the business)	Count	10
	%	100.0%
Nurture and foster trusting and honest relationships	Count	1
	%	100.0%
No measures in place	Count	61
	%	100.0%
Grand total	Count	117
	%	100.0%

not negatively affected by a particular event. Seventy five percent of the respondents are adamant that the government's efforts to reduce crime are totally inadequate.

From the above discussion it is clear that the perception of business support organizations about crime does not correlate with that of the business owners' perception. The question that should be asked is: how well do the business support providers know their customers. In a study conducted by Lind, (2004) about psychological distances, it clearly showed that business support organizations often believe they are close, but in reality are far removed from their customers.

It is clear that crime does have a negative impact on doing business as it is an expense and it will reduce the profits which are realized in these businesses.

Another aspect which business owners have to deal with is the challenges of HIV/AIDS. This aspect is dealt with in the next section.

## **HIV/AIDS**

In a study conducted by Burger, (2004) it showed that in 1999 22% of the total population of South Africa was HIV/AIDS prevalent, this increased to 25% in 2000 to 27% in 2002. In the Western Cape HIV/AIDS prevalence people increased from 7% in 1999 to 12% in 2002. It is clear from the statistics that HIV/AIDS is increasing at a slower rate than in the rest of the country. It is believed that with an increase in the provision of antiretroviral the HIV/AIDS pandemic should be contained.

## **Business support organizations perception about the impact of HIV/AIDS**

It is evident from the perceptions of the business support organizations that the small, medium and micro enter-

prise sector is negatively affected by HIV/AIDS as shown in Table 10.

Eighty eight percent of the respondents were of the opinion that HIV/AIDS have a negative impact on small businesses. The respondents have identified two consequences of the diseases, namely reducing the workforce (54%) and reducing the purchasing power (46%). Other consequences mentioned were demotivating other employees, increasing absenteeism and the inability to offer quality service to clients. A small percentage (12%) of the respondents believed that HIV/AIDS do not have a negative impact on small businesses. They are however, of the opinion that it does reduce the purchasing power of the employees but they were also of the opinion that HIV/AIDS people can still work and therefore can be productive employees. Fifty four percent of respondents believe that more awareness programmes and twenty three percent are of the opinion that treatment programmes can help HIV/AIDS sufferers overcome the problem. Twenty percent of the respondents indicated they "don't know" what can be done whilst three percent is of the opinion that it can be prevented. The results are shown in Table 11.

It is clear from the research that some respondents are not very sensitive to HIV/AIDS. They were of the opinion that some HIV/AIDS prevalence's are behaving irresponsibly and were not prepared to provide any additional ideas on how to curb it. Thirteen percent of the respondents believed it can be prevented and was of the opinion that some HIV/AIDS prevalent people are abusing the government's allowance of \$125<sup>3</sup> per month. The respondents believed that HIV/AIDS prevalence people should

<sup>3</sup>This is equivalent to the social grant which pensioners and other physically challenged people receive.

**Table 10.** Consequences of HIV/AIDS.

			Consequences			Total
			Reducing the workforce	Reducing spending power	People can still be productive	
Is HIV/AIDS affecting the SMME's	<b>Yes</b>	<b>Sub-total</b>	<b>19</b>	<b>16</b>	<b>0</b>	<b>35</b>
		% within is HIV/AIDS affecting the SMME's	54.3%	45.7%	.0%	100.0%
		% within Consequences	100.0%	84.2%	.0%	87.5%
		% of Total	47.5%	40.0%	.0%	87.5%
	<b>No</b>	<b>Sub-total</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>5</b>
		% within is HIV/AIDS affecting the SMME's	.0%	60.0%	40.0%	100.0%
		% within Consequences	.0%	15.8%	100.0%	12.5%
	% of Total	.0%	7.5%	5.0%	12.5%	
<b>Total</b>		<b>Grand total</b>	<b>19</b>	<b>19</b>	<b>2</b>	<b>40</b>
		% within is HIV/AIDS affecting the SMME's	47.5%	47.5%	5.0%	100.0%
		% within Consequences	100.0%	100.0%	100.0%	100.0%
		% of Total	47.5%	47.5%	5.0%	100.0%

**Table 11.** Ideas to overcome HIV/AIDS.

			What can be done?				Total
			More awareness programmes	Treatment programmes	Don't know	Can be prevented	
Is HIV/AIDS affecting the SMME's	<b>Yes</b>	<b>Sub-total</b>	<b>19</b>	<b>8</b>	<b>7</b>	<b>1</b>	<b>35</b>
		% within Is HIV/AIDS affecting the SMME's	54.3%	22.9%	20.0%	2.9%	100.0%
		% within What can be done?	100.0%	100.0%	87.5%	20.0%	87.5%
		% of Total	47.5%	20.0%	17.5%	2.5%	87.5%
	<b>No</b>	<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>5</b>
		% within Is HIV/AIDS affecting the SMME's	.0%	.0%	20.0%	80.0%	100.0%
		% within What can be done?	.0%	.0%	12.5%	80.0%	12.5%
	% of Total	.0%	.0%	2.5%	10.0%	12.5%	
<b>Total</b>		<b>Grand total</b>	<b>19</b>	<b>8</b>	<b>8</b>	<b>5</b>	<b>40</b>
		% within Is HIV/AIDS affecting the SMME's	47.5%	20.0%	20.0%	12.5%	100.0%
		% within What can be done?	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	47.5%	20.0%	20.0%	12.5%	100.0%

be provided drugs and not the allowance.

### The perception of owners about the impact of HIV/AIDS on their businesses

One hundred percent of the respondents indicated that HIV/AIDS have a negative impact on the performance of a business; although during 2004 only twenty nine per-

cent of the respondents indicated that they were affected negatively. All these businesses were located in urban areas. Of the 71% of the respondents who were not affected, twelve percent (12%) were in rural areas and eighty eight percent (88%) were in urban areas.

While 11% of the respondents believed that HIV/AIDS affected the morale of their businesses, it would seem that 89% of the sample is not really affected. Only 1 of the respondents indicated that they experienced undue

absenteeism amongst employees. About twenty six (26%) percent of the owners said that they experienced an increase in the attendance of funerals. Only 4% of the respondents mentioned that there is a change in productivity due to HIV/AIDS. Due to the perceived low impact of HIV/AIDS, the authors were not surprised when 100% of the respondents indicated that they do not have a HIV/AIDS policy. Connelly and Rosen, (2005) ascertained that only 13% of companies with fewer than 100 employees had formulated an HIV/AIDS policy.

It is clear from the research that crime required a financial commitment whilst HIV/AIDS not. However, these respondents are mindful of the threats of the disease and are in constant discussion with their employees about the consequences of HIV/AIDS.

It would appear from an international study conducted by Grant Thornton (Ueckerman, 2005: 1) that only 26% of South African businesses believe that HIV/AIDS will negatively affect the operations of their businesses over the next five years.

## DISCUSSION

Sixty percent of the respondents from the business support organizations blamed unemployment for the high crime rate. They were however, positive that job creation (30%), increased police visibility (30%) and youth programmes (23%) would improve the situation.

Ninety two percent (92%) of the business owners were of the opinion that crime negatively affects the SMME sector. It was somewhat surprising when the results show that business owners in rural areas were spending more than 50% less on crime prevention. In rural areas the owners spend \$30 per month whilst in urban areas the amount was \$68.

Despite the crime situation seventy percent of the owners had taken no precautionary measures to reduce or combat internal crime, whilst only twenty three percent double checked inventory and cash and only nineteen percent check the credentials before employing new staff members.

It is evident from the research that HIV/AIDS negatively affects the performance of small and medium enterprises and the consequences are a reduction in the workforce (Arndt and Lewis, 2001) and purchasing power. Even those respondents who do not believe that HIV/AIDS affects the small and medium enterprise believe that it reduces the purchasing power of the employees. It was very surprising that after decades of awareness programmes, the respondents indicated that awareness and treatment programmes could contribute to improving the HIV / AIDS situation. It is definite HIV/AIDS will not disappear overnight and therefore the treatment and prevention is important. Youth awareness campaigns should receive high priority. Benator, (2001) believes that 65% of new infections are affecting youth between the ages of 15 and 25 years. Benator, (2001:358) is of the opinion that HIV /

AIDS will affect the economy in terms of "access to food and basic living requirements; interpersonal, class and gender relationships; government credibility in caring for its citizens and upholding human rights". Unfortunately HIV/AIDS could result in medical and social disasters (Gaffeo, 2003; Natrass, 2003; Pharaoh and Schönteich, 2003).

## CONCLUSIONS AND RECOMMENDATIONS

Despite South Africa being a ten-year old democracy, it is still grappling with basic issues such as crime, HIV/AIDS and poverty alleviation. The following are concluded: HIV/AIDS and crime are worldwide phenomena. According to the statistics crime in the Western Cape is higher than the national average, which is 15.0% versus 6.2%.

Crime is higher in urban areas of the Western Cape than in rural areas of the Western Cape. Business people are of the opinion that crime does have a negative impact on business results.

Business owners in rural areas (\$30) spent approximately 50% less than business owners in urban areas (\$68).

Business owners have implemented various security measures to combat or reduce the impact of crime in their businesses. These measures are:

- Thorough staffing checks when recruited.
- Double checking system of inventory control.
- Regular inventory/stock checks.
- Limited number of people involved in payments.
- Owner adopting a more vigilant approach in managing the business.

Nurture and fostering trusting and honest relationships. It is clear from the research that the perceptions of business support organizations differ from the perception of business owners with regards the impact of crime on small, medium and micro enterprises. The perception of business support organizations perception is that crime does not have a very high negative impact on the SMME sector.

The prevalence of HIV/AIDS in the Western Cape is lower than in the rest of the country;

The perception of the business support organizations is that HIV/AIDS definitely leads to the reduction of the workforce while support organizations are of the opinion that the spending power of people is reduced.

HIV/AIDS therefore has a negative impact on owning and managing a business in the SMME sector.

The business support organizations are of the opinion that more awareness programmes and treatment programmes can contribute to overcome HIV/AIDS. Only a small percentage believes it cannot be prevented.

Business owners are more positive; they do not believe that the morale of the employees is too much affected by HIV/AIDS. It would seem as if employers have come to

grips with the impact of HIV/AIDS or alternatively they are becoming very complacent about it. None of the respondents has a HIV/AIDS policy in place. It is recommended that:

The 71% of owners who had no plan in place should seriously consider putting a detailed crime plan in place. Owners should seriously consider have proper inventory control systems in place and adopt the “four-eyes” approach with regards to cash handling.

Owners should implement proper recruitment processes in place, in particular making background checks of employees.

Owners should also consider increasing the investment in security measures. The current investment of between \$21 to \$87 per annum is really a very small investment, considering the severity of the crime situation.

It is clear that owners still do not know how to deal with HIV/AIDS prevalent employees.

All owners should seriously consider implementing a HIV/AIDS policy as it will not simply disappear.

Owners should also consider implementing more HIV/AIDS awareness programmes targeting the youth.

The efforts by the Department of Education with its introduction of entrepreneurship as a learning outcome, the authors are of the opinion that this will encourage current learners becoming job creators. However, this cannot be guaranteed.

It is clear from the above that more research needs to be undertaken with regards to HIV/AIDS, crime and poverty alleviation. In future studies other diseases such as tuberculosis, cancer and heart attacks should also be included.

Although it would seem an impossible task to combat crime, rid all countries of HIV/AIDS, crime and end poverty, it is not impossible but it needs long-term commitment of resources (financial, human, and informational) from all countries. However, if communities believe it is the task of the government or any other non-governmental organization then the Millennium Development Goals will remain political and ideological goals. It is also clear that in some instances government's are winning the battle against HIV/AIDS, particularly those with first world economies but losing the fight against crime and in particular organized crime. It is clear that for South Africa there is still a long road ahead in its fight against HIV/AIDS and crime. The South African Government has developed a five-year plan to address HIV/AIDS. Hopefully this will make a positive contribution to curbing the pandemic.

## LIMITATIONS AND FUTURE STUDY

This pilot study was conducted in the Western Cape which has the lowest HIV/AIDS prevalence rate. Its major drawback is the small sample but the results showed that crime and HIV/AIDS need to be properly addressed and

managed. Our recommendation is that this study should be done on a bigger scale in all the provinces in particular in those provinces where the HIV/AIDS prevalence rate is the highest.

## REFERENCES

- Altbeker A (2001). Losing our nerve? Business confidence and crime in South Africa. *Nedbank ISS Crime Index*. 5 (4): pp. 16 - 17.
- Arndt C, Lewis JD (2001). The HIV/AIDS pandemic in South Africa: Sectoral impacts and unemployment. *J. Int. Dev.* 13:427-449
- Axa Insurance. (2003). One million small businesses are unprepared for a rising tide of crime. (Online): [http://www.businessgazette.co.uk](http://www.prnewswire.co.uk/cgi/news:Benator SR (2001). South Africa's transition in a globalizing world: HIV/AIDS as a window and a mirror. <i>Int. Aff.</i> 77(2): 347 – 375.</i></a></p><p>Brown KV (2001). The determinants of crime in South Africa. <i>S. Afr. J. Econ.</i> 69 (2): 269–298.</p><p>Burger D (2004). <i>South Africa Yearbook 2004/05</i>. Twelve edition. Yeoville: Government Communications (GCIS).</p><p>Business Gazette (2005). Region has its own business crimebuster. Monday 1 August. <i>Cumbria's Premier Business Site</i>. (Online): <a href=) :
- Commission on HIV/AIDS and Governance in Africa (CHGA), 2004. HIV/AIDS and the World of Work. A report on the CHGA Interactive session on HIV/AIDS and the world of work. Discussion Outcomes. Economic Commission for Africa. Accra, Ghana. November 18 – 19.
- Connelly P, Rosen S (2003). The Provision of HIV/AIDS Services to Small and Medium Sized Enterprises in South Africa. Centre for International Health and Development, Boston University. Boston.
- Connelly P, Rosen S (2005). Will small and medium enterprises provide HIV/AIDS services to employees? An analysis of market demand. *S. Afr. J. Econ.* 73: 613 – 626.
- Conyers L (2004). Expanding understanding of HIV/AIDS and Employment: perspectives of focus groups. *Rehabilitation Consulting Bull.* 48(1): 5–18.
- Department of Trade and Industry. (2003). Towards a ten year review – Synthesis report on implementation of government programmes. Policy Co-ordinating and Advisory Services, The Presidency. A Discussion document.
- Dougherty ML (2001). How Globalization Elicits the Illicit: Liberalization and Crime in Thailand. *Student J. Pol.* Illinois State University. Fall. <http://iit.ilstu.edu/critique/fall2001/docs/mdougherty.htm>.
- Fraser E, Grant W, Mwanza P, Naidoo V (2002). The Impact of HIV/AIDS on Small and Medium Enterprises in South Africa. *S. Afr. J. Econ.* 70(7): 1-12.
- Fredrik-Bass J, Kanabus A (2005). HIV and AIDS in Botswana. <http://www.avert.org/aidsbotswana.htm>:
- Fredrik-Bass J, Kanabus A, (2005). HIV and AIDS in India. <http://www.avert.org/aidsindia.htm>:
- Frese M (2000). Success and failure of microbusiness owners in Africa: A Psychological Approach, Westport: Quorum Books.
- Gaffeo E (2003). The Economics of HIV/AIDS” A survey. *Dev. Policy Rev.* 21(1): 27– 49.
- Gill B, Thompson A (2003). The Impact of HIV/AIDS on Business in China. *The China Bus. Rev.* pp. 6-11.
- Head C (2005). Crimes forces business out of business. (Online):<http://an.newbusiness.co.uk/cgi-bin/newsdesk>:
- HIV inSite (2005). HIV/AIDS in Belgium. UCSF Center for HIV Information University of California. <http://www.hivinste.ucsf.edu>.
- HIV inSite (2005). HIV/AIDS in France. Center for HIV Information. University of California. (2005) . <http://www.hivinste.ucsf.edu>
- HIV inSite (2005). HIV/AIDS in Germany. Center for HIV Information. University of California. (2005) . <http://www.hivinste.ucsf.edu>
- HIV inSite, (2005). HIV/AIDS in Sweden. Center for HIV Information. University of California. (2005). <http://www.hivinste.ucsf.edu>
- HIV inSite (2005). HIV/AIDS in Australia and New Zealand. Center for HIV Information. University of California. (2005). <http://www.hivinste.ucsf.edu>
- International Labour Office. (2005). HIV/AIDS and employment. Fifth

- item on the agenda. Governing Body. Geneva: Comm on Employ. Soc.and Policy.
- Kanabus A, Fredriksson J (2005). HIV & AIDS in Thailand. <http://www.avert.org/aidsthai.htm>:
- Kassiem, A (2003). 75% of matriculants won't get jobs or further education. Cape Times. (Online). [www.capetimes.co.za](http://www.capetimes.co.za)
- Kassiem, A (2003). 75% of matriculants won't get jobs or further education. Cape Times. <http://www-capetim-es.co.za/index.php>
- Lehohla, P (2003). AIDS leads to poverty. (Online): <http://www.lesotho.gov.ls>:
- Lehohla P. (2004). Provincial Profile 1999 – Western Cape. Report no. 00-91-01. Stat South Afr. Pretoria.
- Lind P (2004). Psychological Distances of Business Support Organizations. Unpublished Research Report.
- Lobo I (2004). Inequality not Poverty Begets Crime in Brazil. <http://www.brazzil.com-brazil>.
- Louw A (2003). Surviving the transition: Trends and perceptions of crime in South Africa. Soc. Indic. Res. 41:137–168.
- Mahadea D (2003). Employment and growth in South Africa: Hope or Despair. S. Afr. J. Econ. 71(1): 21–48.
- Mfaume R, Leonard W (2004). Small Business Entrepreneurship in Dares -Salaam – Tanzania: Exploring problems and prospects for future development. Afr Dev and Poverty Reduct: the Macro-Micro Linkage. Forum Paper: Somerset West: 13 – 15 October.
- Natrass N (2003). AIDS, Economic growth and income distribution in South Africa. S. Afr. J. Econ. 71(3): 428–454.
- Naylor RT (2005). Wages of Crime: Black markets, illegal finance, and underworld economy. Revised edition. Itacha: Cornell University Press.
- Pharaoh R, Schönteich M (2003). AIDS, Security and Governance in Southern Africa: Exploring the impact. Institute for Security Studies. ISS paper 65: 1-13.
- Puri A, Wadhawan R, Malhotra V, Joshi M (2003). Global Economic Crime Survey 2003: India. Price-Waterhouse-Coopers.
- Smit B (2001). RMB/BER Business Confidence Index for the fourth quarter of 2001. Bur Econ Res. Johannesburg.
- SABC 1 News (2005). News reported at 19h00.
- Staff Reporter (2003). Matrics face jobs battle. Cape Argus. Online: <http://www.capeargus.co.za/index.php>:
- Thai-Info 2004, 2005. Crime in Thailand. [http://www.thai-info2004.com/crime\\_in\\_thailand.htm](http://www.thai-info2004.com/crime_in_thailand.htm).
- Trebilcock A (1989). Aids and the workplace – Some policy pointers from international labour standards. Int. Labour Rev. 128 (1): 29-45
- Ueckermann H (2005). Min sake is bang vir vigs. Rapport Loopbane, Rapport. 22: 1.
- UNAIDS (2005). Intensifying HIV Prevention, UNAIDS Policy Position Paper Joint United Nations Programme on AIDS (UNAIDS). <http://www.comminit.com/strategicthinking/st2005/thinking-1310.html> .
- Wilson R (2003). Crime: its extent, impact and consequences for business. Institute of Directors Policy Paper. London: Business Policy Executive.
- World Bank. (2005). World Bank intensifies action against HIV/AIDS: at a glance. (Online): <http://web.worldbank.org/wbsite/external/topics>:
- Zulu, X. (2005). Aids hurting agriculture, making the poor poorer. Online: <http://www.themercury.co.za>.