

# Business the State and the Social Contract: ARVs in the South African Mining Industry



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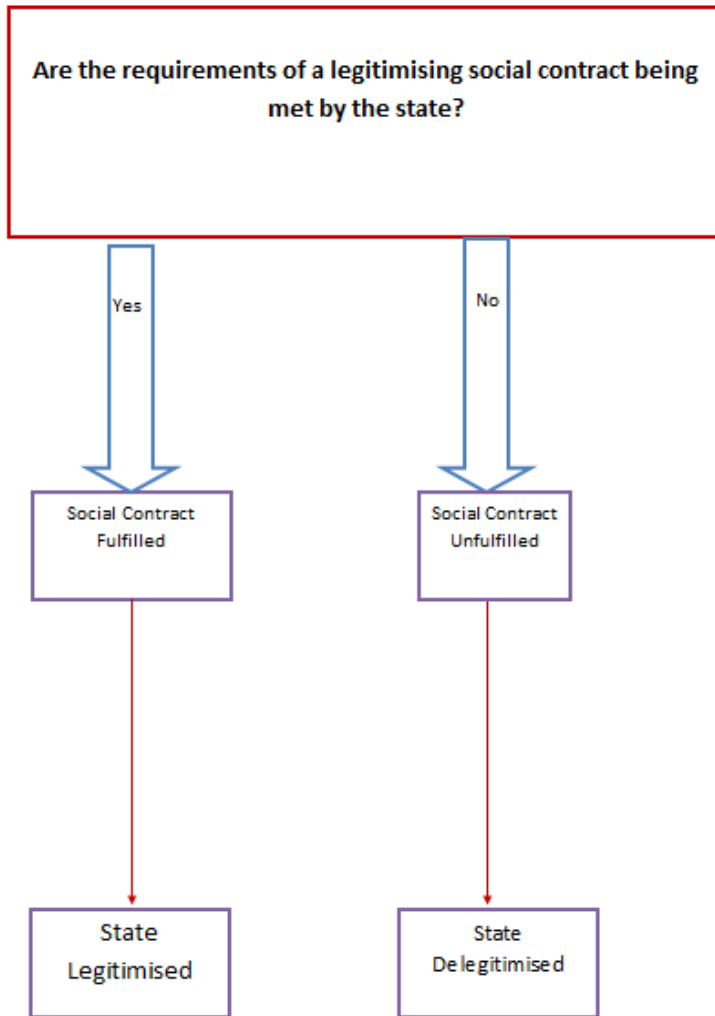
# Theoretical Background and Key Concepts

- Key concepts and theoretical background
- Fieldwork and methodology
- Findings and implications

- Changing nature of state power may make it more comparable with the power of corporate actors
- Power:
  - = Wealth (Strange 1996, 2002)
  - = Coercion (Nye 2006)
  - = Hegemonic (Gramsci, Cutler 2006)

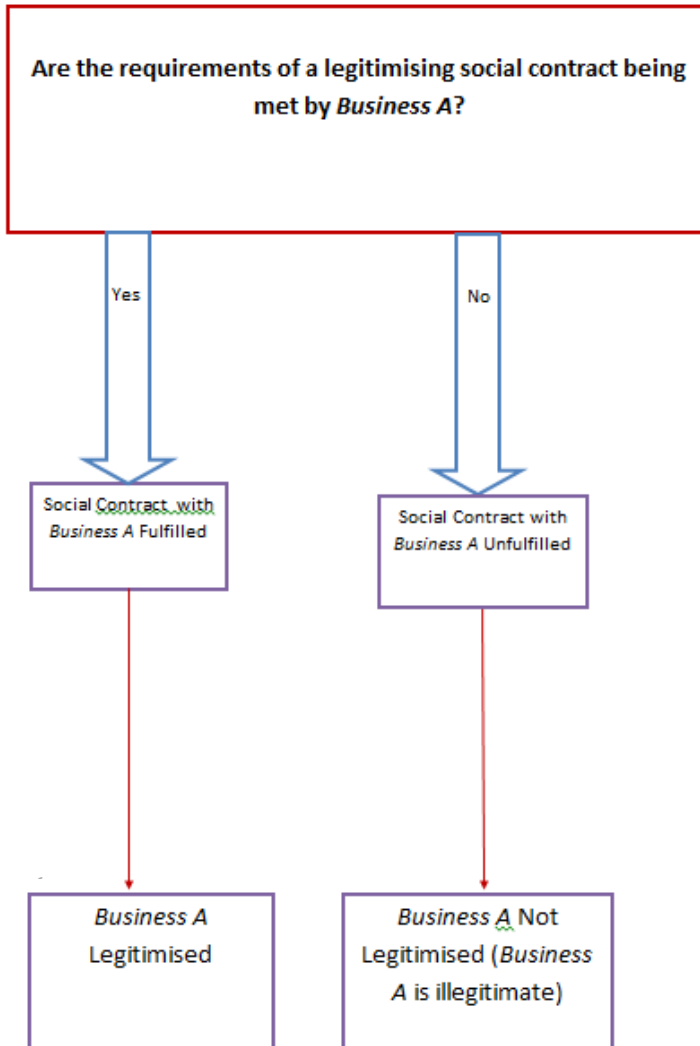
- **Voluntarism and Self-Regulation**
  - Response to weak national and un-enforceable international law – businesses as self-regulators
    - (Hopkins 2007, Sagebien and Whellams 2011, Scherer and Palazzo 2007 & 2011)
- **CSR, political CSR, philanthropy, development work**
  - Businesses as social and political actors (Prieto-Carron et al 2006, Scherer and Palazzo 2007 & 2011, Matten et al 2003 and Moon et al 2005)

# The Social Contract and the State



- What citizens expect in exchange for their surrendering of power to the state.
- A state is legitimate when the terms of the SC are met.
- ❖ **Hobbes** - The threat of violence posed by the state of nature meant that protection from the sovereign was the least-worst option.
- ❖ **Rousseau** – the state prevents the ‘war of all against all’, but at the expense of man’s natural freedom.
- ❖ **Locke** - The state is legitimised by the conditional transfer of the rights of individuals to the state, which then protects the natural rights of individuals

# The Social Contract and Business



- Donaldson and Dunfee's (1994, 1999) Integrative Social Contracts Theory (ICST)
- The social contract is relevant to any 'artefact'.
- Therefore it is relevant to business in the same way it is to the state
- Both the state and the corporation are human creations,
  - They both interact with society
  - They both pose risks (as well as benefits) to society which must be justified.



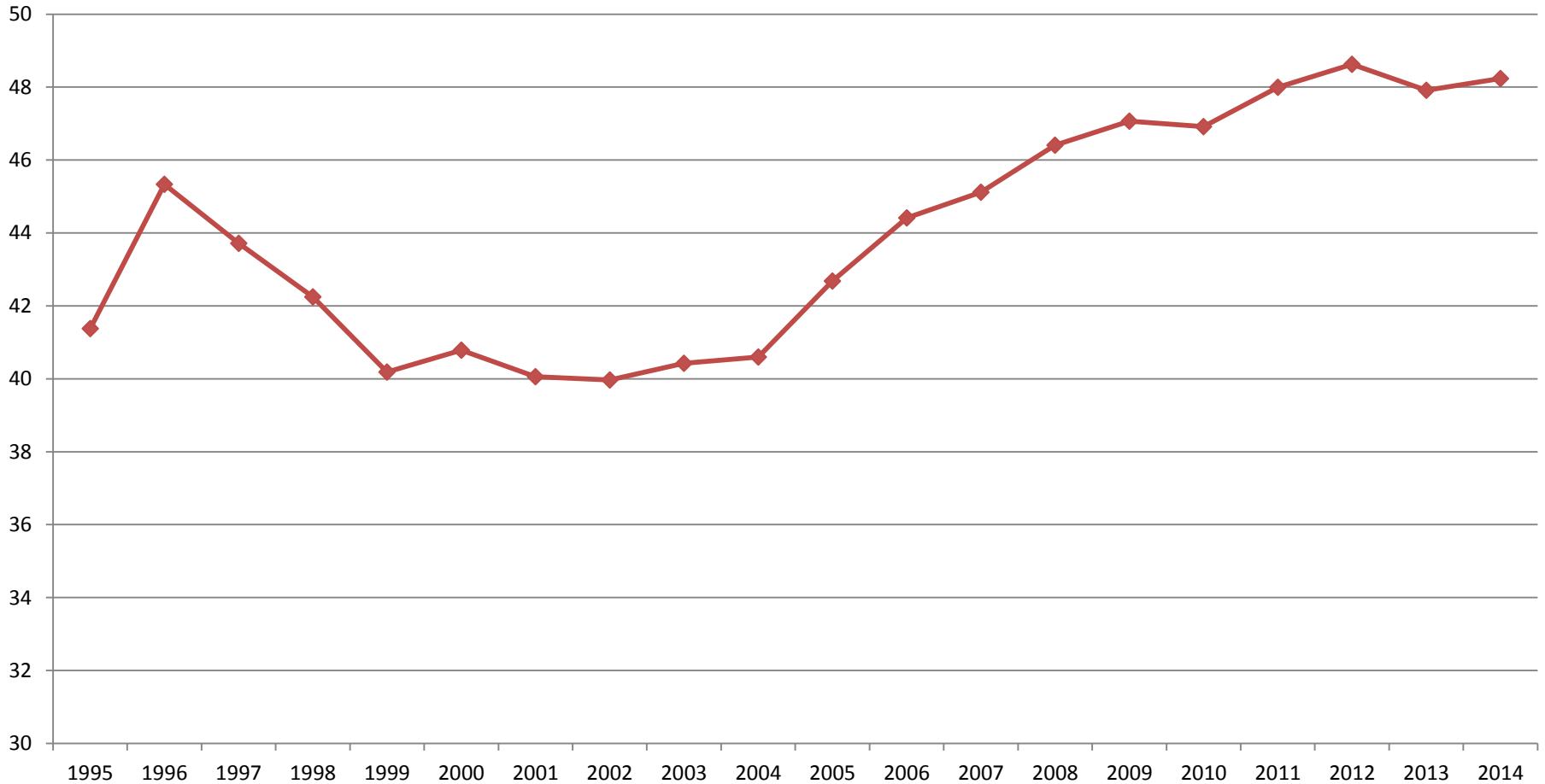
- What is the relationship between the legitimacy gained by companies who are providing social welfare provision and the legitimacy of the state?

# The Case Study

# The Case Study: HIV in South Africa

- Government response was initially weak and ineffective
- Link between HIV and AIDS not acknowledged until 2000
- ART not made widely available until 2008
- Strong non-governmental response; civil society groups (TAC)– and businesses
  - Anglo American was the first company to announce ART provision for all of its employees in the early 1990s

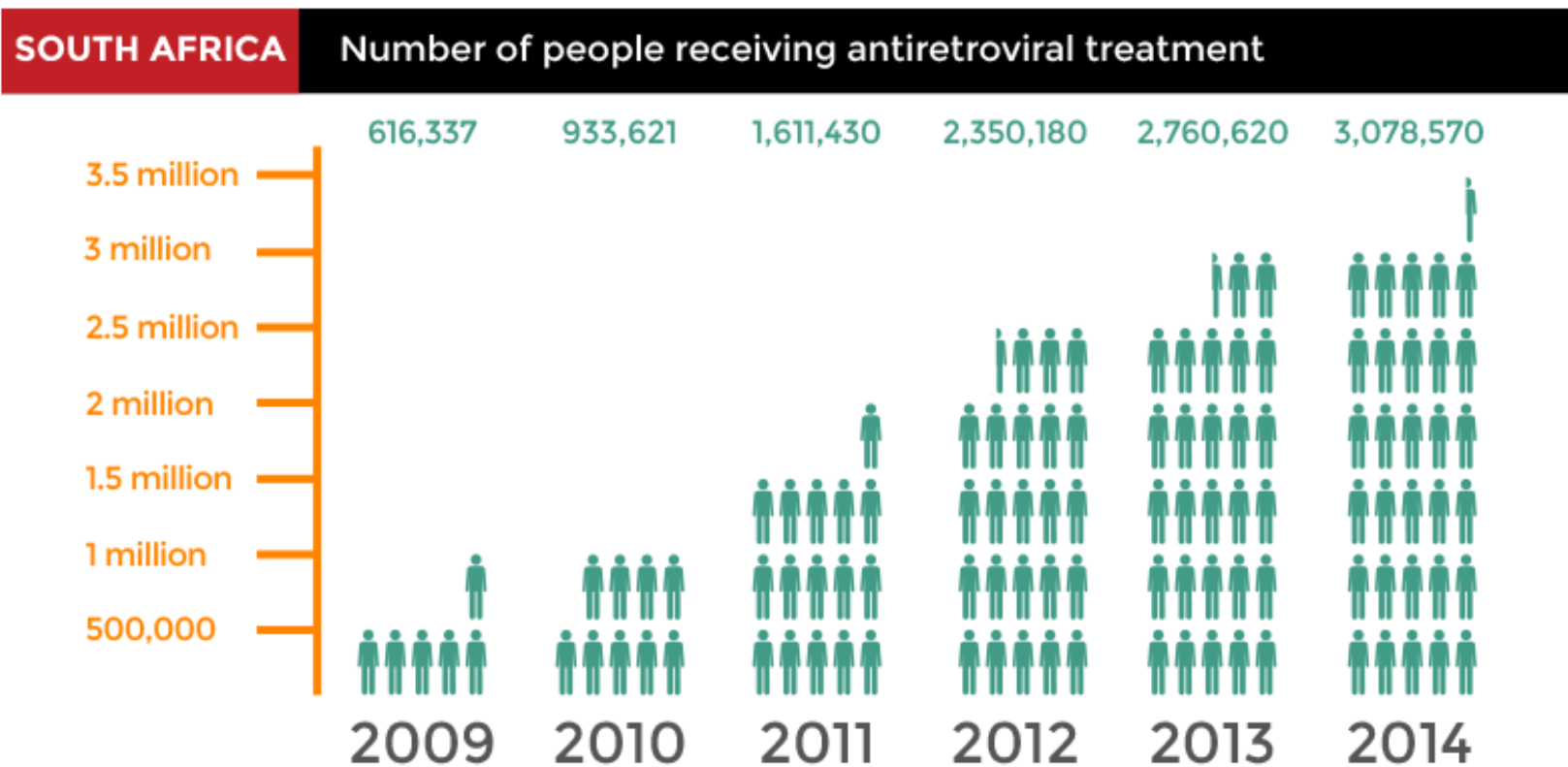
# The Case Study: Government Spending on Health



Government spending on health in South Africa (as a % of total spending on health), World Bank Data

# The Case Study: ART provision

## Antiretroviral treatment (ART) in South Africa



# Fieldwork

- Anti-retroviral provision in the mining industry in South Africa
- 20 interviews conducted in South Africa in the Summer of 2014, focusing on the interviewees' experiences of providing or receiving ART from their employer
- Main contact with Anglo American, but also interviewed employees of other companies and industry representatives

# Participants

Tag	Role	Institution	Industry	Tag	Role	Institution	Industry
R01*	Recipient of Treatment	VWSA	Auto	P03	Service Provider	Industry Body	Auto
R02**	Recipient of Treatment	VWSA	Auto	P04	Service Provider	Traditional and Faith Healer	Health
R03	Recipient of Treatment	Anglo American	Mining	P05	Service Provider	Anglo American	Mining
R04	Recipient of Treatment	Anglo American	Mining	P06	Service Provider	Contracting Firm	Mining
R05	Recipient of Treatment	Anglo American	Mining	P07	Service Provider	De Beers	Mining
R06	Recipient of Treatment	Anglo American	Mining	P08	Service Provider	Anglo American	Mining
R07	Recipient of Treatment	Anglo American	Mining	P09	Service Provider	Anglo American	Mining
R08	Recipient of Treatment	Anglo American	Mining	P10	Service Provider	Chamber of Mines	Mining
P01	Service Provider	Anglo American	Mining	E01	Academic Expert	University of Witwatersrand	Academic
P02	Service Provider	VWSA	Auto	E02	Academic Expert	Independent	Academic

\* Employee receiving treatment for TB only

\*\* Employee receiving treatment for TB and HIV



# Findings

Category	Number of Participants	Frequency
Negative feelings about state treatment	17	33
Positive feelings about corporate treatment	12	29
The role of the state	12	14
Treatment and the business case	11	19
Shared or blurred responsibilities of state and corporation	9	30

# Category One: Negative Feelings About State Treatment

- *'I really do not trust them (state clinics) that much, because er a lot of the people, obviously through the media that I've er heard or listened to speaking, they are being ridiculed alright? There's an element of slight exposure you know out there you know the public...'* (R04)
- *'Probably I think for them it's just the norm for them, they deal with a lot of people who are positive, and most of the people who use the government clinics, they come very too late.... So if then when someone comes in they are already writing them off, without even trying anything...'* (R05)

## Category Two: Positive Feelings About Corporate Treatment

- *'... so probably if I need to compare now Anglo and the private sector I'll still go for Anglo, because I think it's generally my care, not the profitability of the company' (R05)*
- *'But you see, what they (the company) have also, because they own a hospital here, you've got the beds. You know the average government hospital they haven't' (P05)*
- *'... when private sectors, business, look after their employees, they don't do a half job, they do a full job. We go extra mile' (P06)*

# Category Three: The Role of the State

- *'I don't know how to put this one, part of me says we tend to say government must do this, government must do that, government you know we shift everything to the government. My theory, I turn it around, I say first of all, who gave me the HIV? It's not the government' (P08)*
- *The majority of our population expect the state to deliver, and even business, when you get a big epidemic like HIV or TB or any other thing... Business looks on government and says 'sort that out'.... Don't let this epidemic get in the way of our business' (P05)*

# Category Four: Treatment and the Business Case

- *'And people started getting sick, and dying, and there at one stage we had to train for every key job where we weren't sure if that people was going to survive, we had to train two people for key jobs, so that if somebody got sick you had a replacement' (R01)*
- *Obviously, the companies have got the responsibility to participate in helping the government (provide healthcare)... if you look at it from a workforce point of view I mean we're here, we're working.... Has got to make sure that it provides from a fitness point of view, from a wellness point of view, it provides health as well, you know to make sure that it's employees are quite competent enough to operate and be productive' (R08)*

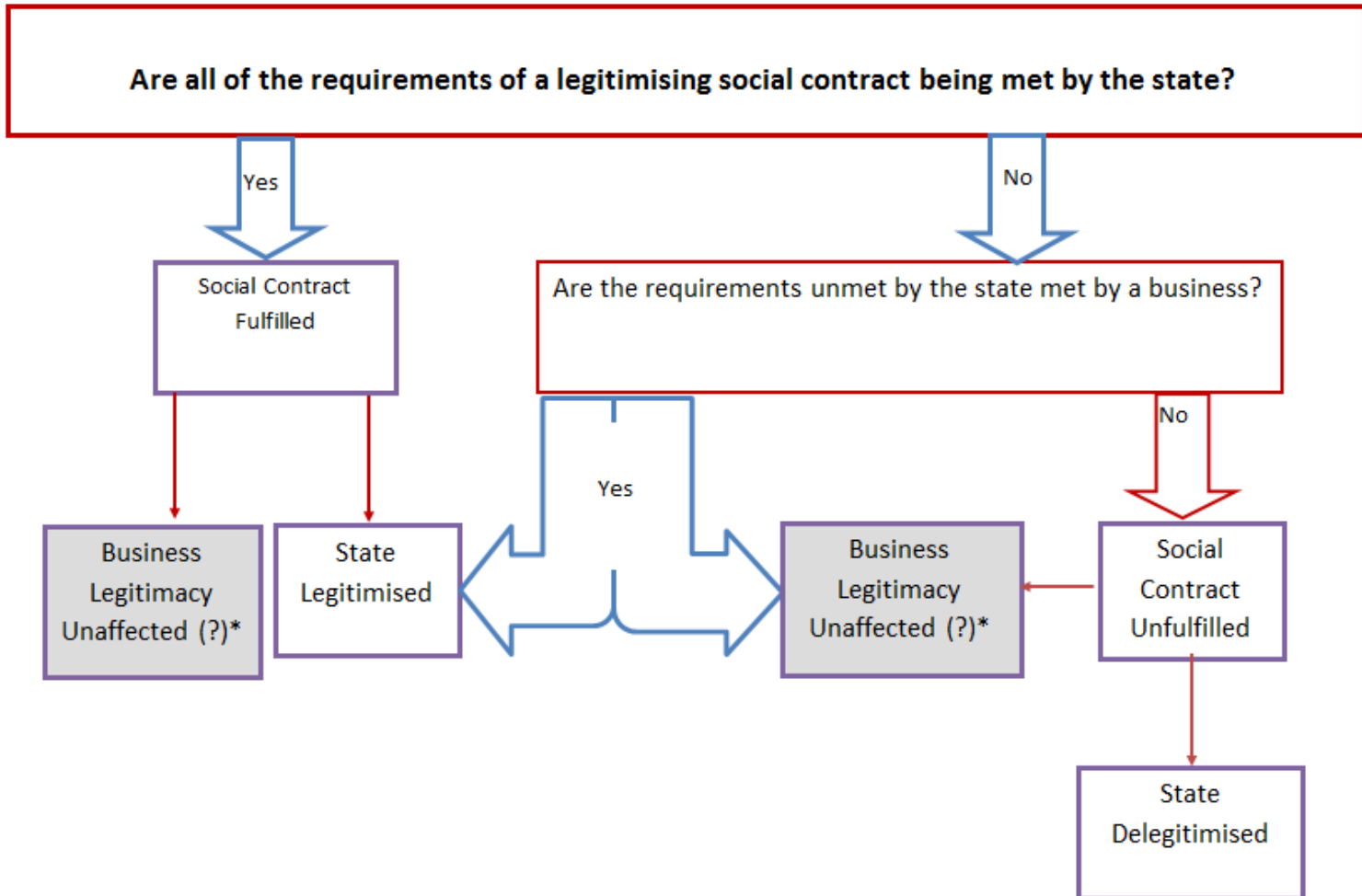
# Category Five: Shared or Blurred Responsibilities of the State and Businesses

- *'If I had, for arguments' sake, I have five kids, and my husband, that's a family of seven, and if the company hired seven thousand people, multiply seven by seven, that's forty-nine, that means each company is looking at 49,000 people..... At the end of the day, the government will be left with a smaller group, the people who are not working... And then it will reduce the burden on the government, so the program for the government will run smooth, now that they don't have millions of people that they need to take care of, because this one is taking care of their own... because at the end of the day we are only left with a small group of people.... and they can do the follow-up, they can give a good service to those people who needs it' (P08)*

# Findings

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Negative feelings about state treatment	17	33
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# The New Model



\*Business is not de-legitimised in relation to the fulfilment of the social contract between the state and society. It may be legitimised in virtue of its failure to fulfil the social contract with society unique to business.



- Business and Management research needs to continue to acknowledge the shared qualities of businesses and states
- IPE needs to better acknowledge the shared qualities of business and the state
  - Collaborative, cross-disciplinary research will help both areas to better explore this
- Practical application of the ISCT
- States may seek the involvement of firms in the provision of social welfare without fear of delegitimation
- Firms should recognize the value of their involvement in the provision of social welfare, and encourage state validation

- Further research
  - Implications for the legitimacy of companies
  - Larger sample
  - Alternative contexts
    - Country (and therefore political context)
    - Industry
    - Issue (i.e. not ARVs; education, infrastructure, public-private partnerships)

Thank you!

Any questions?