Chapter III
Socio-economic challenges facing HRM

Major socio-economic challenges are confronting governments and posing serious questions about the sustainability and integrity of key aspects of public sector human resource systems. Prominent among those challenges with a direct impact on human resource management are demographic shifts; trends in labour migration, including the so-called "brain drain"; and the impact of HIV/AIDS on labour markets and public services, especially in sub-Saharan Africa. These challenges bring unanticipated shocks with unexpected spillover effects for the public sector, including the management of human resources.

The economic and social processes that underlie these challenges may, in turn, be affected by policy responses, but such is the interconnectedness of nation states in the global system that some of these responses may, in turn, produce unanticipated adverse effects on other countries. Such processes highlight the need for all governments to acquire greater policy-making capacity through more strategic husbanding, upgrading and deployment of scarce human skills and the knowledge systems that human resources manage.

A common thread running through these socio-economic challenges is that they affect in some measure both developed and developing countries. However, their most severe impact is experienced by poor countries in their continuing struggle for human development and poverty reduction. This struggle is starkly manifested in many poor countries by a shortage of all those key resources that are necessary for effective governance—human, financial, institutional, organizational and technological.

Demographic changes

Populations all over the world are ageing. While in 1950 roughly half of the world population was older than 23 years, it is projected that by 2050, half of the population will be concentrated above the age of 36 years. However, this phenomenon has vastly different causes and implications for different parts of the world.

Thus, the increasing number of old people in the population in places such as India is largely the result of improved health and a higher life expectancy. With declining infant mortality and a relatively high fertility rate, the number of young people entering the workforce continues to grow—the working-age population is growing faster than the general population, a trend that is the reverse of that prevailing in the developed countries.

In Europe and Japan, by contrast, longer life expectancy is accompanied by a rapid decline in the birth rate as patterns of family life and child-rearing change, resulting in an increasingly smaller workforce and an inversion of the classic population pyramid. Considering that a fertility rate of 2.1 is the replacement rate, Italy’s fertility rate has declined to 1.2, Germany’s to 1.3 and Japan’s to 1.4. In these countries, the very low employee-to-retiree ratios that will be faced in the very near future pose serious problems of equity and sustainability for state welfare and fiscal systems.

China is an example of a developing country that has experienced declining fertility rates—in this case as a result of consistent government policy. Combined with increasing longevity, China’s ageing population is posing a major challenge for the government in the years to come (box 4).
Old age, new challenges—China

China is facing new challenges as the result of an ageing workforce. This situation is triggered by two fundamental demographics: a declining fertility rate and increasing longevity. Furthermore, considering that state employees are generally both older and ageing at a more rapid pace than their private-sector counterparts, this issue is becoming a major HRM challenge. First, the demand for skilled employees continues to grow, and the public sector faces fiercer competition with the private sector for talent. Second, the increased number of retirees in the public sector will deprive the Government of valuable institutional memory. Those aged 60 and above will make up 30 per cent of the Chinese population by the year 2050 (see figures). Recognizing the potential implications of an ageing workforce for the civil service, the Government has initiated specific strategies to address this emerging situation.

Population pyramid of China, 2000

Population pyramid of China, 2050


Note: Calculations based on medium variant projections.
The impact of an ageing population on human resource policy and practices in the public sector can be significant, but the effects vary according to the circumstances of different countries. In Europe, a post-war expansion of governments, which created a “baby boom bulge” in the age profile of some public services, was recently accentuated by the fact that since the 1980s, the rate of recruitment of new public servants to the lower grades has slowed down.

**Recruitment**

As an important first step, the Government has revised its recruitment system for civil servants. Based on analysis of future staffing needs, the Ministry of Personnel recently introduced the Temporary Act for Civil Servants, which includes a strategic recruitment plan to address challenges posed by the ageing workforce. In addition to academic credentials, work experience and skills of candidates, the Government will now pay more attention to its long-term human resources plan based on workforce, demographic and workload analysis. Candidates selected for civil service employment will also enjoy greater flexibility in choosing jobs in state agencies. This two-way recruitment system not only helps potential employees identifying the positions that best fit their own career plans but also allows the Government to find the most suitable talent for its future staffing needs.

The Government has also been making significant efforts to cultivate the loyalty of civil servants to the long-term interests of the state. Integral to this strategy has been the establishment of a career-based civil service. A number of effective practices have also been initiated aimed at enhancing the morale of civil servants through creative advertising and agency induction programmes; more diversified assignments and projects to maintain the interest of staff; revision of the incentive system to promote more flexible working arrangements, competitive salary packages, career development programmes and recognition schemes; and improvements in the promotion system to ensure that outstanding young staff have better opportunities to be considered for high-level posts.

**Retraining**

China’s Tenth Five-Year Plan for National Economic and Social Development regards improved HRM in the public sector as one of the nation’s major goals. For the first time, the Chinese Communist Party and the Government are giving top priority to the cultivation of more capable civil servants. Government agencies at all levels are required to develop training programmes to improve the competencies of public servants in order to avoid potential knowledge gaps in the future. One innovation is the Masters in Public Administration (MPA) Programme that targets young talent in the public service. Moreover, most training programmes are integrated with international practices, and advanced theories and experiences from developed countries are widely studied. Another innovative practice is e-training that takes advantage of advanced technology to leverage the potential of knowledge management. With the rapid development of computer networks and wider application of sophisticated software, the Government intends to develop mechanisms for maintaining its institutional memory and to distribute knowledge more widely across organizational boundaries.

**Replacement**

Repair your roof before rain! This old Chinese saying has a new meaning today. To prepare for the imminent retirement wave, the Government has launched succession management programmes within the public sector. Systematic efforts have been made to analyse public-sector workforce trends, project future human resource needs, identify potential candidates for future vacancies, and develop diversified competencies through various training programmes. Both central and local governments have also started to accelerate the development of talent pools. Those with very strong potential are even offered temporary leadership positions in local governments and other agencies to improve their competencies for future assignments.

Sources:

See Bibliography.

For many countries, recruitment has followed a downward trend since the 1980s.
as governments have downsized. As a result, in OECD countries, the proportion of civil servants aged forty and over increased from 42 to 60 per cent between 1995 and 2001.  

One of the most difficult problems as a result of these developments is the high cost of sustaining public service pension funds and the need for reform of traditionally generous public service pension systems. Over the next five to ten years, there will be a high retirement rate, especially in OECD countries, putting a strain on pension funds (some of which may carry unfunded liabilities) and increasing the demand on employees to help to fund these pensions. In spite of political costs, governments may be forced to reduce their retirement benefits by, for example, raising the age of retirement.

Where the pension fund carries very heavy unfunded liabilities and the benefits are very generous, as was the case in the pay-as-you-go (PAYG) system in Brazil (box 5), the resulting fiscal crisis can affect state finances as a whole and, as a consequence, severely constrain recruitment and remuneration policies for the civil service. Since 2000, Brazil has had more retirees and pensioners than actual employees in the civil service, and under the original pension scheme, public servants could retire on full pay after twenty-five years of service. A reform plan was approved by Congress in 2003.

Additional problems arise from ageing public services. For example, in Australia, the top-heavy age distribution of the Senior Executive Service (SES) and the expected high departure rate in the next few years as the members of this group all reach retirement age together have prompted a new set of succession-planning measures, such as greater attention to
upgrading the skills and increasing the promotion opportunities among members of the “feeder”
grades, from which most future members of the SES will be recruited. Lateral recruitment from
outside the civil service will also contribute to solving the problem. As the example illustrates,
planning and appropriate human resource policies can alleviate some of the effects of ageing.

The departure of ageing public servants contributes to the challenge of securing
continuity in the public sector in terms of *esprit de corps*, institutional memory and networks.
Yet, calling to mind that not only excellence but also mediocrity is emulated by staff, the
reconfiguration of an ageing public service may prove a blessing in disguise for countries
where the public sector has suffered from entrenched and non-cooperative silos of staff as well
as lacklustre performance.

**Shortage of skilled labour**

Another potential consequence of an ageing population and declining fertility rates is a decrease
in the domestic supply of labour and hence a tighter labour market, which is further exacerbated
by the so-called “brain drain” (see also section on “Labour migration”). This augments the dif-
ficulty of attracting enough high-quality recruits to the public service eventually contributing to
the running down of the public sector. There are at least two possible solutions to this problem.
One is to pay much closer attention than has recently been the case in many countries to rais-
ing the attractiveness of the civil service as a career, including more detailed attention to individ-
ual career planning through retention or promotion strategies, as is the case of China.
In China, the challenge is being faced by devoting greater effort to strategic and long-term human resource planning as well as through more rigorous workload analysis in an attempt to allocate scarce talent more rationally. Efforts are being made to raise the prestige and overall professionalism of the public service in order to increase the attractiveness of a public service career. More effort is being put into training and retraining (for example, a new nation-wide Master of Public Administration). Deliberate efforts are also being made to identify and groom talented individuals through special assignments and job rotation. All of this requires concerted effort and coordination of the kind that only well-supported, adequately resourced human resource departments can muster.

A second solution to potential or growing skills shortages, applicable mainly to richer countries, is to import public sector labour with the required skills through migration. This is part of a wider process by which the developed economies fill gaps in their labour forces as the domestic labour supply declines. Where the demand for labour from developed economies creates a significant level of outward migration of skilled workers, this situation is referred to as “brain drain”. This issue is considered in the next section.

The growing global search for skilled labour by developed countries with ageing populations also contributes to the phenomenon of outsourcing, whereby corporations in economies such as the United States shift some of their activities to locations across the world where the right kind of labour is available at a lower price. This adds to the fierce competition for the supply of well-educated, skilled workers in poorer countries and contributes to the existing pressures on their civil services to attract high-quality recruits.

In sum, an ageing population, which usually is reflected in the ageing of the civil service, is a multidimensional problem with differential impact according to circumstances. Pension reform is a vital issue for most countries and with profound consequences for human resource policies and practices. If benefits of public sector workers are significantly reduced, the attractiveness of the civil service may decline and morale may be adversely affected. Compensatory measures to redress these effects must be adopted in these circumstances.

A rapid departure rate of senior officials because of a history of “boom and bust” in recruitment practices in the civil service makes succession planning a major strategic policy issue in government. The decline in new entrants in the workforce in some developed countries has created a replacement crisis, which has promoted accelerated labour migration from poor countries, which again has called for new strategies to stem the tide. Conventional methods—for example, increases in remuneration and improved working conditions—may need to be supplemented by more innovative solutions. Some of these issues are considered in the next chapter.

Faced with these demographic and labour-market challenges, countries are developing new human resource strategies and policies. Fundamental issues of staff recruitment, development and succession are being confronted anew. In the process, important principles of strategic human resource planning are being reaffirmed and lessons are being learned where they had been forgotten or neglected. These issues are addressed in greater detail later in the present report.

**Labour migration**

Labour migration of skilled people is commonly associated with the adverse effects of brain drain. The departure of a skilled migrant involves a loss of investment in previous education and training for the country of origin as well as a loss of skills and experience that could otherwise contribute to development, including future tax payments. Not only does the country lose much needed talent, expertise, knowledge and skills, to the detriment of public service, but any indirect benefit to society in general is also eliminated.
Attempts to tackle the skills gap in poor countries through education and training initiatives may have limited impact without steps to counterbalance the incentives for highly educated and skilled people to emigrate. Figure 2 shows how the emigration rates of highly educated workers from developing to OECD countries are highest in countries with small populations and in those that have emerged from civil strife in recent years, such as Angola and Mozambique. Developing and retaining a critical mass of talent is of particular importance to such countries.

Research on the scale and scope of international migration suggests a number of general conclusions about the phenomenon. First, a relatively small number of receiving developed countries account for a large proportion of the total net outflow of labour from developing countries. In 2000, the 11 major receiving developed countries accounted for 41 per cent of all international migrants. Second, several such countries rely heavily on inflows from developing countries for their immigration intakes. The countries with the highest percentage of such immigrants in their total immigrant inflows are Italy (93 per cent), the United States (93 per cent) and Canada (92 per cent).

Third, in most sending countries, better-educated people have higher migration rates. There are clearly both “push” and “pull” factors at play here. As to the latter, countries such as Australia, Canada, Germany and the United Kingdom have specific policies to facilitate skilled labour immigration and to limit unskilled labour and asylum seekers. Fourth, although the brain drain has periodically cropped up as a policy issue in countries such as Canada, France, Germany, Sweden and the United Kingdom because the rate of return is high and because such countries receive a large number of highly skilled migrants, a better label in these cases might be “brain circulation”.

### Potential benefits of labour migration

International migration, however, can also be an invaluable source of skills development and transfer, education and learning, all of which can serve to enrich both sending and host countries as migrants move back and forth. Most governments’ policies to combat the effects of

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**Figure 2.**

**Ten developing countries with highest emigration rates of highly educated people to OECD countries, 1999–2001**

![Graph showing emigration rates for ten developing countries to OECD countries, 1999-2001.](image)

**Source:** Organisation for Economic Co-operation and Development (2004).

**Notes:** Based on data for 113 countries. Population censuses and registers from OECD countries used (1999-2001). Population: 15+ years.
brain drain in developing countries increasingly address the issue through an “earn, learn and return” strategy; that is, the importance of remittances is acknowledged and migration is not discouraged, partly for this reason (indeed, it would be impractical to do so in most countries). At the same time, the loss of expertise is counterbalanced by efforts to take advantage of the enhanced skills and experience of the expatriate population, with programmes to encourage them to return, if only temporarily, or to contribute in other ways (such as investment).

Some developing countries benefit considerably from remittances (figures 3 and 4), which provide “a critical lifeline for poor families and countries alike”. In 2002, remittances were estimated globally at $130 billion, of which $79 billion went to developing countries. Latin America and the Caribbean and Eastern and Southern Asia were the largest recipients among developing-country regions, whereas sub-Saharan Africa received only 1.5 per cent of remittances. Even though recent experiences have seen the pooling of remittances for financing local development projects in the communities of origin, a recent study has highlighted that remittances are generally spent rather than invested.

One of the top recipients of remittances is the Philippines. Over 7.3 million Filipinos, or about 8 per cent of the population, live abroad. Remittances are vital to the economy, amounting in 2004 to $8.5 billion, or 10 per cent of GDP (box 6). A government agency, the Overseas Workers Welfare Administration, operates a system that facilitates safe, inexpensive remittances by overseas workers. The Government of the Philippines also offers generous incentives to encourage expatriate skilled workers to return. Its so-called “Brain Gain Network” is a database of overseas professionals and businessmen that stimulates collaboration and networking.

In some countries, specific measures have been taken to preserve the skills base of key public services, such as the health sector, and to cope with labour shortages. For example, South Africa has taken steps to combat the loss of health workers to emigration (box 7).
Turning brain drain into brain gain—Philippines

When it comes to labour migration, the experience of the Philippines is undoubtedly unique. The Commission on Filipinos Overseas estimates that more than 7.3 million Filipinos, approximately 8 per cent of the country’s population, currently reside abroad. In 1998, for example, nearly 15,000 teachers, engineers, nurses and computer personnel were deployed abroad through the Philippine Overseas Employment Administration (POEA). Having initially failed to prevent emigration by adopting coercive policies, the Government has instead launched a number of measures to maximize the benefits from labour migration. The results of the Philippines’ experiment have been encouraging, attracting growing attention from other developing countries as a potential model in this area.

Remittances
Remittances continue to be a powerful financial force in stimulating the national economy. In 2004, the Central Bank of the Philippines reported total remittances of $8.5 billion, accounting for 10 per cent of GDP. In order to make remittances a more effective tool for national development, the Government encourages migrants to send remittances via official channels. All official workers are issued an identification card by the Overseas Workers Welfare Administration (OWWA), which is linked to dollar- or peso-denominated savings accounts in a consortium of banks. The card enables remittances to be sent both inexpensively and safely at a market-based exchange rate. The Government has also actively created a positive investment climate for Filipinos living abroad by offering tax-free investment programmes.

Return
The POEA was founded in 1995 to promote the return and reintegration of migrants. Many privileges are granted to returnees, including tax-free shopping for one year, loans for business capital at preferential rates and eligibility for subsidized scholarships. Recently, the Government decided to allow overseas workers to vote in national elections and committed a significant amount of money to overseas balloting. It has also continued to build up networks between the migrants and the homeland, and psychological counselling services are being offered through a network of offices abroad to strengthen the maintenance of “Filipino values”. In addition, the Government has created the Philippines Brain Gain Network (BGN). Since 1992, the BGN has created a large human resource database of experts, potential investors and partners overseas for business networking, joint collaboration and foreign investments.

Regulation
The Government retains a regulatory role to protect workers from abuse and illegal recruitment. In order to work abroad, Filipinos must be recruited either by a licensed recruiter or a Government agency, or have their contract approved by the POEA and enrol in the official benefits programme. To encourage official labour migration, the Government offers migrants a number of benefits, including pre-migration training in social and working conditions abroad, life insurance and pension plans, medical insurance and tuition assistance for the migrants and their families, and eligibility for pre-departure and emergency loans. Registration for these benefits, which is administered by the OWWA, is compulsory and costs less than $200 per year. This service will be self-funded and paid for by the recruitment agency, presumably out of the worker’s wages, or directly by the migrant if the latter has an independent contract.

Sources:
See Bibliography.
Stemming the brain drain—South Africa

Destination-country statistics show that in 2001, more than 23,400 South African health professionals, or approximately 10 per cent of all registered practitioners in this field, were working in Australia, Canada, New Zealand, the United Kingdom and the United States. The brain drain in the public health sector in South Africa derives from a combination of push-and-pull factors.

Push factors include low salaries and benefits, unsafe working conditions, degraded health care infrastructure and inadequate opportunities for career development. Pull factors include the high transferability of medical qualifications, active foreign recruitment, higher remuneration and the shortages of health professionals in destination countries. The brain drain has undermined the Government’s efforts to improve the quality of public health, especially at a time when the HIV/AIDS epidemic is seriously increasing the demands on the health system. It has also wasted substantial public training budgets. To address this growing problem, the Government of South Africa recently introduced a series of measures to retain professionals and to encourage the immigration of foreigners as well as the return of nationals working abroad.

Introduction of compulsory community service

Introduced in 1999, compulsory community service requires qualified doctors to serve at least one year in a disadvantaged part of the country after completing medical training. In 2007, this scheme is expected to be introduced to other categories of health professionals, such as nurses. The results achieved to date have been encouraging. By the end of 2003, 92 per cent of graduating doctors stayed in the country, and most of them served in the country’s rural areas.

Improvements in conditions of service

The Government recently signalled its intention to improve pay and working conditions in the public health sector. In January 2003, the Treasury accepted the request of the Department of Health to increase allowances paid to physicians in priority rural areas. Average pay, including benefits, was increased by almost 5 per cent for generalists, over 12 per cent for specialists and 14 per cent for professional nurses. Non-financial incentives, such as housing and social benefits, were also introduced.

Cooperation with destination countries

The Government has negotiated bilateral and multilateral agreements with its major destination countries in order to curb the emigration of health professionals. The National Health Service (NHS) of the United Kingdom has developed a code of practice for international recruitment under which the British authorities agree not to organize recruiting campaigns for health professionals in South Africa and 153 other countries. Progress has also been made within the Commonwealth towards the definition of minimum ethical criteria for recruitment in the public health sector.

Building networks

Initiated in 1998, the South African Network of Skills Abroad (SANSA) aims to convert brain drain into brain gain by matching local shortages of skills with national expertise residing overseas. Towards this goal, SANSA has established an extensive human resource database to facilitate knowledge-sharing and networking.

Recruiting foreign health professionals

Acknowledging South Africa’s need for skilled immigrants, the Government enacted a new law in March 2003 to encourage immigration of foreign professionals and to improve control of the entry of
It has been estimated that more than 23,000 South African registered health professionals (or 10 per cent of the total) are working overseas in countries such as Australia, Canada, the United Kingdom and the United States. A coordinated programme is in place to try to stem the tide. It comprises improvements in local wages and conditions; new regulations that require locally trained health-sector graduates to serve for a period in areas of special need in South Africa; and cooperation with destination countries. It also includes international databases to try to track and keep in touch with overseas South African experts (similar to the brain-gain strategy of the Government of the Philippines) and recruitment in other labour markets to try to attract professionals to come to South Africa. This last strategy highlights the potential danger of a vicious cycle of “beggar thy neighbour”. Within the Commonwealth, the problem has been acknowledged by member Governments and steps have been taken to obtain agreement on a set of principles for ethical practices in recruiting overseas skills in the public health sector.

So far, this section has examined labour migration as a broad phenomenon. The global integration of labour markets is still modest. While there has been an increase in bilateral and global agreements on trade in goods, the liberalization of services and labour markets has proceeded much more slowly. Thus, the temporary movement of labour is still small relative to the size of labour markets in most countries. The temporary movement of natural persons (TMNP) represents one of four modes of service delivery recognized by the World Trade Organization’s General Agreement on Trade in Services (GATS). It refers to the entry and temporary stay of persons for the purpose of providing a service (e.g., accountants, doctors or teachers).

The liberalization of labour markets for highly skilled labour is of particular importance to countries endowed with a significant mass of talent, such as China and India. For smaller countries, liberalization may exacerbate an already perilous exodus of skilled labour. Generating clear incentives for workers to return is important. One measure could be withholding a portion of earnings until migrants return home. Such a forced savings scheme could also act to induce investment in the home country. Another approach could be the reduction of quotas for countries with low ratios of returnees. Although this has the potential of punishing the worst-off countries, sending countries could be motivated to actively attract temporary movers.

Some recent developments are likely to mitigate the adverse effects of labour migration. For example, the explosion of Internet connections has contributed to the “death of distance”, thus opening up new doors for reduction of the impact of the brain drain by allowing expatriate nationals to stay in closer touch with their native countries and even to contribute directly to economic development. The Africa Union’s policy of considering Africans in the diaspora as the fifth region of the continent is one initiative in this regard. Other interesting initiatives in this area include the Transfer of Knowledge through Expatriate Nationals (TOKTEN) programme, initiated by UNDP and presently managed by the United
Nations Volunteers, and the Digital Diaspora Network, launched by the United Nations Information and Communication Technologies (ICT) Task Force to promote development through the use of ICTs.

**HIV/AIDS**

HIV/AIDS has become the fourth most common cause of death in the world and it is the leading cause of death in sub-Saharan Africa. The severity of the epidemic is illustrated in figures 5 and 6.

The increasing incidence of HIV/AIDS, especially in developing countries, is a significant challenge facing public administrations as employers. Given that the disease normally affects younger adults and those in the most economically productive phases of their lives, HIV/AIDS has the potential to reduce the pool of prospective employees and shrink the economic productivity of many countries. It has been estimated that in the eight African countries with the highest prevalence rates, the male and female working populations in 2020 will be smaller by just under 20 per cent than they would have been in the absence of AIDS. In Malawi, it is estimated that about 25 per cent of the urban workforce will die by 2009 as a result of the rapid spread of HIV/AIDS (box 8). The demographic profile in such countries will change, with a dramatic rise in the proportion of young people in the population.

The impact on the labour market goes further:

- A loss of significant numbers of skilled workers, including in the public sector (there is a tendency for more highly skilled, professional groups to suffer higher levels of HIV/AIDS-related deaths);

**Figure 5.**

**Ten developing countries with highest proportion of adults living with HIV, 2003**

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swaziland</td>
<td>32.6%</td>
</tr>
<tr>
<td>Botswana</td>
<td>29.9%</td>
</tr>
<tr>
<td>Lesotho</td>
<td>29.7%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>29.4%</td>
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<tr>
<td>South Africa</td>
<td>28.0%</td>
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<tr>
<td>Namibia</td>
<td>27.3%</td>
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<tr>
<td>Zambia</td>
<td>24.6%</td>
</tr>
<tr>
<td>Malawi</td>
<td>23.9%</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>23.8%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>21.7%</td>
</tr>
</tbody>
</table>


**Notes:** Estimates. Adult signifies person aged 15 to 49 years.
High levels of absenteeism and leave without pay by those suffering from the condition (especially in the public sector, where leave provisions tend to be more generous); and

- Increasing levels of families headed by children, child poverty and lack of preparedness for skilled work for new entrants to the workforce, particularly with the growing numbers of orphans.

Furthermore, there is a spillover impact on the public sector, such as increased demands for public services and social assistance and a loss of revenue (estimated, in the case of Botswana, to be 20 per cent over the next twenty years).

The impact of HIV/AIDS on the public service—Malawi

It is estimated that in Malawi, about 25 per cent of the urban workforce will die by 2009 as the result of the rapid spread of HIV/AIDS. With a prevalence rate among adults (ages 15–49) of approximately 15 per cent—almost twice the rate of other countries in sub-Saharan Africa—the HIV/AIDS epidemic has already inflicted a heavy burden on both the current and the future workforce in the Malawi public service.

Not only is the capacity of the Government to provide health-related services to those affected stretched to its limit, but organizations also have to deal with the serious impact of this pandemic on the human resources in the public service. For example, between 1990 and 2000, the largest and most influential ministries in Malawi suffered from an increasing number of deaths of civil servants. In the late 1990s, the actual mortality rate was more than six times higher than the rate prior to the discovery of the first AIDS case, with young adults accounting for the majority of the increase (see figure).
The management of HIV/AIDS issues in the workplace presents many dilemmas. Mortality is only one aspect of the problem to be managed. In Malawi, HIV/AIDS-related death is on average preceded by 65 days of absenteeism, whereas people living with the illness are likely to be absent for 15 days per year. Thus, during the 1990s, the Ministry of Education, Science and Technology lost 866 man-months, or 72 years, owing to the epidemic. High vacancy rates and increased absenteeism also result in a greater workload for the remaining staff of ministries. This can easily lead to increased levels of stress and burnout, which can negatively affect staff morale.

It is very difficult to assess all the costs of the impact of the HIV/AIDS pandemic on the public service in Malawi. It will include the cost of recruiting, replacing and training new public servants for those deceased as well as the opportunity cost of lost productivity during the time the posts were vacant. In most ministries, the recruitment process is lengthy and expensive. The Civil Service Commission, for example, asserts that it typically takes at least six months from the time a post is advertised before it is filled. In the case of the Ministry of Agriculture and Irrigation, the average cost of replacing one professional officer between 1990 and 2000 was $74,504. Given the high costs of recruitment and training involved, many ministries have chosen to leave the posts unfilled for several years.

In 1999, the Government launched the National Strategic Framework for HIV/AIDS for the period 2000–2004. As a result, workplace programmes such as counselling and support groups as well as welfare, medical, bereavement and client schemes in addition to flexible work-schedule and compassionate leave policies for infected persons have been put in place.

The management of HIV/AIDS issues in the workplace presents many dilemmas. Mortality is only one aspect of the problem to be managed. In Malawi, HIV/AIDS-related death is on average preceded by 65 days of absenteeism (compared with an annual norm of 15 days). This, in addition to the stress caused by the loss of colleagues, places strain on other workers, causing burnout and loss of efficiency as well as a higher attrition rate.
Managing in an HIV/AIDS environment

Employees with HIV/AIDS present specific challenges in terms of personnel and management practices. Workers with HIV/AIDS are likely to experience some degree of limitation in terms of their performance as well as social isolation and psychological problems, especially if faced with disclosure. Policy questions arise about the role of compulsory screening and/or the value of requiring candidates to declare their condition at the point of application or appointment. Early counselling support may be invaluable for those tested. There is a need for adjustment for all concerned, not just those with the illness. How to deal with these problems is clearly a whole-of-government responsibility, going far beyond HRM responsibilities. At the same time, there is a clear set of challenges and impacts, and a need for responses, within the human resource domain.

There is still widespread misunderstanding about HIV/AIDS to the extent that it could affect the performance of both the employees with the condition and their colleagues. The need is clear for policies on the employment of people with HIV/AIDS, including their rights and obligations, unambiguous guidelines for employees in terms of working with people with the condition, and specific support for those having to manage teams that include someone with the illness. Measures to combat discrimination are necessary, including not only statutory provisions—as, for instance, the 2001 amendment to the South African Public Service Regulations—but also codes of practice and training to raise awareness.

Many governments and public organizations have taken steps to deal with the management of HIV/AIDS in the work place. For example, the Department of Public Service and Administration (DPSA) in South Africa has adopted a comprehensive policy that includes strategies for prevention; voluntary counselling and testing (VCT) and support for those infected and affected; education; resources and leadership to implement work-place programmes on HIV/AIDS and sexually transmitted diseases; creation of a non-discriminatory environment; and protection of confidentiality of those who voluntarily disclose their HIV status. Minimum standards and a manual of best practices have been promulgated; education and awareness programmes have been mandated; and HIV/AIDS committees have been set up in each department.

The DPSA has acknowledged a number of concerns over implementation of this strategy:

- Lack of integration of HIV/AIDS policies and programmes into broader wellness initiatives and human resource practices;
- A tendency to allocate HIV/AIDS responsibilities to junior officials with limited skills, experience and influence;
- Limited data on HIV prevalence rates and the impact of HIV/AIDS on the work place; and
- Inadequate understanding of specific work-place challenges such as the existence of stereotypes and prejudices.

Reports on progress in implementation suggest that one of the most serious problems is the unwillingness of employees to participate in the VCT schemes, partly for fear of discrimination. A further serious problem is the lack of health insurance for the majority of public service workers. The Government of South Africa has announced its intention...
to introduce a new medical scheme in order to increase its coverage and make it more affordable.  

In summary, all public organizations need a clear employment policy on HIV/AIDS in the work place. Such a policy must be supported from the centre of government hierarchy and be understood and pursued in all government agencies; it should be comprehensive, well publicized and well understood by all employees, not simply personnel/human resource specialists. Organizations need to have a clearly articulated position on issues such as testing, disclosure, absenteeism (including sick pay) and support services. Managers may need specific support and advice in dealing with employees with this condition.

Notes

10 Ibid., p. 20.
17 The eight countries were: Botswana, Kenya, Malawi, Mozambique, Namibia, Rwanda, South Africa and Zimbabwe.

