

INSIGHT

Changing Business Laws to Uphold Gender Equality in the Pacific Islands



An initiative is helping the women in the Pacific to develop sustainable, formal businesses. Photo credit: ADB.

There is a blueprint to overcoming the barriers that limit women's participation in the formal economy.

Introduction

Laws that limit women's ability to participate in the formal economy and exclude them from starting or running a business do not only bring economic disadvantage to women and their families but also to the society at large.

Women in the Pacific, for example, could not own land, register their business, and access lending institutions because of legal and cultural barriers.

A multi-pronged approach helped to lower these barriers to Pacific women's participation in the private sector.

Analysis

The Pacific Private Sector Development Initiative (PSDI) suggested ways on how the business climate can be improved.

Reform business laws to eliminate discrimination

Legislative reforms that address direct and indirect discrimination are essential as they remove enormous barriers that impinge on women's autonomy and restrict their ability to engage in business.

Before 2014, a married woman seeking to register a business name in the Solomon Islands had to supply the name of her husband. Reforms initiated by PSDI resulted in the removal of this discriminatory provision.

In addition, in Samoa, Solomon Islands, Tonga, and Vanuatu, company laws were rewritten to allow "single-person companies." It means women can now start a company on their own. Those implemented in the Solomon Islands and Samoa made company registration cheaper, faster and simpler. Data on the gender of company directors and shareholders in the former shows a 25% increase in women directors and a 15% increase in women shareholders.

Gender of Shareholders and Directors in the Solomon Islands				
Year	Directors		Shareholders	
	Women	Men	Women	Men
2010 (Dec)	663	2,163	718	1,934
2015 (June)	935	3,291	976	2,801

Source: Solomon Islands Company Haus.

Review competition and consumer laws

PSDI research in Papua New Guinea revealed that women are not well informed about their rights and are less likely to file business complaints. In 2014, only 20% of complaints were from women compared to 71% from men. To help address this, the project assisted the government to study the impact of competition and consumer laws on men and women, and how regulatory frameworks hinder women's commercial activities. It evaluated the laws and institutions with regard to the interests of men and women as consumers and examined how laws that protect women consumers are being enforced. It proposed dissemination for information targeting women through women's associations and non-government organizations and recommended that the regulator adopt a range of complaints processes

including the appointment of women complaints investigators.

Finance women's entrepreneurship

Obtaining loans or credit for business development is a challenge in the Pacific. Limited ownership of collateral in the form of buildings and land, most of which is communally owned under the customary title, makes it difficult for entrepreneurs and businesses to obtain loans and credit from financial institutions.

A secured transaction framework was created to allow people to use a variety of assets including personal assets and invoices as collateral for loans. It removed the reliance on land as the main form of collateral and encouraged women to take out loans and financial institutions to lend to women.

Why Women Do Not Access Bank Finance							
Reasons	Fiji	Papua New Guinea	Samoa	Solomon Islands	Tonga	Vanuatu	Average
Interest rate too high	26	41	17	33	28	56	34
Lack of security	13	19	33	28	28	6	19
Loan amount inadequate	10	7	0	11	0	0	6
Not known	26	19	50	22	33	38	28
Other	26	15	0	6	11	0	13

Source: ADB. June 2015. *Promoting Gender Equality and Women's Empowerment*. Consultant's Report. Manila (TA-6143 REG). P.35.

By unlocking the value of the common property, credit is made available to women so that they can start or grow their own businesses.

Mentor women into management roles

Without the skills and confidence to participate in senior management, women working in the private or public sector were often concentrated in lower-level roles. In the Solomon Islands in 2014, for example, there were 2,788 male company directors compared with just 830 female company directors.

PSDI worked with the Solomon Islands Chamber of Commerce to design a program that addresses this

deficit by:

- Providing a program on corporate governance to women improving their chances of successfully applying for senior management positions;
- Developing comprehensive materials, learning strategies, and case studies that are gender sensitive and specific to the Solomon Islands;
- Conducting a train-the-trainers program; and
- Creating a database of potential candidates for senior positions.

This improved the social standing and income of women and opened a pipeline of potential new executives and employees.

PSDI also introduced a Women's Business Leadership Program in Tonga, Fiji, and Papua New Guinea to improve women's knowledge, networks, and confidence to progress to senior positions in businesses.

Implications

Broader initiatives to ease the constraints of doing business in the Pacific should, wherever possible, include provisions to accommodate women's specific needs to ensure their equal access and benefit.

Meanwhile, dedicated projects are needed to further improve women's technical and management skills to expand their opportunities in the formal and professional sectors.

Resources

Asian Development Bank. 2015. *Empowering the Other Half: Women and Private Sector Growth in the Pacific*. Mandaluyong.

ADB. *Unlocking the Economic Potential of Women in the Pacific*.

ADB. *Regional: Pacific Private Sector Development Initiative Phase II*.



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Last updated: April 2019