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New Academy of Business



Enhancing Business-Community Relations

Pick 'n Pay Case Study



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September 2003

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Contents

1. Introduction.....	2
2. Company Profile	3
3. HIV/AIDS Programme.....	3
4. Challenges and opportunities.....	4

Pick 'n Pay – HIV/AIDS Programme

Research Project Background

This case study is one of ten that were chosen as part of the 'Enhancing Business-Community Relations' project in India implemented in collaboration with the African Institute of Corporate Citizenship (AICC). These cases document examples of engagement between businesses and communities and can be used as learning tools for the promotion of responsible business practice and sustainable development.

The Enhancing Business-Community Relations project is a joint international initiative between United Nations Volunteers (UNV) and the New Academy of Business. Implemented in seven developing countries, the purpose of the initiative was to collect and document information on business-community practices as perceived by all stakeholders, build partnerships with them and promote corporate social responsibility practices. It is also intended to enhance international understanding of business-community relations through information sharing and networking with other countries especially those participating in the project - Brazil, Ghana, India, Nigeria, Philippines, South Africa and Lebanon.

The findings and recommendations reflected in the case study are those of the author and do not necessarily reflect those of UNV, AICC or the New Academy of Business. It is important to note that these cases were written as examples of business-community initiatives. They do not constitute a comprehensive assessment of the company's social responsibility.

1. Introduction

It is anticipated that the South African economy will be severely affected by 2010 unless drastic measures are taken to alleviate the HIV/AIDS epidemic. Over a million people will be HIV positive in South Africa, and over 6 million will have died. Life expectancy will have dropped from 70 to 45 years. GDP will be 17% lower than it would otherwise be without the pandemic.²

In 1997, the Global Business Council on HIV/AIDS was launched under the leadership of Nelson Mandela. In February 2002, South African Businesses leaders launched a South African Business Coalition on HIV/AIDS (SABCOHA) to accelerate this momentum, to provide a mechanism for businesses to educate and motivate each other, and to encourage businesses throughout South Africa to be a united front in dealing with the challenges posed by HIV/AIDS.

Despite the threat caused by HIV/AIDS, most South African companies still tend to treat it as a soft issue. It is not seen as being of strategic importance and having a substantial fraction of the CEO's time.³ In most cases, HIV/AIDS is handled by the Human Resource Department. However, there are indications that companies are seriously starting to look into issues of HIV/AIDS, especially in the mining industry where companies have already started feeling the impact of the disease on business performance. The leading retailer Pick'n Pay was among the first companies to start a HIV/AIDS programme for its employees. This case looks at the work of Pick 'n Pay and what prompted them to take the lead. It also explores some of the broader implications of HIV/AIDS for the South African business community.

2. Company Profile

Pick 'n Pay (PNP) was established in 1967 by Raymond Ackerman after he lost his job at Checkers, another retail supermarket. He started with just four stores that he had acquired from Jack Goldin for R 620, 000. By 2003, the chain of three small stores had grown into a retailing giant comprising 464 stores with over 30,000 employees.

The PNP Group of companies has three main operations. The retail section consists of Supermarkets, Hypermarkets, Family Stores, Mini Markets, and Home Shopping; the group enterprise hosts all non-PNP brands; and finally the Australian operations.

The PNP family comprises 106 supermarkets countrywide, 14 Hypermarkets and 74 Family stores. The group enterprise consists of TM Supermarkets, Score, RiteValu, Boardmans and Go Banking. The company owns 100% of Boardmans and has a majority shareholding in the Score Group which comprises of 82 score corporate stores, 82 Ritevalu outlets and 22 score franchise stores. The Australia operations are held under Interfrank and consist of the 50 Franklins stores, 20 Fresco stores, as well as the Franklins and No Frills trademarks. The company's mission is to serve customers and create a good place to be and shop. It aims to make quality products available to customers at affordable prices. Pick 'n Pay strives to provide good service, through honest and efficient selling practices in an effort to make the company the best from which to buy.

3. HIV/AIDS Programme

The Pick 'n Pay HIV/AIDS programme was initiated in mid-1980 at a time when most companies had no programme in place. At that time, the disease was less known and its impact had not yet become evident. Today, it is estimated that more than four million people in South Africa are infected and one in five South African between the ages of 15 and 49 are HIV positive. Because of the intensity and scale of the epidemic, Pick 'n Pay decided to step in to support employees.

There are several aspects to Pick 'n Pay's HIV/AIDS programme. Training is provided to help staff members avoid infection. The company website carries information on nutrition, food safety and ways to deal with common symptoms of the disease.⁴ There are also 'Straight Talk' fact sheets that explain more about the disease itself, means of prevention, the law, medical treatment, as well as and recent news on the progress of the disease.⁵ It is estimated that Pick 'n Pay had spent over R 2 million on employee training by December 2001.⁶

Raziya Girie, who runs the company's HIV/AIDS training programme says, "If a crisis like AIDS epidemic occurs, immediate action is taken with it as far as possible. We are not waiting for AIDS to have a negative effect on the company. The aim of our AIDS programme is to protect our workforce and protect the company that employs us all." The overall HIV/AIDS programme is lead by Mrs Wendy Ackerman, the wife of Raymond Ackerman (Founder of Pick 'n Pay), who is a Director of the company.

The company also provides education and information on HIV/AIDS throughout its stores countrywide. The company has organized workshops, awareness programmes and presentations for all staff members. Condoms, educational pamphlets, leaflets and posters have been distributed to inform everyone about HIV/AIDS. These are distributed from the customer services desk, which also makes the information accessible to the public. The company has also supported the training of peer educators in branches and sections and these are the ones who carry out training of others. Peer educators undertake a two-day training course.

Pick 'n Pay has supported the South African Government's efforts to raise awareness of the disease, through participating in the Partnership Against AIDS. In the run-up to World Aids Day in

November 2002 the company encouraged donations of clothes and food through collection bins at each store. The donations were then sorted and distributed, using the company's own distribution networks, to organisations involved with caring for those with HIV/AIDS across each province.⁷

Pick 'n Pay also provides medication. In 2000 the company decided to offer free access to the anti-retroviral drug AZT to HIV positive rape victims and pregnant mothers.⁸ This initiative has come before the South African government has introduced free access to the drugs, although the cabinet did approve an outline of a plan to do so in November 2003.⁹ Pick 'n Pay has achieved this through an established fund. The fund, which was launched in 2001, has a budget of R 2 million, although it has been found that the actual cost is nearer R 300,000 per year.¹⁰ The offer is unconditional and anyone who falls within the above categories can apply.

HIV testing and counselling services are available within the company. Employees who are infected and in need of counselling are able to visit health workers, who are provided by the company. Testing is voluntary, confidential and at the company's expense. Pre-employment testing is also available. It is voluntary and is not used for consideration of employment. The rights of employees who suffer from HIV/AIDS are the same as the rights of those who suffer from other life threatening diseases as well as those who are healthy. There are grievances and disciplinary procedures in place. Anyone who has been discriminated against is entitled to use the company's policy. The company also established an R 1 Million Trust Fund in 2001 to care for the children of any PNP employees who die of AIDS.¹¹ The figure of R1 million was decided after consideration of the likely needs of orphans, however Pick 'n Pay has made assurances that the amount can be increased when necessary.

4. Challenges and opportunities.

The challenge for Pick 'n Pay and many other companies will be how to face this growing challenge in a country where the government leadership in fighting HIV/AIDS has not been forthcoming. The lack of government guidance on HIV/AIDS has created a vacuum within the corporate sector so much so that the business reaction to the epidemics has been for the most part minimal. A survey by SABCOHA released in May 2002 suggests that the response to HIV/AIDS by the private sector has been dismal with only 35 percent of the companies surveyed having done HIV/AIDS risk assessment; others are just shooting in the dark. Most companies are implementing policies and strategies without any real understanding of the extent or location of their risks.¹²

There are some indications that growing numbers of companies are coming on board especially given that the impact of HIV/AIDS on the economy is becoming more apparent. The International Monetary Fund (IMF) survey of South Africa in 2002 concluded that HIV/AIDS is threatening to have an adverse impact on much of the economic and social progress achieved to date. This was echoed by the United Nation's joint programme UNAIDS which has estimated that South Africa's economy will be 17 percent smaller in 2010 than it would have been without AIDS. By then, the disease will have cost the country about US \$22 billion. Johannesburg-based Deutsche Securities has argued that the costs to the South African economy will begin to rise significantly, as HIV spreads among skilled workers, leading to lower productivity, bigger claims on benefit schemes and higher replacement costs of employees.

There are also changes in the government approach to HIV/AIDS. The recent proposal to allow free access to anti-retroviral drugs is just one indication of this shift in policy. President Mbeki agreed in November 2003 to increase the budget available for HIV/AIDS to R 12.1 billion over the next three years. This is still less than is currently being spent on black economic empowerment.¹³ However, such an approach might encourage businesses to adopt HIV/AIDS programmes, or even result in legislation making this a necessity.

These are encouraging trends and business in particular needs to take the lead, especially for company employees and their families. The business sector has a key role to play in the management and control of HIV/AIDS in South Africa. The government alone cannot stop it. Businesses should and must use their resources and influences on the government and lead South Africa in the fight against HIV/AIDS. However, this should be focussed and strategic. Most companies are doing well in terms of awareness and education programmes but remain weak when it comes to risk assessment.

Endnotes

- ¹ The views expressed in this case study are those of the author and do not necessarily reflect those of the New Academy of Business, UNV or AICC.
- ² Company website 'Straight Talk' fact sheet, available at www.picknpay.co.za/pnp/view/pnp/en/page9687?oid=9036&sn=detail.
- ³ Clem Sunter, reacting to the launch of the survey results on private company's response to HIV/AIDS. He is on the board of governors of SABCOHA.
- ⁴ See company website www.pnp.co.za/pnp/view/pnp/en/page10695.
- ⁵ See company website www.picknpay.co.za/pnp/view/pnp/en/page9687.
- ⁶ See company website www.picknpay.co.za/pnp/view/pnp/en/page5092?oid=9727&sn=detail.
- ⁷ Statement issued by the Government AIDS Action Plan (GAAP), 9th October 2002. Available at www.doh.gov.za/docs/pr/2002/pr1009.html.
- ⁸ Christof Maletsky (2000) 'Local Pick 'n Pay to look at AZT option' The Namibian, 20 October, available at www.namibian.com.na/2000/October/news/00AD5FE31A.html.
- ⁹ The Age, available at www.theage.com.au/articles/2004/02/01/1075570277696.html
- ¹⁰ Adele Sheval (2001) 'Aids threat sparks business into action: Top 100 companies' Sunday Times South Africa, 11 November, See www.suntimes.co.za/2001/11/11/top100/top18.asp.
- ¹¹ See company website www.picknpay.co.za/pnp/view/pnp/en/page5092?oid=9727&sn=detail.
- ¹² Deloitte & Touche, commenting on the survey results.
- ¹³ See BBC article, 'Huge cash boost for SA Aids fight' 12 November 2003, available at <http://news.bbc.co.uk/2/hi/business/3264833.stm>