

GENDER AUDIT FOR ENTERPRISES AS A TOOL TO DEVELOP POLICIES TO REGULATE THE GENDER EQUALITY IN THE REPUBLIC OF MOLDOVA

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Abstract. The author's proposals for implementation of the gender audit in the enterprises of different activity types and size in the Republic of Moldova are discussed in the paper. The main target of this work is to provide a set of tools and practical guidelines to be used at the gender audit. Gender audit is a tool that support an organization's commitment to gender equality by examining the extent to which equality is being institutionalized. It helps to identify good practices and points to effective and efficient ways of moving forward in mainstreaming the gender in all work activities. Gender audit was demonstrated as a relevant, dynamic and extensive tool to assess the progress in promoting gender equality in the sphere of work.

Gender audit of an enterprise is the independent inspection (checkup) of the enterprise to analyze, monitor and identify gender problems of the staff, with subsequent elaboration of proposals to improve the company policy for gender equality. Gender audit is a tool for the enterprise gender management at the micro economic level.

The practice of gender audit is widespread in developed countries. International Labor Organization actively promotes and supports this direction including the methodological level. Thus, in 2000 the analysis of working conditions and gender inequality was performed together with leaders and trade union organizations on the basis of the sociological method of interviewing employees in Russia on three pilot plants: Moscow Tire Plant, plant “Moscow Bearing”, enterprise “The Paris Commune” [1]. In 2007 the International Labor Organization published “A manual for gender audit facilitators: The ILO participatory gender audit methodology” [2].

There are conditions that facilitate conducting and implementing of the gender audit on enterprises of the Republic of Moldova as our country is sufficiently developed in that direction. The Moldovan national legislation is based on international, especially European, experience in promoting contemporary gender policy.

The World Economic Forum published the annual report about gender equality issues in the world in 2010 [3]. The index of gender equality in the report “The Global Gender Gap Report 2010” is calculated by comparing the opportunities of men and women in four main areas: economic participation and opportunity, educational attainment, health and survival, political empowerment. In 2010 Moldova was ranked as 34th among 134 countries, ahead of such European countries as Romania, Bulgaria, Poland, Austria, Italy. The five Nordic countries held the highest positions in the Global Gender Gap Index: Iceland, Norway, Finland, Sweden and New Zealand. According to the report, these countries have a minimal difference in opportunities between men and women in the four main areas (see Table 1.).

However, despite the existing legislation, in the economy of our country still exists the horizontal and vertical gender segregation, the discriminatory component of the gender pay gap in 2009 was 16.5% [4]. In addition, opinion polls and research in the field of employment revealed the presence of gender stereotypes of thinking in a certain part of Moldovan employers [5; 6]. In these circumstances, a gender audit at the micro-economic level is the most realistic way to analyze the reasons for the gap in pay between men and women at the macroeconomic level. Accordingly, after the results of the analysis, it is possible to developing specific policies to improve the situation.

The methodology of gender audits offered by the International Labor Organization is based on the principle of active participation and use the sociological methods of analysis. This kind of audit is classified as qualitative. The qualitative

analysis performed on the basis of active participation (usually some surveys or questionnaires to all employees or only for some of their categories) brings the risk of subjectivity and data twisting in responses (in one's mind the situation is better or worse than it actually is). Indeed, it is possible to perform a lot of different case studies, examining certain aspects of the gender of the labor market, but they all show the common picture. In addition, the evidence of gender segregation and pay discrimination are in the economic field, not in sociology, thus it is unlikely to obtain the exhaustive explanation by extremely simple surveys and questionnaires based on the sociological reports.

Table 1. The dynamics of the index and rank of equality for the World Economic Forum

Countries	2010		2009		2008		2007		2006	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
<i>Countries with market economies:</i>										
Iceland	1	0,8496	1	0,8276	4	0,7999	4	0,7836	4	0,7813
Norway	2	0,8404	3	0,8227	1	0,8239	2	0,8059	2	0,7994
Finland	3	0,8260	2	0,8252	2	0,8195	3	0,8044	3	0,7958
Sweden	4	0,8024	4	0,8139	3	0,8139	1	0,8146	1	0,8133
New Zealand	5	0,7808	5	0,7880	5	0,7859	5	0,7649	7	0,7509
Ireland	6	0,7773	8	0,7597	8	0,7518	9	0,7457	10	0,7335
Denmark	7	0,7719	7	0,7628	7	0,7538	8	0,7519	8	0,7462
Switzerland	10	0,7562	13	0,7426	14	0,7360	40	0,6924	26	0,6997
Spain	11	0,7554	17	0,7345	17	0,7281	10	0,7444	11	0,7319
Germany	13	0,7530	12	0,7449	11	0,7394	7	0,7618	5	0,7524
United Kingdom	15	0,7460	15	0,7402	13	0,7366	11	0,7441	9	0,7365
United States	19	0,7411	31	0,7173	27	0,7179	31	0,7002	23	0,7042
Canada	20	0,7372	25	0,7196	31	0,7136	18	0,7198	14	0,7165
Australia	23	0,7271	20	0,7282	21	0,7241	17	0,7204	15	0,7163
Portugal	32	0,7171	46	0,7013	39	0,7051	37	0,6959	33	0,6922
Austria	37	0,7091	42	0,7031	29	0,7153	27	0,7060	27	0,6986
France	46	0,7025	18	0,7331	15	0,7341	51	0,6824	70	0,6520
Greece	58	0,6908	85	0,6662	75	0,6727	72	0,6648	69	0,6540
Italy	74	0,6765	72	0,6798	67	0,6788	84	0,6498	77	0,6456
<i>Former socialist countries:</i>										
Latvia	18	0,7429	14	0,7416	10	0,7397	13	0,7333	19	0,7091
Moldova	34	0,7160	36	0,7104	20	0,7244	21	0,7172	17	0,7128
Lithuania	35	0,7132	30	0,7175	23	0,7222	14	0,7234	21	0,7077
Kazakhstan	41	0,7055	47	0,7013	45	0,6976	32	0,6983	32	0,6928
Slovenia	42	0,7047	52	0,6982	51	0,6937	49	0,6842	51	0,6745
Poland	43	0,7037	50	0,6998	49	0,6951	60	0,6756	44	0,6802
Russian Federation	45	0,7036	51	0,6987	42	0,6994	45	0,6866	49	0,6770
Estonia	47	0,7018	37	0,7094	37	0,7076	30	0,7008	29	0,6944
Bulgaria	50	0,6983	38	0,7072	36	0,7077	25	0,7085	37	0,6870
Kyrgyz Republic	51	0,6973	41	0,7058	41	0,7045	70	0,6653	52	0,6742
Ukraine	63	0,6869	61	0,6896	62	0,6856	57	0,6790	48	0,6797
Czech Republic	65	0,6850	74	0,6789	69	0,6770	64	0,6718	53	0,6712
Romania	67	0,6826	70	0,6805	70	0,6763	47	0,6859	46	0,6797
Slovak Republic	71	0,6778	68	0,6845	64	0,6824	54	0,6797	50	0,6757
Hungary	79	0,6720	65	0,6879	60	0,6867	61	0,6731	55	0,6698
Armenia	84	0,6669	90	0,6619	78	0,6677	71	0,6651	n/a	n/a
Georgia	88	0,6598	83	0,6680	82	0,6654	67	0,6665	54	0,6700
Tajikistan	89	0,6598	86	0,6661	89	0,6541	79	0,6578	n/a	n/a
Azerbaijan	100	0,6446	89	0,6626	61	0,6856	59	0,6781	n/a	n/a

the rank is determined for 134 countries of the world
the index is between 0.00 – inequality to 1.00 – equality.

The Table is constructed by the author according to the World Economic Forum's "The Global Gender Gap Report 2010", 2006-2010. [3, p. 12-14]

These circumstances can motivate the need for a gender audit by economic methods, requiring a more detailed analysis of the economic data of enterprises. Thus, not opposing to the standard methodology of qualitative audit proposed by the

International Labor Organization with the use of sociological methods, the author propose a quantitative gender auditing of enterprises, based on the analysis of economic indicators of the enterprise that uses the techniques of statistical and econometric analysis. This method seems to be the next step in the development of approaches to gender equality at the micro-economic level, as an important component of the evolution of gender-based management. The method proposed by the author to improve regulation in employment, namely, the gender audit using statistical and econometric analysis can also be motivated by:

By this time in our country and throughout the developed world, the evolution and penetration of the information technology in business is quite high. Almost all medium and large companies, as well as many smaller ones use automated accounting system or integrated enterprise management system. Thus the company in any way accumulates information and statistics that can be used as input data in the application of statistical and econometric techniques for the gender audit. For example, in Moldova, most companies use automated accounting and personnel records through the information platform UNA.MD/Universal Accounting, or 1C. At the same time the Moldovan legislation obliges companies to keep records of workers by sex, including computerized ones. This allows to view these information systems in the Republic of Moldova as a reliable sources of data to quantitative economic gender audit. Accordingly, the need of making complex sociological questionnaires is reduced, because a lot of the necessary data is already available in the informational systems.

- ✓ Using the exact data got from the informational systems cardinaly increases the objectivity of the estimations and audit.
- ✓ Suggesting method of audit, from the point of algorithmic and methodological views, is rather complicated applying many different methods, econometric and statistical calculations, providing interaction with information systems, using a large amount and variety of indicators. But the speed of such audit, with pre-established methodology and the availability of special computer program, could be greatly enhanced. Gender audit can be implemented very quickly. It is possible to organize blitz-audits (quick-audits).
- ✓ Since the total time spent on audits is reduced, financial costs to the organization and conduct gender audits can be significantly reduced, which is especially important for the Republic of Moldova.

According to the author, the most effective technique is the combination of the proposed method of quantitative gender audit based on statistical and econometric methods, and standard method of quality audit proposed by the International Labor Organization.

The first step in using information systems and specialized software is the quantitative gender audit, which results in identifying major problems, characterizing the state of gender equality in the company, which already can serve as a basis for developing specific recommendations and actions. In addition, at the first stage the quantitative analysis reveals the “bottlenecks” and the areas for a more detailed study on the second stage, in the process of qualitative analysis with the use of sociological methods and qualitative methods, based, inter alia, on the principles of active participation. The audit on the second stage is revealing details of the particular issues or problems identified in the first stage.

The volume of work in conducting the audit and, accordingly, the time and cost of it, can vary very widely, depending on the needs of enterprise and the situation.

This work describes the methodology of the 1st phase of the gender audit, i. e., methodology of organizing and conducting the gender analysis of economic and statistical indicators of the company, using statistical and econometric techniques.

Description of the 2nd stage, the quality audit, based on sociological methods of active participation, is presented in detail in the relevant ILO textbooks [2].

To put into practice the gender audit by the methods proposed by the author, a number of preconditions are supposed:

- to work out the theoretical ground and research base;
- to describe the methodology;
- to set the maximum possible range of input data;
- to elaborate algorithms for calculating all the intermediate and final indicators;
- author propose to develop appropriate software, providing all of the observed indicators and taking into account all the developed algorithms;
- in the framework of this software, to provide the possibility of extracting information from external sources importing data.

The advantage of this approach is that all these actions can be performed only once, in the best possible option. During the audit this would allow to pass certain parameters, if the source data required to calculate them are absent in the enterprise.

The process of the 1st phase of the gender audit (quantitative accounting) will consist of the following:

- ✓ Preliminary knowledge of the company (basic information on the company: the type of activity, the approximate total number of staff, history, market position, etc.).
- ✓ Prepare required initial data from the enterprise information system, because maybe they are not in view, or they need additional verification.
- ✓ Import initial data from the enterprise information system in the software by the tools of gender audit.
- ✓ Check the initial data. As part of the software, special algorithms are executed to audit internally the reliability and accuracy of the information of the initial data. Some data may be excluded.
- ✓ Data analysis using statistical and econometric techniques performed within the software.
- ✓ Delivery the results of the research.
- ✓ Prepare the conclusion, develop key recommendations.
- ✓ Identify controversial points and additional questions and problem areas for further analysis at second stage (quality audit) in which will be used the sociological methods.

Tools and methods of the work:

- General descriptive gender statistics: a synthesis of the indicators used in the selection by gender, taking into account the personal characteristics of workers, including: education level, work experience, age, marital status, number of children, average wages, etc., which gives an overall gender characteristics of the enterprise which can be used in continue to identifying and analyzing the horizontal and vertical gender segregation.

- Other specialized types of gender analysis of the employees, including: analysis of employees by region, analysis by type of discharge, the balance analysis of working time (night and holiday work, sick-leave, courses, business trips, etc.) by the gender types.

Each of these types of analysis is highly specialized and can be held or not, based on the availability of initial data, identified preliminary, or for other reasons.

- The regression analysis can be used in the following stages:

Identify the influence of the main characteristics of human capital (education level, work experience) and other factors on the remuneration for men and women in the company by construction and analyzing multivariate econometric model by the type

of the extended Mincer’s equation, which allows to identify and analyze the results obtained by calculating of the regression.

Assessment of differences in wages by the standard Oaxaca-Blinder decomposition, to reveal unexplained differences in payment characterized as discrimination.

Of course, the gender audit can not provide the scale effect, if it will deal with only some (even large) companies. It is essential that the gender audit was part of a national policy aimed at establishing a truly egalitarian gender equality in our society. This will have a positive impact on key macroeconomic indicators as even at the level of enterprises the relationship between education, the level of horizontal gender asymmetry and wages of employees is clearly visible: where the gender asymmetry is lower, the levels of education and wages are higher. This is confirmed by the practice of developing countries, especially Scandinavian. Thus, the gender audit, through its extensive use and integration into national development strategies, could be one of the factors of economic revival.

For the dissemination of the gender audit at the national level it is necessary:

- ✓ wider scientific study of the gender audit with leading economists, sociologists, experts in the field of information technology.
- ✓ inclusion of a gender audit in the list of public activities in promoting gender equality.
- ✓ adoption the special state program on gender audit and identify sources of financing.
- ✓ development of special software; it is possible to creating a single database, using web-technologies.
- ✓ encouraging enterprises to realization a gender audit by tax remissions, financial and other encouragements, assigning special honorary title (like the existing annual title “The best taxpayer”, which in addition to financial encouragement, gives liberation from all types of audits).
- ✓ an active company in the media to promote gender audit and demonstrating the benefits received by enterprises from it.
- ✓ involvement of authorized audit companies (who will perform a gender audit).
- ✓ training the staff of the audit firms to gender audit procedures, and training specialists of the enterprises that wish to conduct a gender audit of its own.

In this case, the different approaches to gender audit are possible. It could be organized similarly to audit compliance with quality standards ISO-9000, or it can be done on the same principles as the financial audit of companies.

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