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The Downturn of Gender Diversity on Boards in Hungary

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Introduction

There are three different legal guidelines in the European Union (EU) to regulate women's participation on corporate boards: obligatory quota regulation, application of the 'comply or explain' principle and the

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non-regulation of gender representation. Hungary, together with other post-socialist countries, belongs to the latter group. This paper gives an overview of the potential historical roots of aversion to state intervention, the effects of the post-socialist legacy on present-day legal conditions and, crucially, of how this environment influences women's position on company boards. We argue that the forced emancipation experience of the state socialist era had a controversial impact. On the one hand, socialist party politics prioritised women's participation in top managerial positions, while, on the other hand, it delegitimised the issues connected to gender equality in political life and policy fields, in which the potential for greater equality has decreased due to women's high participation in the past. These phenomena caused the stagnation of women's presence in top managerial positions in Hungary. The chapter first describes the general social, economic and legal context of Hungary, and then discusses the main characteristics of policies on the topic of women on boards. The next part summarises the main components supporting and hindering women's leadership positions in present-day Hungary, including some critical remarks concerning this situation, followed by the reflections of a high-ranked government official.

General Background

Hungary is located in the very centre of central Europe and is surrounded by no less than seven countries. This rather high number is the result of recent historical changes: namely, the disintegration of socialist states in the early 1990s. A careful look at the list of present neighbouring countries clearly highlights the importance of continuous remembrance of past processes, since only two countries, Romania, in the east, and Austria, in the west, have been constant neighbours over the last 30 years. The remaining five countries are 'new' or have been newly re-established after the collapse of the socialist regime: Slovakia (previously belonging to Czechoslovakia) at the northern border, Ukraine (earlier being part of the Soviet Union) in the north-east, and Serbia, Croatia and Slovenia (re-established after the war on the 'ruins' of Yugoslavia) in the south remind us of the fragility of these state formations and the sensitivity of ethnicity-related issues across this region.

The territory of Hungary is 93,000 sq. km and the population number, which is gradually decreasing, is slightly below 10 million inhabitants. As mentioned in Chap. 5, Austria and Hungary formed the Austro-Hungarian empire before the First World War. Shortly after World War II, Hungary was under the power and influence of the Soviet Union, which determined the country's political circumstances in general and women's emancipation in particular for 40 years. It occurred in western Hungary in August 1989 that the Austrian-Hungarian border was opened for East Germans to let them escape from the socialist block, which was a historic event symbolising the collapse of the socialist regime.

Hungary joined the European Union in 2004 at the same time as seven other former Eastern Bloc countries. The process of negotiation and the resulting access were important steps to be a fully entitled member of European countries again. Shortly afterwards, in 2007, the country joined the Schengen Agreement, which made the free mobility and movement of goods, services and people within the EU considerably easier. Despite the substantial removal of physical barriers from international exchanges, Austria and Germany remained the main export and import trade partners for Hungary. Thus, these historical linkages have had a long-lasting effect on the country's economy. Although there have been several plans concerning joining the Euro zone as well, the idea has been postponed several times, so that now Hungary does not have a precise plan when the currency union might occur.

Political and Economic System

The Hungarian political and economic system can only be analysed in its historical context. The socialist regime could be characterised by the aggressive dominance of the state, the exclusive power of the communist party, the collectivisation of agrarian activities, and by the phenomenon that all private industrial undertakings were nationalised. The communist party intended to rule all economic activities and limit ideologies that differed from the communist orthodoxy.

The communist powers set the targets to change the political status quo and demolish class differences and gender inequalities (Fodor 2004). This meant that previous decision-makers and property owners were removed from their positions and were replaced by working class people. According to the party decrees, women were also put into influential political and economic decision-making positions in order to institute women's emancipation. It is highly debated, whether this emancipation was really successful (Gal and Kligman 2000), but women had equal or even better career opportunities than women in many Western countries (Fodor 2004). Not least because it was a forced top-down process dictated by the communist party, it led to a backlash towards women's issues later on and contributed to the de-legitimisation of gender issues as well (Gal and Kligman 2000).

Still, we cannot consider socialism as a homogeneous period. Whereas the socialist regime allowed only limited access to social and economic freedom and opportunities for people in the beginning, as a consequence of the 1956 'Hungarian Uprising', the socialist party gave space for social and economic consolidation. The consolidation offered more income opportunities (second economy came into existence), individual movement (travelling opportunities abroad) and social rights (introduction of parental leave scheme in 1967). Due to these changes, the preconditions of a market-oriented society developed slowly, and they were supplemented by legal and institutional changes, e.g. the introduction of the two-tier banking system in 1987. This meant that after 40 years, and under the supremacy of the Hungarian National Bank, commercial banks received the opportunity to (re)establish their financial activity in the country.

After having demolished the socialist regime, which existed for more than 40 years between 1948 and 1989, social and economic transformation accelerated. Although there was a considerable change in the political elite, the persistence of the business elite was the dominant trajectory. Thus, economic decision-makers were able to preserve their influence both in their organisations and in macro-level decisions. This early period of transformation was labelled as managerialism emphasising that people owning managerial positions had more power than those possessing private property (Szelényi 1995). However, privatisation changed this situation considerably, and Hungary became an embedded neoliberal type of capitalism, which can be characterised by the application of ‘socially and politically inclusive strategy’ (Bohle and Greskovits 2012, p. 22). As the authors emphasise, this refers to the mobilisation of considerable financial resources for the aim of socialist companies’ economic transformation, and to the maintenance of generous welfare measures as well. Taking into account that transformation caused serious damages both on organisations’ and employees’ sides, significant economic and welfare means offered by the state were necessary to support the actors and compensate their losses (Bohle and Greskovits 2012).

A large literature has considered the problems of privatisation (both of banks and of non-financial corporations), bank consolidation (an issue that emerged in practically every transition country and had important relationship with corporate control) and the restructuring of enterprises (Czajlik and Vincze 2004).

Governance Structure According to Company Law

Not least because it is based on the German traditions, the development of Hungarian company law is inseparable from cultural, social, political and historical factors. As far as the general regulatory framework is concerned, the first company legislation was the Act no. VI. of 1988, which determines the structure of company law even today. At that time, the primary aim of legislation was to pave the way for entrepreneurship and the founding of private companies by residents and non-residents alike. At present, there is no separate company law in Hungary, as the basics of the regulation are included in the Act V of 2013, the current Hungarian Civil Code. The following section focuses on these recent rules at the national level without mentioning other provisions concerning business organizations, which were laid down in many of acts.[1]

It is worth mentioning that the European Company Statute (‘SE Regulation’ after its Latin name *Societas Europaea*) was adopted on 8 October 2001, which offered the possibility to create a new legal form called a European Company. The main idea behind the SE Regulation was to make it easier for companies and groups with a ‘European’ dimension to combine, plan and carry out the reorganisation of their business on an EU-wide scale. According to the European Commission report from 2010, there were 595 SEs registered in the EU/EEA member-states, out of which only three corporations are located in Hungary.[2]

General Management Rules Relating to the Legal Persons

In the Hungarian system, a legal person has a management (executive board) and a representative (non-executive board) body. The Hungarian Civil Code provides persons the freedom of establishment of a legal person by means of a contract, charter document or articles of association ('instrument of constitution'), and to decide themselves on the legal person's organizational structure and operational arrangements (i.e. on nomination process).

Chapter XV of the Hungarian Civil Code laid down the general rules of the business associations. According to the legislation, business associations are legal persons established for the pursuit of business operations with financial contribution provided by its members, where each member has a right to a share of the profit and an obligation to participate in covering the losses.[3] A business association may operate in the form of a general partnership, limited partnership, private limited-liability company or limited company.[4]

Executive Officers (Members of the Executive Board)

Members and founders exercise their decision-making powers under the Civil Code or the instrument of constitution in a body comprised of members selected from among all members or of delegates selected by the members from among themselves ('college of delegates'), or in a body consisting of persons exercising the founders' rights.

Decisions that are related to the governance of a legal person (e.g. a company), and are beyond the competence of the members or founders, are adopted by one or more executive officers or by an entire executive board. Executive officers perform their management functions by representing the legal person's, e.g. the company's, interests. The first executive officer(s) of the executive board is (are) delegated in the instrument of constitution. Executive officers are selected, appointed and dismissed by the members and funders of the legal person (e.g. owner).

Non-executive Body: The Supervisory Board

As a rule, setting up a supervisory board is not mandatory; members or founders of a legal person may nominate the (three-member) supervisory board in the instrument of constitution. Nevertheless, there are the cases where a supervisory board must be established: (i) if the annual average number of full-time employees employed by the business association exceeds 200, and (ii) the works council did not relinquish employee participation in the supervisory board.[5]

Supervisory board members are independent from the executive board and are not bound by any instructions in performing their duties. The members of the first supervisory board are designated in the instrument of constitution, after which members are appointed by the decision-making body (e.g. the owner, the representatives or the general assembly). Details of the appointment process are set in the instrument of constitution.

The supervisory board assesses all motions brought before the decision-making body of members or founders and presents its opinion at the meeting of the decision-making body. It adopts its decisions by a simple majority of the votes of the members present. The Hungarian Civil Code determines the power and the membership provisions when the establishment of the supervisory board is mandatory. Supervisory board members are typically elected for a term of five years. The supervisory board consists of three members, and they elect a chairperson from among its members. The supervisory board functions as a body and may entrust any of its members to fulfil certain supervisory tasks, or may divide supervisory duties among its members.

Nomination, Election and Participation of the Employee Representatives

In case of the business associations, employees may not hold a seat on the supervisory board, except where membership is based on employee participation. If the number of full-time employees exceeds 200, one-third of the supervisory board should be made up of employee representatives. Employee representatives have the same rights and same obligations as all other members of the supervisory board. Employee representatives shall inform the company's employees about the activities of the supervisory board. There is a specific rule related to the public limited companies (PLC). If the public limited company has a board of directors, the procedures for exercising the rights stemming from employee participation are laid down in an agreement between the board of directors and the workers' council.[6]

Corporate Governance Recommendations

Corporate governance principles aim to support the transparency and efficiency of the market and the rule of law. In particular, they are concerned with the definition and enforcement of shareholder rights and the role of owners, further harmonising the interests of the company with those of its investors' and its environment. In Hungary, it became important around 1990, when the former governance structures were still connected to central planning. Old styles of corporate control quickly became unviable, but their vestiges may have survived (Angyal 2001).

In mid-2002, the Budapest Stock Exchange began working out its Corporate Governance Recommendations (CGR) for listed companies. The recent version of the CGR is considered to be an addition to the relevant Hungarian Civil Code—primarily for listed, public limited companies registered in Hungary.[7] The CGR contains recommendations, suggestions and related explanations. Relevant provisions of law must also be considered when evaluating the corporate governance policy of listed companies.

According to the CGR, the responsibilities of the managing body cover areas such as the participation in defining strategic guidelines and developing the relevant strategy, supervision of business and financial plans, the execution of major capital expenditure, acquisitions and divestitures, defining principles of remuneration for executives, monitoring executive performance, initiating corrective measures if necessary, defining the mechanism regarding the nomination of the members of the managing body, recommending the remuneration of members and determining the basic principles and rules of succession.

As far as the role and responsibilities of the supervisory board of listed companies is concerned, the CGR made recommendations about applicable practices such as the rules of procedure and the work schedule of the supervisory board lists the board's operation and responsibilities, as well as those procedures and processes that the supervisory board will follow. The rules of procedure determine the mandate of the supervisory board and the procedures by which the executive management and the management board supply information. Alignment and compliance with the recommendations is not mandatory for companies listed on the stock exchange.

The nomination and appointment of the members of the managing body and the supervisory board, mainly regulated by the CGR, should take place in a transparent manner, which ensures that information regarding the person and professional competence of the nominees is available. It is suggested that, upon the announcement of the nominees, shareholders are informed about the professional competence of the nominees, and what relevant knowledge makes them competent and independent to become a member of the given board. According to the CGR's suggestions, the number of the members of the managing body and the supervisory board is determined in such a manner that the boards are able to perform their corporate governance and control function in the most efficient way possible. When determining the size and structure of the managing body and the supervisory board, an adequate level of professional experience, the right proportion of independent members and the optimization of costs shall be targeted. The Hungarian legislation, as well as the relevant bylaw does not mention gender or other kinds of diversity; consequently, Hungarian company legislation is gender blind. There is a separate law to regulate equal opportunities and treatment (Act

CXXV of 2003 on Equal Treatment and the Promotion of Equal Opportunities), which provides appropriate provisions when a person suffers from discrimination. Although the Basic Law of Hungary (Constitution) and the Hungarian Civil Code laid down certain provisions regarding equal opportunities and treatment, the specific law was adopted as a requirement for Hungary's accession to the European Union in 2004.

Facts and Figures

Hungary has had an even, albeit relatively limited, growth over the last three years. Despite the stable economic performance, the country is lagging behind the regional competitors, i.e. the Visegrád countries (Slovakia, Czech Republic and Poland). Its real GDP growth reached the peak before the economic crisis. According to the latest data, the GDP growth was 3.7 percent in 2014 and 2.7 percent in 2015. The positive results were boosted by the increase experienced both in private consumption and export activities in recent years (European Commission 2016a), whereas last year's decrease in GDP growth can be connected to the poorer performance of the automotive sector, which is one of the country's main economic activities, and to the decrease in available EU funding (Hungary's Economic Outlook 2016).

The employment level has risen slowly and continuously over the last few years, but it was still below the EU average in 2015. The Hungarian employment rate for those aged 20–64 was 68.9 percent, whereas the EU average was 70.1 percent (Eurostat 2016). This was an important increase, compared to earlier decades, as previously the Hungarian employment rate, especially for men, was among the lowest in Europe (e.g. 61.2 percent in 2000). The last five years' considerable increase in employment can be partly connected to the public works scheme introduced in 2011, which typically offers low-wage jobs for unemployed people. Consequently, the unemployment rate is shrinking continuously (5.5 percent), and is below the European average, which was 8.6 percent in April 2016 (Eurostat 2016).

Looking at the employment rates by gender, we witness a significant gender gap: differences between male and female employment rates. In

2014, the Hungarian female employment rate was 60.2 percent, whereas the male employment rate 73.5 percent for those aged 20–64. The EU-28 employment rates were somewhat higher, i.e. 63.4 percent female employment rate, 75 percent male employment rate, and the gender gap was slightly smaller than the Hungarian data. At this point, it is important to note that part-time work opportunities are rarely available in the Hungarian labour market, so those who are in the labour market typically work full-time. It is reflected in the data presenting full-time equivalents: Hungarian employment rates differ only slightly from the above described employment figures, so full-time equivalents were 58.3 percent (for women) and 72.6 percent (for men) in 2014 (European Commission 2016b).

As women typically work full-time, it is not surprising that gender wage gap is relatively low in international comparison (14.3 percent in Hungary and 18.2 percent in EU-28) (European Commission 2016b). In fact, the gender wage gap can be explained by the strong gender segregation of the labour market, and the unequal share of household duties, particularly childcare responsibilities. Hungary is among the few countries, where the long parental leave scheme (three-year long universal and paid parental leave) and the traditional gendered expectations (i.e. re-familisation) decrease mothers' labour market participation dramatically (European Commission 2016b). In order to compensate the impact of long parental leave scheme on women's employment, the government introduced some new initiatives in the framework of labour market and family policies. A well-known scheme is the so-called 'GYED extra' allowance. As of January 2014, it makes possible for parents to take the parental allowance and work full-time simultaneously after the child turns six months old. Another important support is the regional extension of affordable nurseries maintained by local municipalities for children below three years. The 2016 amendment of the Labour Code focussed on pregnancy protection as well, whereas the Workplace Protecting Action Plan supports, among others, the employment of parents with young children and parents having at least three children through active labour market policies, e.g. employers' tax reduction.

It means that previously introduced, widely available, and state-supported institutional solutions (e.g. daycare) are often replaced by family solutions (e.g. mothers and in many cases grandmothers as caregivers). This became a typical and dominant part of the gender regimes in most post-socialist countries, where familialism was already important in the late 1960s. It is crucial to note that the socialist system, despite the declaration that women's paid work was of social importance, also faced a declining fertility rate and growing labour surplus, which reinforced women's positions as mothers (Nagy et al. 2016). A similar trend can be observed across all Visegrád countries, where the parallel emphasis on both motherhood and women's employment in socialism finally concluded in a familialistic gender regime after 1990.

The Global Gender Gap Report 2016 published by the World Economic Forum (WEF 2016) recently, offers a comprehensive picture on gender relations internationally. Between 2015 and 2016, Hungary's ranking has worsened, and with a score 0.669 (out of maximum 1.00), it is ranked 101 out of 144 countries. Relatively small gender gaps can be detected in health (rank: 40), economy (67) and education (67), whereas politics indicates the widest gender gap (138) (WEF 2016, p. 195). This unfavourable position can be explained mainly, but not exclusively by the fact that Hungarian political life is missing women politicians and points at a highly masculine political culture. There have not been female members of government over the last ten years; women are permanently missing from party leaderships; and they form a mere 10 percent among the members of the Hungarian parliament (European Commission 2016b, p. 25).

To understand the political context better, it is important to note that, whereas approximately half of the countries in the world have some sort of quota systems in place to increase women's political participation, only two political parties operate with some sort of gender quota in Hungary (20 percent for the Hungarian Socialist Party and 33 percent for the LMP, the Hungarian Green Party) (http://www.quotaproject.org/country/hungary). This might be an indication that Hungarian society has a quota aversion, which can be also connected to the total rejection of the socialist legacy: namely, the state's emancipation project. Obviously, there is a clear backlash against the socialist past and any kind of positive discrimination or affirmative action. It helps us also to understand the lack of regulation in relation to the situation of women on company boards.

Quotas are so unpopular among Hungarian people that two proposals and an initiative for referendum to introduce gender quotas failed due to lack of support from the wider public (Magyar's 2010 work is referred by Ilonszki 2014, p. 56).

An investigation of board members at companies registered at the Hungarian stock exchange also suggested that women were underrepresented. Women counted for only 9.5 percent of board positions in 2009 in general and, typically, were present in smaller companies (Nagy 2012, p. 238). In the meantime, the European figures, which were initially higher anyway, are increasing. This male-faced political decision-making might significantly contribute to the ignorance of gender issues at all levels of political life and public policy.

Women's participation in top managerial positions is more favourable. A recent and unique investigation of the TOP200 companies in Hungary showed that 9 percent of CEO positions are occupied by women; they hold 15 percent of executive board positions, and 18 percent of supervisory board positions are occupied by women (HBLF 2014). Alongside the decision-making levels, a clear pyramid structure can be detected: women's proportion is 28 percent in middle management and 38 percent at the entry managerial level. At the same time, 40 percent of all employees are women in the investigated companies.

National Public Policy Regarding Women on Boards

Gender Diversity in Publicly Listed Companies

Women in management and women on boards is an issue mainly within foreign-owned multinational companies' operations in Hungary. Publicly listed companies show great variety on their boards in terms of gender composition. A considerable number of Hungarian publicly listed companies (in EWSDGE[8] project five out of eleven companies) do not have any women on their boards at all, and those companies which have more than two female members on their board are subsidiaries of Western multinational companies.

EWSDGE project office initiated public discussion about the presence and absence of female members of companies' boards, and they identified two distinct reactions. While company representatives who did not have a single female board member emphasised their support to the legal expectations, as there is no legal requirement on gender composition of the board members, they explained that the decision about board membership is purely based on merit, i.e. educational background (degree), professional experience and suitability (EWSDGE 2016, p. 10).

Gender-related issues were not among the priorities of these companies. At the same time, companies that had relatively high number of female board members were more eager to share their approach to gender equity within corporate boards. Representatives of those companies, where there was a significant number of female board members, welcomed the gender questions and revealed that they had made conscious steps to increase the number of female members in their decision-making bodies.

Several European countries have legislative measures: (1) binding quotas with sanctions (Norway, Iceland, France, Italy, and Belgium), (2) quotas without sanctions (the Netherlands and Spain), (3) rules concerning state-owned companies (Denmark, Finland, Greece, Austria and Slovenia), while the UK decided to set voluntary targets. Besides that, several European countries have introduced Corporate Governance Codes (Austria, Belgium, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, Poland, Spain, and the UK) or have chosen to introduce charters that companies might sign (e.g. in the Netherlands and in Denmark). Finland encourages state-owned companies to outline objectives and principles for encouraging gender balance in business leadership.

Hungary, among some other post-socialist member-states, did not introduce any initiative for solving gender issues at senior management level (European Commission 2012). Consequently, Hungary does not have any kind of regulation regarding gender representation on boards: neither compulsory nor voluntary, and companies do not even have an obligation to reveal their present statistics on gender proportion at different levels of their decision-making bodies: boards, executive boards, CEO, C-level jobs.

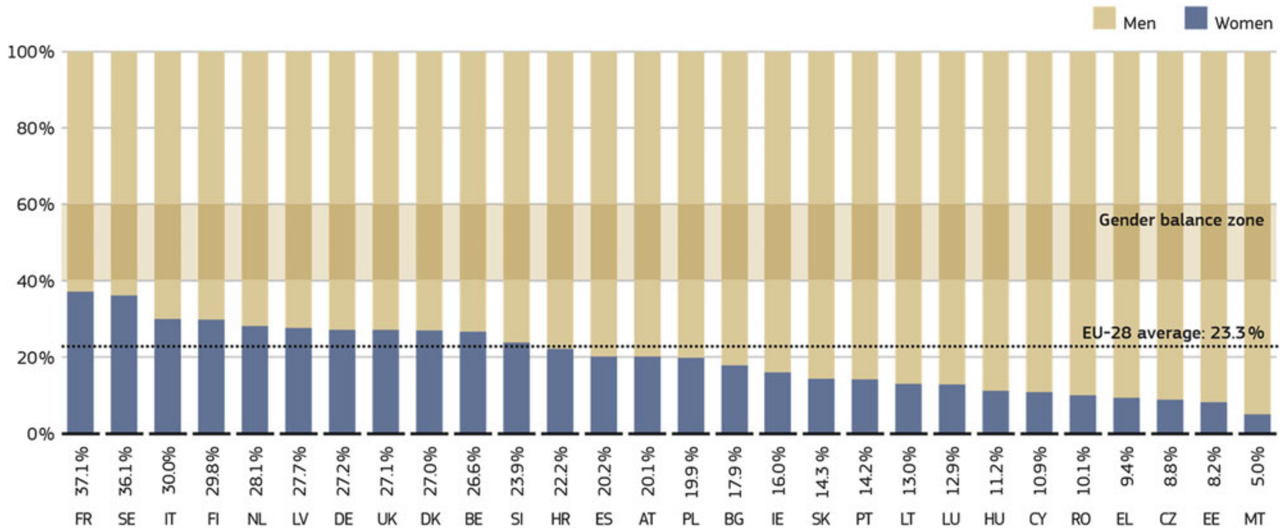

Fig. 9.1 Representation of women and men on the boards of large listed companies in the EU, April 2016 (*Source*: European Commission 2016d, p. 1)

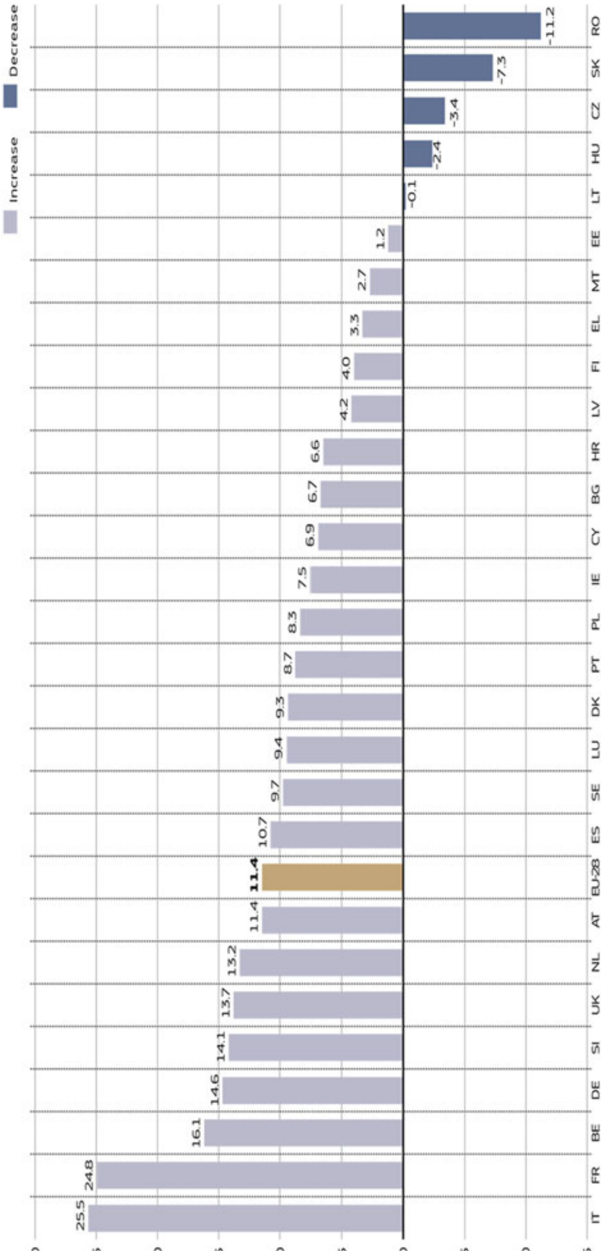

Fig. 9.2 Change in the share of women on boards of largest listed companies, EU-28, October 2010–April 2016 in percentage points (pp) (*Source*: European Commission 2016d, p. 3)

As we can clearly see in Fig. 9.1, Hungary with its 11.2 percent of female board members, together with other post-socialist countries and Cyprus and Malta, is among the countries with the lowest female representation. This proportion is around half of the EU average, and it is significantly far from the target gender balance zone (40–60 percent). If we further investigate recent progress concerning female board members (Fig. 9.2), we can detect that Hungary is among the few countries, where the proportion of female board members is decreasing, which is just the opposite trend in the majority of European countries. The latter can be attributed also to the various kinds of national and/or corporate initiatives or quotas. Hungary, among the post-socialist EU member-states, is not succeeding with increasing the number of women in key positions.

Private companies in Hungary are not obliged to work on gender issues and, in practice, most companies do not deal with the topic at all. The information about the number of women in management positions is public. In some companies, the proportion of female employees is also published—in some cases in their annual report, but it is not compulsory. It is interesting to note that there are some sectors where female participation is over 50 percent, e.g. pharmaceutical and banking sectors in Hungary (EWSDGE 2016).

Corporations with at Least 51 Percent State Ownership

In general, state-owned companies are managed mainly by the Hungarian National Asset Management Inc. (HNAM Inc.), which is a public company. This is actually a high proportion of Hungarian economy because over 50 percent of the Hungarian GDP is covered by these state-owned companies. These companies are expected to elaborate an equal opportunity plan, and it is usually required by EU applications as well. In reality, this equal opportunity plan is rather a status report than a real plan in most of the cases. But since the Act CXXV of 2003 on Equal Treatment and the Promotion of Equal Opportunities is devoted to avoiding any kind of discrimination based on gender, race, religion, age, ethnicity, language, disability etc., the proportion of female and male employees are often part of these equal opportunities plans; however, there are rarely real action plans avoiding or treating potential inequalities. Ethical codes are also present is most large companies but they rarely deal with gender proportions at managerial or board level.

Enabling and Hindering Forces

As in most cases, there are enabling and hindering forces in gaining gender balance on corporate boards. The socialist legacy, EU membership and embeddedness in the globalised economy are the three main determining factors that support and hinder women's career path and, consequently, influence the possibility to reach gender balance. All three factors have advantages and disadvantages, which we detail in the following section starting with the enabling forces.

There is a relatively high proportion of female participation in leadership roles, due to the socialist legacy. Generations have grown up, whose mothers worked full-time, and female managers have been part of the company culture for the last 50 or 60 years in Hungary. It also means that role models have been present for young women (Fodor 2004).

Daycare facilities for children under three years used to be also part of the socialist institutional support for working mothers and, until mid-1960s, the proportion of children attending daycare was relatively high, compared to Western countries. But after the introduction of maternity leave scheme in 1967, mothers were encouraged to stay at home with their children until the child turned three, so daycare became less popular. After the change of regime, the discourse about mothers' traditional roles intensified; moreover, the sudden increase of unemployment could be hidden by long maternity leave. Thus daycare received less state financial support and lost its popularity among parents, and a high proportion of the facilities were closed down. In 2011, only 8 percent of children under the age of three had daycare possibilities as opposed to the Barcelona target (33 percent) (European Commission 2013, p. 28).

However, there have been relatively good-quality, full-time childcare institutions for children above the age of three, i.e. kindergartens and schools, which make it possible for parents to work full-time. The availability of childcare institutions for children between three to six years was 75 percent in 2011, i.e. below the Barcelona target (90 percent for children over three years of age) (European Commission 2013, p. 30), and displays significant regional differences. The previous socialist emancipation project supported women working full-time by providing these facilities. It is also worth mentioning that company-sponsored kindergartens were also available for parents between the 1960s and late 1980s. With a few exceptions, they were closed down during the privatisation process.

The growing level of educational attainment also contributes to women's better career chances. Women's education level is similar to the typical pattern of most Western societies: there is a stable majority of women in tertiary education and female graduates outnumber male graduates in almost all main subject areas, e.g. social sciences, business and law, while female graduates' representation is significantly lower in computing and engineering (European Commission 2016c, p. 28). On the whole, female candidates for managerial and board positions are widely available in the talent pool.

As mentioned above, EU membership is one of the supporting factors behind gender equality. This thesis can be supported by describing the legal and policy work connected to social inclusion and gender equality issues in the last 15 years in Hungary. As discussed earlier, the establishment of equal opportunity legislation and machinery (Equal Treatment Authority) was a precondition to the EU accession process. Besides these, the directives and public consultations on gender-related initiatives and gender strategies are catalysts for political and professional discussion, even if they gain only limited media and public attention. A good example for this implicit influence is the proposal of the European Commission about the objective of 40 percent women on board of PLCs,[9] which did not cause considerable changes on political level, still set off several informal meetings with businesspeople (as discussed later).

Finally, probably the strongest force supporting the issue of gender and management is the presence of multinational companies (MNC) and the interconnection with the globalised economy. The headquarters of many Western MNCs initiate organizational policies and practices supporting gender equality, which they often introduce at the level of their subsidiaries as well, even when the legal framework does not force them to do so. Due to the privatisation process in the early 1990s, a significant number of employees work for MNCs in Hungary, so it is hard to underestimate the role of these corporate examples.

Despite the growing relevance of supporting factors, there are many aspects limiting women's career opportunities. Traditional Hungarian culture is one of the strongest hindering forces, which contains, for example, the general conservative attitude towards inflexible and constraining gender roles. While there are obvious and strong signs of traditional gender roles in most countries, e.g. male breadwinner and female caretaker division, in Hungarian society this is the dominant attitude. In a survey, researchers found that more than 50 percent of women and men agreed with the statement that 'Men should earn money and women should take care of the family' in 2009. Hungary had the highest percentage of agreement with this proposition, which was almost twice as high as in Germany or Austria (Pongrácz and Molnár 2011, p. 200).

Despite the growing activity of young fathers, primary caring roles are attached to mothers in the first 3 years of children and in practice, often until children become relatively independent, at the age of 10–12. Hungarian families rarely rely on paid help in childcare and household duties; rather, they benefit from family help—mainly from grandmothers' support. Families have different coping mechanisms to arrange childcare duties, and more often than not mothers slow down their career to satisfy all demands regarding children's needs. In this social context, female managers from the elite pool very often stand back from top managerial roles following gendered cultural expectations or, on the contrary, people who are responsible for nominating new candidates easily drop young mothers or 'potential mothers'. Motherhood penalty is a highly relevant phenomenon in Hungarian business life (Glass and Fodor 2011).

It is not only the gatekeepers but also organisational gender culture that follows traditional masculine values which hinders talented female professionals to compete for promotions or even for gaining respect. Nagy and Vicsek (2014) found in their qualitative research that even though the majority of employees in local government are women, female employees were less valued than male employees, and female leaders were strongly openly criticised, both by men and women. In their investigation on a telecommunications company, they found that women were highly criticised for climbing to top managerial position and for returning to work shortly (i.e. after six months) after childbirth. In this kind of organisational climate, there is a low chance that talented female managers would take initiatives and voluntarily search for managerial positions.

Tóth (2005) pointed out in her empirical research that even if multinational companies wanted to introduce work–life balance initiatives helping women and men alike, men took advantage of these to spend more time on sport and leisure time activities, whereas women would rather spend their time with their families. Their explanations for the choices naturalised the traditional gender order, instead of questioning it. It is interesting to note that Neményi and Takács (2016) studied heterosexual couples, where women took the breadwinner position, so followed non-traditional gender roles. The authors found that couples most often referred to the traditional gender order as a point of reference, even if they consciously reversed it. Their attitude underlines the contradictions and ambivalences concerning changing gender relations in Hungary.

The legacy of socialist state emancipation also supports traditional gender roles because gender egalitarian arguments are often connected with the bad memories of communism (Gal and Kligman 2000). There is a clear backlash: while it was possible to take any type and level of jobs in socialist times—including tractor driver and head of companies independently of gender—it is now often considered as unnatural, and to be avoided, which reinforces the ambiguous assessment of changing gender relations in present-day society.

While Hungarian culture hardly welcomes explicit initiatives that would close gender gap, Hungarian politics is especially reluctant to step towards a more egalitarian society. There is a lack of will and a lack of understanding at a political level that society would benefit from moving away from rigid gender relations. Even if the EU launched a legislative initiative at national or company level to ensure more gender-egalitarian societal practice, the political power—following the current Hungarian societal culture—would not pay much attention to the issue and implementation of the legal obligation and might not reach its aim, not least due to its conservative and traditional gender ideology.

While Hungarian politics will hardly take a meaningful action on this issue, as we will see from an expert interview later, public discourse criticises politically correct language use as a cultural force from the West. An attempt when gender equality practices were planned to be introduced shortly before the parliamentary elections as part of National Gender Strategy (2010), e.g. changing the gender stereotypes in kindergarten teaching, was immediately harshly criticised as unnatural and strange and was stopped right after the elections. Consequently, the strategy has not been implemented. These experiences all discourage women from taking positions which are seen as gender non-conformist or stereotypically masculine by the members of their environment (Kovács 2007).

The hindering forces limiting women's access to board positions are further increased by the lack of strong civil society in Hungary. Civil initiatives in general and women's movements or NGOs in particular do not have a solid economic and social basis; thus they are in a difficult position to facilitate gender equality in the country. Without having stable and broad civic support, it is more difficult to argue for the importance of legal regulations.

All in all, we can state that there is a low level of gender awareness in society, and practices of changing gender oppression, gender mainstreaming or just highlighting overt sexism are either considered to be unnatural from West or unnatural from the communist past.

Critical Reflection on the Case

Although the lack of women on boards is high on the agenda in a wide range of other European countries, this debate has not sparked as much interest in Hungary. The Hungarian case offers evidence for the contradictory legacy of forced socialist emancipation. Although it put more women in the limelight, attitudes towards gender equality in general and women's advancement into top leadership or even board position have been traditional. Consequently, neither political or governmental actors, nor company representatives or social partners put this issue on their agenda. The requirement of equal opportunity plan does not have a serious impact on company initiatives. The only issue connected partly to gender equality is the family-friendly workplace initiative and award set up in 2001.

Based on the EWSDGE project, it seems possible that the subsidiaries of MNCs might be a catalyst in women's ascent due to their responsibility to follow the company headquarters' regulation and expectation. These companies incorporate gender equality into their company culture, and show an important example for other companies in Hungary, even though this is not dictated by the national legal framework or the national gender culture. At least, these companies do not reject the principle of gender equality immediately. Paradoxically, while these companies are very demanding and favour those representing the 'ideal' or unencumbered employee free from family obligations, they became the advocates of women's empowerment. These two targets might be extremely conflicting in societies where the national gender culture is traditional.

Reflections of an Actor

As there has been no significant public discussion or public policy on women's representation on corporate boards in Hungary, it seemed reasonable to ask the opinion of a politician who is very close to the decision-making process. A minister answered the questions regarding the above-described issue in November 2016. She proved to be a highly competent person because of her previous knowledge about the topic and also because she had consultations with CEOs of publicly listed companies on their policies following the news on the 40 percent quota regulation, suggested by the European Commission. The interviewee's intention was not to speak solely about the boards, but to widen the analysis to women in management in general, as the number of listed companies is rather small. Concentrating only on these companies cannot bring real change according to her view, even if she thinks it is important to deal with this issue as well.

Despite accumulating a rather wide knowledge in the topic, the respondent expressed her doubts about compulsory regulations. It became clear from the responses that the present government does not intend to make any direct intervention in the ongoing business processes. The respondent emphasised that she believes more in the effect of bottom-up changes than in top-down processes, and she clearly kept the two approaches separate throughout the interview.

The bottom-up developments were connected mainly to women's growing attainment in higher education, to the facilitation of women's early career progress through flexible working arrangements, labour market reintegration after childbirth (during or after the long maternity leave) or the widespread use of family-friendly policies. She argued that these changes and measures might accelerate women's career progress in an organic way even if they take a long time. The interviewee had the view that it can happen parallel with the generational change.

The other hindrance in women's way to managerial positions can be strongly connected to the traditional gender culture. She drew the conclusion that people's traditional mentality regarding gender roles has to be changed, as they seriously limit women's career aspirations. The importance of leadership training for women was also mentioned during the interview. The tools and measures in this process were not discussed deeply during the interview, as it was far from the main focus. The role and responsibility of state as an employer was also mentioned in the interview.

As a third hindering factor, men's role was mentioned as well. Men's responsibility in sharing housework and childcare duties needs transformation, in order to give equal space for women's career aspirations. As the interviewee admitted, the listed and required changes can only be realised in the long run.

She gave a rather complex overview depicting various parts of the problem. Although the interviewee suggested crucial and progressive ideas to demolish the unfavourable conditions for balanced leadership, in her vision she referred more to indirect, policy-related initiatives than direct, mandatory legal regulations.

Conclusion

The trends discussed prove that women's positions on corporate boards and the national regulation of the issue have remained unchanged in the years following the system change. The experience of this unaltered environment is particularly striking in a competitive economic and social environment, where the leading principle is the best utilisation of human knowledge and capacities. It is obviously a waste of women's talents to be mere housewives or remaining in lower-level positions, when the state has invested significant amounts of money in their education and women outnumber men in several university programmes, which are required for top-level positions. Still, the gender aspect continued to be disregarded in Hungary, despite the changing international policy initiatives and supporting corporate programmes.

Regarding the development of a legal framework, it is remarkable that Hungary historically 'followed' Germany in terms of company law. Still, it is highly significant that Hungary is not following Germany in terms of women on boards—it has not introduced quotas or other national initiatives in order to facilitate women's career progression. As it was emphasised by the interviewed expert, there is no governmental intention to change the regulations. Despite the lack of formal commitment to this issue, it was on the agenda of informal consultations with CEOs.

This kind of resistance to gender equality can be explained by both the contradictory legacy of socialist emancipation of women and by the traditional national gender culture, which is neither gender egalitarian, nor supportive towards women. The traditional gender culture can be both the reason and the consequence of this gender-blind approach characterising the present institutional framework. The traditional mentality as an obstacle in the way to women's economic decision-making was emphasised also by the respondent from the state administration.

Neither the top-down, nor the bottom-up processes are influential in this field. Here, we have to note that the interviewed politician referred to the bottom-up processes, comprising mostly policy initiatives in education (training for women) and in the labour market (flexible working time regime, which is not widely available in Hungary at present). The limited records of gender-sensitive initiatives are hidden behind familialistic (variations in parental leave schemes) or family-centric (family-friendly workplace, supporting particularly families with at least three children) ideologies. Gender equality and the idea of women's empowerment remain unreflected; they stay individual issues, instead of treating them as social problems requiring political and legal steps.

Notes

1. Act XLV of 2004 on European Company Limited by Shares, Act XLIX of 2003 on European Economic Interest Grouping, Act X of 2006 on Cooperatives, Act LXIX of 2006 on European Cooperative Societies, Act CXXXII of 1997 on Hungarian Branch Offices and Commercial Representative Offices of Foreign Registered Companies.
2. Report from The Commission to the European Parliament and Council. The application of Council Regulation 2157/2001 of 8 October 2001 on the Statute for a European Company (SE) (Text with EEA relevance) SEC (2010) 1391 [COM(2010) 676 final]
3. Section 3:88 para 1 of the Hungarian Civil Code.
4. Section 3:89 para 1 of the Hungarian Civil Code.
5. Section 3:119 of the Hungarian Civil Code.
6. Section 3:288 para 1 of the Hungarian Civil Code.
7. http://bse.hu/topmenu/issuers/corporategovernance/cgr.html?pagenum=1
8. The EWSDGE (European Women Shareholders Demand Gender Equity) project was designed to research and influence women's participation on boards in European publicly listed companies, so this action research enabled researchers to ask questions about absence or presence of female board members in the public hearings of the listed companies. The findings of this report are important, because these female shareholders contacted all possible publicly listed companies in Hungary, and their results can be considered as full representation of publicly listed companies (http://www.ewsdge.eu).
9. http://ec.europa.eu/justice/newsroom/gender-equality/news/121114_en.htm

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