

The effect of trust on the governance of higher education: the case study of the introduction of chancellor system in the Hungarian higher education

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Abstract

The paper tries to outline the answer to the question of how the level of trust affects the operation of the higher education sector. Trust plays a vital role in the cooperation of social actors. Different theories explain differently the benefits of trust. High level of trust reduces the transaction costs of supervision (institutional economics), increases the predictability and reduces complexity (system theory), increases the ability to adapt to the changing environment (institutional sociology) and autonomy also requires a certain level of trust (critical management).

While researching trust become important in public management (especially in New Public Management theory; see van de Walle 2010; Bouckaert 2012), the impact of trust on higher education policy and management drew less attention (Tierney 2006b; Vidovich – Currie 2011).

In the study, I am going to analyse the introduction of the chancellor system into Hungarian higher education from the point of view of trust. How the level of trust affects the success of introduction of this particular governance mechanism on one hand, and how the introduction of the new system affects the level of trust on the other.

After the change of regime in 1989, Hungarian higher education started to return to its Humboldtian roots. It was widely accepted that academic freedom could be guaranteed by a high degree of institutional autonomy manifested especially in structures of self-governance and avoidance of direct state supervision/interventions. Attempts to introduce boards and other supervising bodies were resisted until 2011. The new government coming into power in 2010, however, introduced a new system of governance in which state-appointed chancellors became responsible for the finance, maintenance and administration of institutions, while rectors kept their responsibilities in academic issues. The new governance system created institutions the success of which depends on the cooperation of its two interdependent leaders, the rector and the chancellor.

Although unitary leadership is dominant in current management practice and assumed to be more efficient in management theory (and in New Public Management), dual executive leadership is not unheard of neither in business nor in public organisations. In the success of such particular leadership constellation, initial literature analysis (focusing mainly on business organisations) highlighted the critical role of shared cognition, trust, affection and the division of authority. However, the influence of contextual factors, such as the way of introduction, the initial level of trust or the peculiarity of the public sector is not analysed.

For the analysis, Hurley's decision-to-trust-model will be used (Hurley 2012) which will be supported by data from two surveys conducted in 2015 and 2016 among academic leaders of Hungarian higher education institutions. They focused on the opinion of respondents on topics like how the introduction of the chancellor system would influence some key factors in the institutions (expectations), what the current and expected roles of chancellors were, and what would be the benefits and disadvantages of the new governance system.

The surveys and the analysis of the institutional and legislative context provided some initial results. Chancellors are clearly seen as middle managers or political representatives of the government rather than autonomous technocratic managers by many respondents which has a tremendous impact on the trust towards chancellors and the chancellor system in general. There is a smaller minority, however, which considers the role of chancellors as the enforcer of accountability and economy, and the breaker

of the undesired status quo in institutions. Conclusions will focus on governmental and institutional policies regarding trust-building.

Results can be generalized to contexts where the government tries to centralize the operation and supervision of particular public sectors. Results also suggest that the level of trust has a significant impact on how policy tools work, which has implications for the possibility of transmission of policy tools between countries with different level of trust as well as on the 'corruption' of policy instruments (Lozeau et al. 2002). Studying trust might also contribute to the understanding of why post-socialist higher education systems evolve differently than their Western European peers, even if they use similar policy instruments.

Keywords: *dual executive leadership, higher education, Central and Eastern Europe, trust, trust-building*

Introduction: researching trust in higher education

Since the 1980s most European higher education systems is in the state of permanent reform. Governments have been launching initiatives one after another in funding, governance, quality assurance, study program structure etc. One of the most important and undervalued factors which affect the success and effectiveness of reform efforts is the level of trust between different actors.

The level of trust is, on the one hand, an important input factor to reform processes because it determines how much we believe in the other's competence, goodwill and reliability, and how much risk we are ready to take based on the promises made by the other party. At the same time, trust is also the output of reform processes, as experience gained during reforms shapes the level of trust. (Dis)trust is the result of a learning process.

Literature usually emphasises the benefits of a high level of trust. Different theories provide different explanations. High level of trust reduces the transaction costs of supervision and thus enhance cooperation (institutional economics), increases the predictability of action leading to reduced complexity (system theory), increases the ability to adapt to the changing environment (institutional sociology) and autonomy also requires a certain level of trust (critical management).

Many disciplines closely related to higher education study trust extensively. New Public Management (van de Walle 2010; Bouckaert 2012) and business administration (Hurley 2012) are notable examples. While researching trust seems to be important in these fields, the impact of trust on higher education policy and management drew less attention. Only a handful of publications is available. Most of them focus on the governance of systems and institutions. For example, Tierney (2006a) provides a case study in an institution to understand the role of academics in governance. In this study, Tierney contrasts two frameworks to study trust: a cultural framework (built upon a social constructivist paradigm of organizations) and the rational choice framework (based on functionalist views). In this chapter, Tierney argues that "Trust and trustworthiness, then, are necessary but not sufficient criteria for effective academic governance in the twentyfirst century" (Tierney 2006a:195), but "trust also does not naturally develop in an organization simply because a leader sees its utility. Instead, it needs to be nurtured over time." (Tierney 2006a:194) In another work, Tierney (2006b) adds frameworks (grammars) to understand trust. He argues that risk-taking is an essential part of being an academics. Universities can fulfil their social roles if their members experiment and innovate which requires supportive organizational cultures with a high level of trust. Vidovich and Currie (2011) use Tierney's concepts of trust to analyse changing policy on governance in Australian higher education. They discuss the dynamics of how reforms inspired by new public management such as the more managerial governance of institutions can create trust and distrust.

While Tierney (2006a) focuses clearly on the institutional level, and Vidovich and Currie (2011) focus on the policy level, this paper combines the two approaches by studying how top-down policies affects trust on the institutional level. The introduction of the so-called chancellor system into the Hungarian higher education and its consequences on trust and mistrust will be analysed as a case study.

The main research question is whether newly appointed chancellors (responsible for the budget and all the administration in the institution) are trusted by their academic peers, and how the level of trust is influenced by institutional settings and policy measures.

In the first part, a short overview is provided about the development of the governance system of Hungarian higher education. The second part describes the position of chancellors and the new dual executive governance system of Hungarian HEIs. The third part summarizes those factors which

influence the decision to trust or not to trust somebody by Hurley (2012). The analysis of some of these factors takes place in the fourth part. The last section includes the discussion and the lessons.

Changing governance system in the Hungarian higher education

European higher education went through significant change over the last 30-40 years: the rocky route from elite to mass higher education accompanied by the diversification of institutions and programmes, increased competition and changing funding patterns. In post-socialist countries, all the reforms started simultaneously after the change of the regime resulting in a highly unstable and dynamic environment. The pace of change and lack of stability is highlighted by four education laws and over 100 amendments in the last 30 years.

The governance of institutions also changed considerably in this period. Similar to the Czech Republic and Poland, the Hungarian higher education system is rooted in the Humboldtian tradition, but in the communist period, the higher education system in Hungary followed the Soviet model (Rüegg and Sadlak 2011). In the 1980s many characteristics of the Soviet model, especially the lack of institutional autonomy, were regularly questioned. Although significant changes were accepted before the change of the regime, these changes were only truly fulfilled after 1990 when Humboldtian governance traditions were restored. Institutional mergers forced by the government in 1998 reflected a new approach to government policy focusing on tighter control, greater accountability and a more frequent application of indirect control mechanism (i.e. competitive student allocation system, performance contracts, boards).

The elections and a change in government in 2010 became a major turning point in higher education policy, as the new government adopted more centralized and direct control. The position of the Hungarian higher education decreased in the autonomy scorecard in three dimensions (organizational, funding and staffing) between 2012 and 2017. (see table 1)

Table 1: Autonomy of Hungarian higher education institutions

	2010			2016		
	value	position*	category	value	position**	category
Organizational	59%	16	medium-low (3)	56%	23	medium-low (3)
Funding	71%	6	medium-high (2)	39%	28	low (4)
Staffing	66%	17	medium-high (2)	50%	22	medium-low (3)
Academic	47%	24	medium-low (3)	58%	16	medium-low (3)

* the number of evaluated countries was 28 (in 2012) and 29 (in 2017).

Source: **Estermann, Nokkala et al (2011), and <http://www.university-autonomy.eu/countries/hungary/>**

One notable example is the amendment of the constitution (basic law) in 2013. In 2005 the Constitutional Court prevented the establishment of governing boards which would have included several external members and had veto power over financial issues. This attempt was considered as unconstitutional because it breached institutional autonomy. To avoid similar results, the Constitution (Fundamental Law) was changed in 2013 and now it declares that "Higher education institutions shall be autonomous in terms of the content and the methods of research and teaching; their organisation shall be regulated by an Act. The Government shall, within the framework of an Act, lay down the rules

governing the management of public higher education institutions and shall supervise their management.” (Article X paragraph 3) In 2015 a new board (called consistory) was established with veto power over strategy and finance. It has five members four of which is appointed by the government.

The autonomy and governance of institutions are also influenced by the introduction of a new position, the chancellor. According to the National Higher Education Act of 2011, chancellors represent the institutions in budgetary issues. They are responsible "for the economic, financial, controlling, accounting, employment, legal, management and IT activities of the higher education institution, the asset management of the institution, including the matters of technology, institution utilization, operation, logistics, service, procurement and public procurement, and he directs its operation in this field". They have veto power on these issues. The chancellor is the employer of all the workers except for academic staff.

The government justified the introduction of the new governance system by citing three arguments. First, the financial position of institutions weakened significantly after 2010 which reflected in the increase of their debts. The National Audit Office also revealed several irregularities in institutions. These facts were presented as signs of incompetent and incapable management.

Second, bad management roots in the inadequate governance structure of institutions. The rector and the Senate (the main decision-making body of institution consisting of academic staff and students) are not competent enough in financial and administrative issues. The rector's accountability is limited because theoretically, it is the Senate which makes decisions and the rector only executes them. The financial director cannot represent effectively budgetary and regulative arguments because he/she depends on the rector.

Third, the government as the maintainer of the institution should take more responsibility in stabilizing institutions and enforce efficient operation and compliance similarly to the owners of business enterprises.

There are some counterarguments, however. The deteriorating financial position of institutions overlaps with the significant (cc. 25-30%) reduction of state funding of HEIs. (see Berács et al 2015) For example, the public funding observatory reports that between 2010 and 2013 public funding of higher education in Hungary decreased from 190 billion HUF to 133 billion HUF.¹

Second, the government argues that institutions did not use their autonomy to promote efficient and adequate operation. It is also possible to argue, however, that institutions were not granted enough autonomy because their governance structure was set in stone in legal regulations and rectors were not empowered and made accountable enough so that they can enforce financial and academic performance.

Dual Executive Leadership

The appointment of chancellors resulted in a peculiar leadership configuration where an institution has two interdependent chief executives of equal ranks with complementary tasks. While the rector is responsible for strategy and academic issues, the chancellor is responsible for the budget and administration. This is a dual leadership configuration. (de Voogt - Hommes 2007; Alvarez - Svejnová 2005)

¹ <http://www.eua.be/publicfundingobservatory>

At first, this configuration seems to be counterintuitive because joint responsibility makes leaders less accountable. The mainstream management theory is against this idea at least since Fayol, whose principle of „unity of command” says that every employee should receive orders from only one superior or behalf of the superior. In addition to historical examples of dual leadership configurations (such as having two consuls in Rome or two kings in Sparta), Alvarez and Svejnova (2005) identified several examples in the business sector. There are other examples in the public sector as well: theatres, hospitals, museums and schools can be managed by leadership couples. So the question is not whether dual executive leadership is possible, but what the enabling conditions and critical success factor are. In the literature, two major streams of argumentation can be found which explain this leadership configuration. First, sharing power on the top can prevent tyranny and reduce opportunistic behaviour if each leader checks and controls the other’s activity. This was the reason of doubling all senior officer positions in the ancient republic of Rome (Sally 2002). Second, power-sharing makes organizations capable to face increased complexities. This is especially important when organizations face strategic uncertainty and/or internal heterogeneity (Alvarez and Svejnova 2005; Fjellvaer 2010; O’Toole 2002). Higher education institutions are inherently heterogeneous. As professional bureaucracies (Mintzberg 1991), core tasks are carried out by academic staff, who are supported by a large number of administrative staff.

The internal heterogeneity (or diversity) of Hungarian HEIs are increased in the 2000s. At the beginning of the 1990s, Hungary had a highly fragmented higher education system with many specialised institutions (a heritage of the Soviet system). In 2000 several large comprehensive institutions were created through forced mergers on a wide scale which was followed by other waves of mergers and demergers in the 2010s. The efforts to strengthen the authority of senior management was failed, however, which limited the possibilities to streamline institutions and standardize academic and administrative processes. Many institutions which were merged into a larger university managed to preserve their own culture, traditions and structure as a faculty in the new institution. All in all, internal heterogeneity is high in larger institutions and it is exacerbated by the growing complexity of academic and administrative regulations. This supports the need for dual executive leadership.

Strategic uncertainty can be defined as the extent of complexity and stability of environment which influences the definition of goals and the goals-means equation (Alvarez-Svejnova 2005:51). In a complex and unstable environment when institutions depend on several stakeholders, uncertainty is high and institutions should pay attention to the changes of many different factors and interests. However, strategic uncertainty will be lower in an environment, where institutions depend mostly on one stakeholder. The uncertainty of the environment has been increasing in the Hungarian higher education since the last 30 years which is clearly reflected in the frequent change of legal regulations. (See table 2.) The reinforcement of the state after 2011 and the increasing dependence of institutions on the government make possible the reduction of strategic uncertainty by simply maintaining a good relationship with the government and other authorities. Therefore introducing dual executive leadership configuration is less convincing from this perspective. The appearance of chancellors, however, can further increase the role of government.

Table 2. Uncertainty of environment in the light of acts on higher education in Hungary

Act on higher education	Number of months in effect until the acceptance of the new act	Number of years in effect until the acceptance of the new act	Total number of amendments	Amendments / years in effect
1985-1993*	99	8,25	12	1,5
1993-2005	149	12,42	37	3,0
2005-2011	72	6,00	42	7,0
2011-	68**	5,67**	43	7,6

* This is an act of education which contains the regulation of elementary and higher education

** Number of months/years until August 2017

Based on Polónyi 2015

Decision to trust: an analytical model

Miles and Watkins (2007) identified „the four pillars of effective complementarity”, that is the critical success factors of dual executive leadership. These factors are 1) shared vision, 2) common incentives, 3) communication and 4) trust. These factors are strongly interrelated with each other, but trust is “the most crucial for a team’s stability”. As Miles and Watkins argue „common vision, aligned incentives, and close communication enable purposeful and powerful cooperative action, but they have no value unless team members know that their counterparts can and will further the best interests of the enterprise.” This is because a high level of trust enables cooperation without using cumbersome monitoring processes. On the other hand, low level of trust results in suspicion, caution and reluctance to cooperate.

But do academic peers trust the newly appointed chancellors? How are they perceived by their academic colleagues?

Robert Hurley’s “Decision to Trust Model” provides an excellent analytical framework to study the factors which influence the level of trust towards particular organizational actors. (Hurley 2012)

Table 3: The summary of the decision-to-trust model

Factors		Distrusting characteristic		Trusting characteristic	
Trustor factors	Risk tolerance	low		high	
	Adjustment	low		high	
	Power	low		high	
Situational factors	Situational security	low		high	
	Similarities	few		many	
	Interests	conflicting		aligned	
	Benevolent concern	not demonstrated		demonstrated	
	Capability	low		high	
	Predictability/integrity	low		high	
	Communication	poor		good	

Source: Hurley (2012)

Hurley distinguishes 3 trustor factors and 7 situational factors. Trustor factors are characteristics of those persons who make decisions whether to trust somebody else or not. These factors are risk tolerance, adjustment and power.

- There is a strong relationship between risk-taking and trust. “By trusting, you make yourself vulnerable to loss” (Hurley 2012:8) In other words: by trusting the trustor risks that the trustee will use the opportunity for his/her own advantage. As a result, risk takers are more willing to trust, while risk avoiders are less likely to trust.
- Well adjusted persons have high self-esteem, a realistic view of the world, emotional stability and independence. They are more likely to trust because they have a high level of confidence. Those who are poorly adjusted see the world as a place with full of threats which makes them more suspicious. As a result “low-adjustment individuals will tend to need more assurance to trust.” (Hurley 2012:47)
- Having the power to punish betrayal can decrease the risk stemming from trusting somebody. People in authority position are more likely to trust. Those without power, however, feel more vulnerable and therefore less willing to trust.

Situational factors are those contextual factors which influence the relationship between parties. These factors are much easier to influence than trustor factors. Situational factors include the followings:

- Security refers to the level of stakes in the situation. The higher the stakes are, the more difficult to gain trust is.
- “Similarities” refers to the experience that “people tend to more easily trust those who appear similar to them”. (Hurley 2012:30)
- Alignment of interests raises the question whether the trustor has similar interests as the trustees. If similar interests are assumed then trusting the other party is more likely,
- Benevolent Concern: when the trustor thinks that the trustee is willing to put the trustor’s interest above the trustee’s interest, that is, the trustee is benevolent toward the trustor, trusting decision is more likely. The demonstration of benevolence can increase the level of trust. If we have the perception that the trustee always follows his/her own interest, then we are less likely to trust.
- Capability: the willingness not to break an agreement is not enough to earn trust, the trustor should believe that the trustee is able to successfully fulfil his/her part. Disbelief in the capability of trustees results in less trustful relationships.
- Predictability and integrity raise the question to what extent the trustee is reliable. “Integrity (honouring one’s word or practising what one preaches) increases predictability.” (Hurley 2012:66)
- Communication is critical in creating trustful relationships. Hurley thinks that all situational factors (except for situational security) are underpinned by communication because these factors can work through communication. The frequency and openness of communication can counterbalance the lack of other factors, while poor communication often leads to “spirals of distrust”, where perceived betrayal further impoverish communication.

While risk tolerance and adjustment are personal traits, power, in my opinion, is closer to situational factors, because having the power to retaliate depends on the situation. It is possible, for example, to empower the trustor and provide him/her means to retaliate to gain his/her trust. Therefore trust can be influenced by manipulating power.

In chancellors we trust?

In this section, four factors will be analysed to answer the research question whether chancellors are trusted by academic leaders or not: power, similarities, capabilities and interests. These factors are selected because of two reasons. First, the general institutional setting (e.g. regulations, selection process) has the largest impact on these factors, while the others are person-specific or institutional-specific factors and therefore results are difficult to generalize to the whole higher education sector. Second, studying these factors are supported by the analysis of chancellors’ CVs and data from two anonymous surveys, which were conducted in 2015 and 2016 among academic leaders of Hungarian state institutions. Rectors, vice-rectors, deans and vice deans were asked about their expectation and opinion on chancellors and the chancellor system. These surveys were not created specifically to test hypotheses regarding trust toward chancellors. Nevertheless, they can provide useful data to test, illustrate or generate hypotheses. The response rate was around 25% in both years. (see table 4)

Table 4: Response rates of two surveys conducted in 2015 and 2016

	2015			2016		
	Number of respondents	Size of population	Response rate	Number of respondents	Size of population	Response rate

rector, vice rector	14	86	16,3%	19	94	20,2%
dean, vice dean	66	398	16,6%	97	396	24,5%
other leader in faculty or central administration	17	41	41,5%	-	-	-
Other	13	-	-	10	31	32,3%
Not provided	29	-	-	8	-	-
Total	139	525	26,5%	134	521	25,7%

Results can be considered representative regarding the type of institutions and the position of respondents. On the other hand, some institutions are overrepresented among respondents, while there are other (smaller) institutions with no respondents at all. As the experience at the institutional level has a significant impact on the opinion about chancellors, the disproportionate distribution of respondents among institutions might distort results. An additional important caveat might be the fact that the completion of questionnaires was voluntary, which could also distort the representativeness of the sample because the questionnaire was more likely to be filled in by those who are emotionally more affected by the chancellor system.

Based on respondents' satisfaction with the chancellor and their agreement with the chancellor system three major groups of respondents could be identified (table 5).² The "absolute supporters" are satisfied with the chancellor and agree with the major characteristics of the chancellor system. The "opposers" are not satisfied with the chancellor and do not agree with the chancellor system. The third group consists of respondents who are satisfied with their chancellors but do not support the system itself. The proportion of the three major groups in the 2016 surveys can be seen in the following table:

Table 5. Satisfaction with the chancellor and agreement with the chancellor system in 2016 (N=133)

		Satisfaction with the activity of the chancellor			
		Supporting (Satisfied)	Uncertain/ No answer	Opposing (Not satisfied)	Total
Support for the chancellor system	Supporting	12,8%	0,0%	1,5%	14,3%
	Uncertain/ No answer	6,8%	0,0%	3,0%	9,8%
	Opposing	27,8%	0,8%	47,4%	75,9%
Total		47,4%	0,8%	51,9%	100%

Power

Power refers to the trustor's ability to retaliate if the trustee follows opportunistic behaviour. Most higher education institutions are bottom-heavy organizations (Clark 1983). Academics require a high level of autonomy and they wish to control many aspects of their own work. The self-governing

² The degree of satisfaction with the chancellor was measured by asking "How satisfied are you with the work of the chancellor in the institution so far?" The attitude towards the chancellor system was captured by aggregating the answers to four questions. Respondents were asked to indicate how much they agree with the following characteristics: 1) institutions are not involved in the selection of chancellors; 2) the rector is not the employer of the chancellor and is not allowed to give him/her instructions; 3) administrative units have to be directed by the chancellor and 4) the employer of all administrative staff is the chancellor.

structure of Hungarian HEIs provided the opportunity for academics to enforce their interests collectively.

One of the most important characteristics of the chancellor's position is its independence from academics. Chancellors are selected, appointed and supervised by the government. While chancellors control the administration, they also have veto power in all issues (including academic issues) which affects the budget. The result is an asymmetric relationship with the academic sphere. Although chancellors are required to cooperate with the rector by law and cooperation is necessary to make institutions successful, neither the rector nor the Senate has the power to force chancellors directly. On one hand, this makes chancellors able to represent budgetary and administrative interests effectively. On the other hand, academics have only indirect possibilities to influence chancellors if they perceive that the chancellor acts against the interest of academics. For example, one of the returning comments in the surveys is that some chancellors use their position for rent-seeking or to provide positions for their favoured ones, that is, they follow opportunistic behaviours. In that case, institutions can turn to the same government for conflict resolution which appointed the chancellor which is not a very powerful way of retaliation.

Similarities

Referring to social identity theory Hurley argues that “people with whom we can ‘identify’ or whom we see as similar to us in some fashion have an advantage in gaining our trust” (Hurley 2012:56) This is because similarity assumes that involved parties have similar experiences and therefore they share similar values, visions and cognitive frames.

In dual leadership situations having a shared vision and shared values are especially important because in this leadership configuration leaders have to act independently but in harmony with other leaders. Harmonizing goals, values and visions which govern leaders is a time-consuming activity. It is possible to develop mutual understanding during being in position, but it is a quite risky strategy. During the selection of chancellors (and rectors) the quality and quantity of shared experience and similar socialization should be considered to increase the chance of development of a trustful relationship between the two leaders.

Unfortunately, this is not the case in Hungary. Institutions do not have the right to formally participate in the selection process. Chancellors were selected by the Ministry of Human Capacities and they are appointed by the Prime Minister.

The possibility of having a shared vision is also influenced by the demonstrated knowledge about higher education sector. If they know the sector well, they might have a much clear conception of what makes an institution excellent. Analysing the curriculum vitae-s of chancellors appointed in 2014 and early 2015 showed that only 12 chancellors (of 29) had previous experience with the sector, and 14 chancellors had not (there was no information available in the case of 3 chancellors). Not knowing the culture of higher education weakens the trust towards them and it might affect the perception of their capability as well.

In the light of these arguments, it is not surprising that chancellors who worked in the institution before their appointment are perceived more trustful, and academic leaders are more satisfied with their performance. In the following table (table 6) it can be seen that academic leaders working with chancellors appointed from within are more satisfied (65%) than those leaders who work with chancellors from outside (39%).

Table 6: The effect of selection from within institutions

		Previous attachment to the institution		
		Yes (the chancellor was the employee of the institution before his/her appointment) (N=48)	Does not work previously in the institution (N=78)	Total (N=126)
Satisfaction with the chancellor's activity	Fully satisfied	25%	13%	17,5%
	Rather satisfied	40%	26%	31,0%
	Rather not satisfied	27%	23%	24,6%
	Not satisfied at all	8%	38%	27,0%
	Total	100%	100%	100,0%

Chancellor survey 2016

Alignment of interests

Alignment of interests focuses on the question whether interests of the trustor and the trustee are conflicting or not. The size of the conflict of interests and the chancellor's demonstrated action against his/her putative self-interest (benevolence) can influence the level of trust towards him/her.

Chancellors are in a delicate situation because they are appointed by the government to represent governmental interests on one hand, but they also have to promote institutional interests to have a successful organization on the other. Therefore, they have to balance different interests and mediate between the government and the institution. They are in a middle managerial "sandwich" position where they have to serve two masters at the same time.

Incentive structures are key in this situation. Chancellors have a strong relationship with the ministry. They had to report to the ministry in every month (rectors were not involved), and the ministry evaluated their performance in each year. The evaluation criteria were not known which provides fertile ground for gossips about the hidden agenda of chancellors. In addition, there are rumours that rectors felt neglected. 2017 was the first year when the rector and the chancellor had to submit a yearly report together, but institutions are still not involved in the selection of chancellors.

The perception of chancellors can be also influenced by chancellors' previous commitments. The analysis of CVs showed that 9 chancellors (of 29) appointed until early 2015 had strong links to the governing party: they were either member of the parliament, or member of a local government or fulfilled senior leadership position in (local) governments before their appointment.

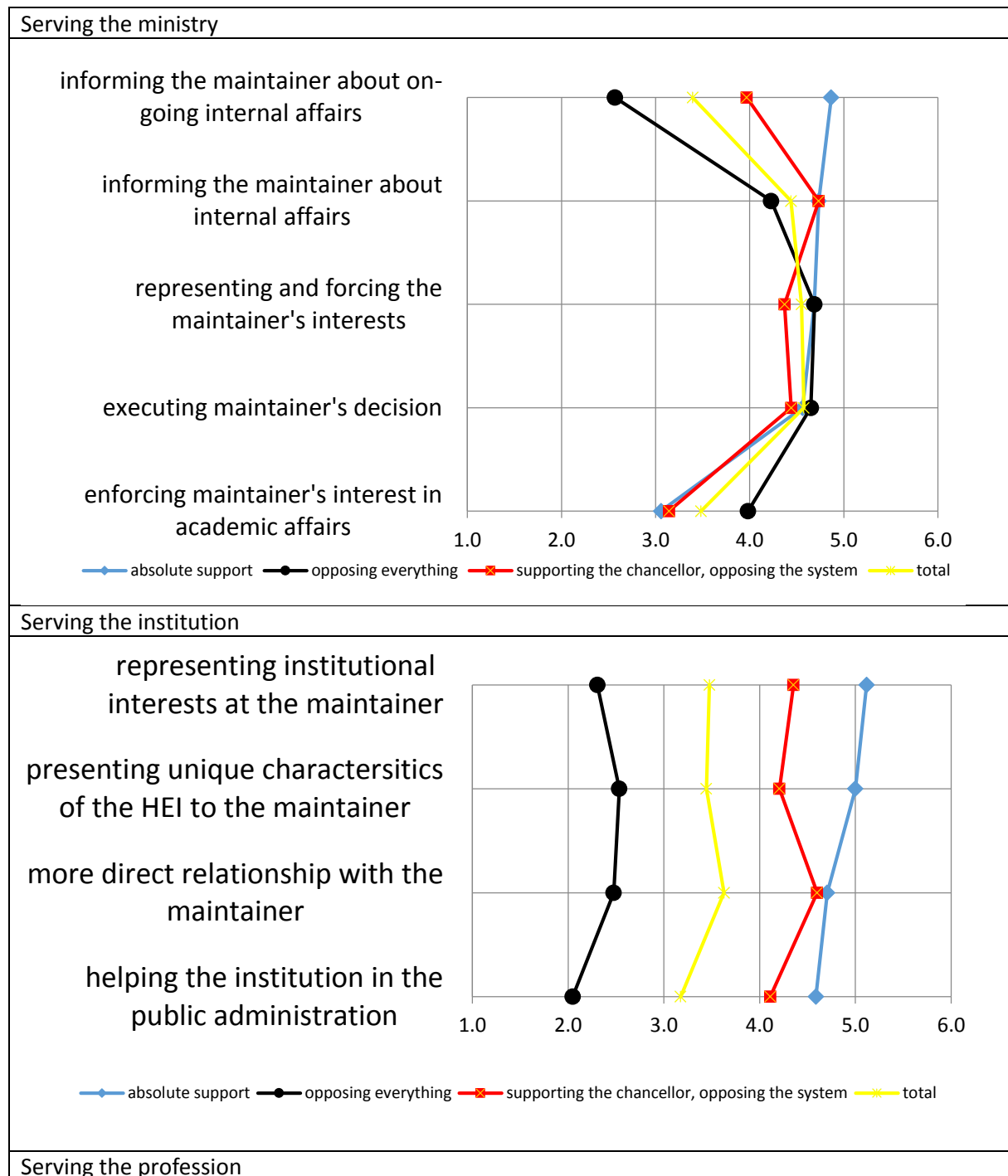
Surveys have also interesting results regarding how chancellors' role is perceived. Respondents evaluated the realization of different behaviours in a 6-point-scale, where 1 means that the given behaviour is not typical at all, and 6 means that it is very typical.

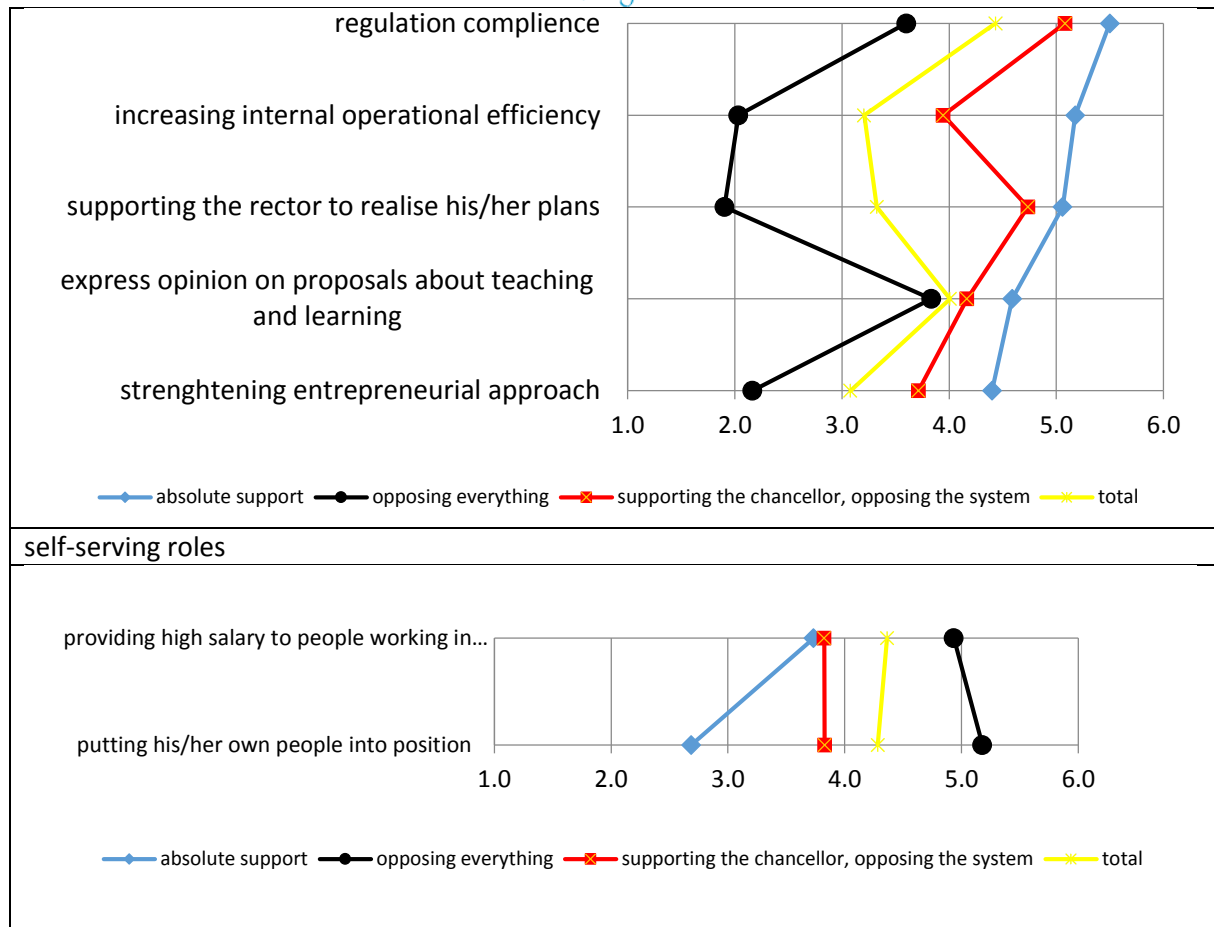
Behaviours could be grouped into four broad categories (they were shown to respondents in a mixed order):

- institutional roles, where the chancellor represents the interest of the institution, such as „presenting unique characteristics of the HEI to the maintainer" or „helping the institution in the public administration"

- maintainer roles, where the chancellor represents the interest of the ministry such as „informing the maintainer about on-going internal affairs” or „executing maintainer’s decision”
- expert roles where chancellors represent the interest of the profession such as „strengthening entrepreneurial approach” or „ensures compliance with regulations”
- self-serving roles where chancellors represent their own interest, e.g. to enlarge their power base.

Figure 1. The perception of the realization of behaviours/roles





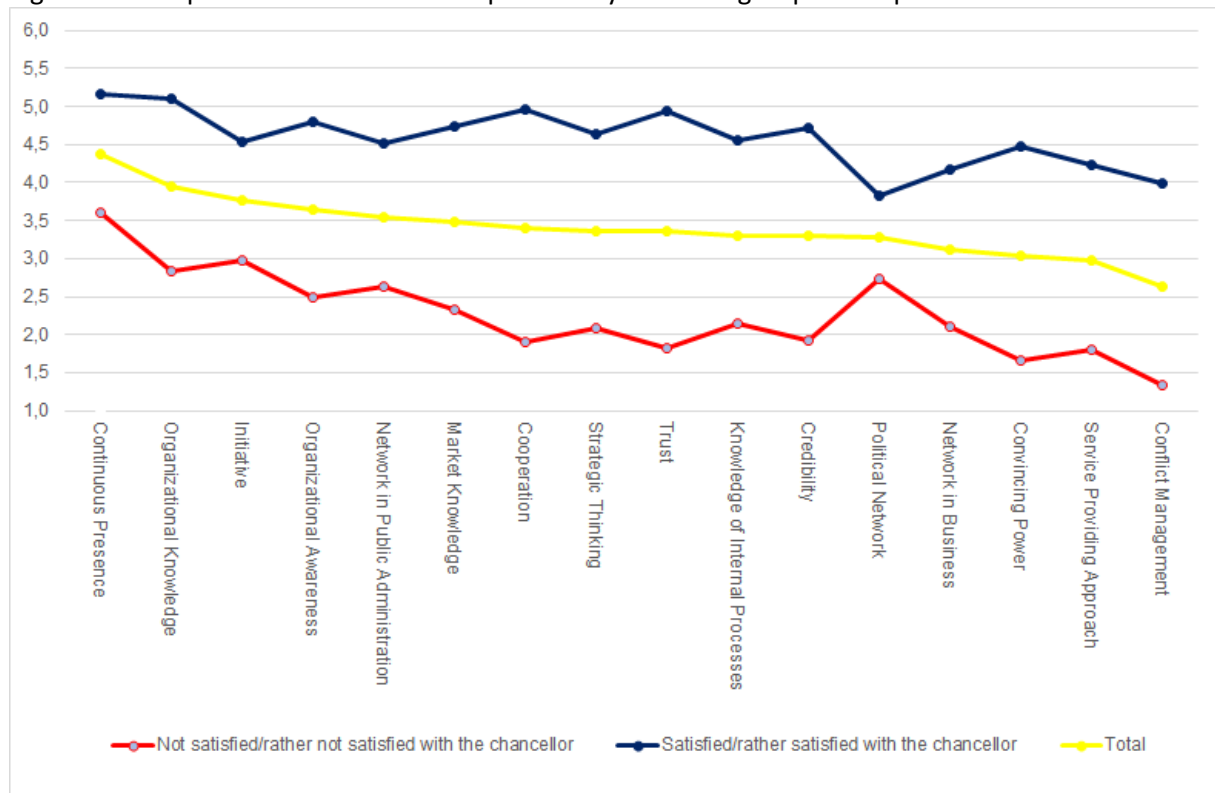
As it can be seen those respondents who are satisfied with their chancellor and support the chancellor system in general (absolute supporters) see their chancellor to fulfil each role simultaneously, that is, chancellors are able to successfully balance institutional, ministerial and professional expectations.

Those, however, who are not satisfied with the chancellor and do not support the chancellor system („oppose everything”) see chancellors differently: while they think that chancellors serve the interest of the ministry similar to the absolute supporters, their perception of serving the interest of the institution differs considerably. In other words, this group of respondents sees chancellors more of the agent of the ministry (government) and less as a leader representing and promoting the interest of the institution. (This pattern is similar to those group of respondents who are satisfied with their chancellor but do not support the chancellor system.)

Capabilities

Capabilities describe to what extent chancellors are perceived to be able to perform expected tasks successfully. In the survey respondents were asked to evaluate several competencies of their chancellors in a 6-point scale. (1 means they are not competent at all, while 6 means they are fully competent.)

Figure 2. Perception of chancellors' competence by different groups of respondents



Respondents satisfied with the chancellor see them more competent in almost every aspect than those who are not satisfied with them. The evaluation of 'political network' is remarkable. Satisfied respondents think that chancellors are less competent in building/having political networks than in other competencies suggesting that chancellors act as professionals and not as political actors. Those who are less satisfied think that chancellors perform somewhat better in building political networks than in most other competencies.

Summary and discussions

Survey results suggest that in general there is a strong mistrust towards chancellors. Most respondents are quite critical with the chancellor system, and half of the respondents are not satisfied with the chancellor. They usually perceive chancellors less competent who act as political agents of the government. This picture is true in most institutions, where results are mixed or show a high level of dissatisfaction with the chancellors. There are some exceptions, however, where respondents are more satisfied with their chancellor (who usually comes from within), even if they still quite critical with the chancellor system itself.

Who or what is responsible for the mistrust? Although the original decision-to-trust-model focus on interpersonal relationships, these relationships are embedded into institutional settings. Settings are shaped by rules, regulations, norms, cultural and cognitive frameworks, which affect the starting disposition of trustors by creating expectations, fears or hopes. In other words, many situational factors which affect trust in chancellors are framed by external factors. Therefore, the direction of casualty is not obvious. For example, do academics mistrust chancellors because they perceive them as incompetent (as the decision-to-trust-model suggests)? Or do academics see them incompetent because they mistrust them? And in the latter case what might be the true reasons for the initial mistrust? In my opinion, the way how the chancellor system was introduced, how chancellors were selected and how their position is regulated affects the trust towards chancellors unfavourably. It is

interesting to see how strong the relationship is between the satisfaction with the chancellor/chancellor system and the perception of the trustfulness of government officials. (table 7.)

Table 7. The relationship between trust in government and satisfaction with the chancellor/chancellor system

		To what extent do you trust the promises and statements of the leaders of the Ministry of Human Capacities?				Total
		No or rather no	Undecided	Yes or rather yes	No answer	
Satisfaction with the chancellor and the chancellor system	Absolute support	24%	6%	65%	6%	100%
	Opposing everything	86%	5%	10%		100%
	Supporting the chancellor, opposing the system	43%	14%	41%	3%	100%
	Total	60%	7%	31%	2%	100%

Even a competent, benevolent and reliable chancellor will face mistrust in this situation at first because academic leaders became suspicious. Chancellors have to overcome this legitimacy deficit by working consciously on improving situational factors. They should demonstrate predictability, integrity, benevolence and competence which all require communication.

There are possibilities to increase trust toward chancellors on the policy level as well. By involving institutions in the selection of chancellors, they have more means to balance asymmetric power relationships and to retaliate opportunistic behaviour. It also helps to select candidates who share values, vision with the rector (similarity). This creates better conditions for good working relationship between the two executives which is crucial for the performance of institutions.

Chancellors should be positioned as autonomous experts who are part of the institutional management team rather than government controlled agents. All processes which focus exclusively on chancellors increase suspicion towards them. Therefore, even if an issue clearly belongs to the competence of the chancellor, the institution should be addressed and not the chancellor. Chancellors should not report to the ministry alone but together with the rector (or with the consent of the rector) as they both responsible for the performance of the institution. If chancellors are evaluated alone (apart from the rector), the evaluation criteria should be transparent for all parties.

Competences and their knowledge of the higher education industry could be improved by training chancellors. There should be occasions when academic leaders and chancellors are trained together. This is also a great opportunity to help the development of shared visions and values and to strengthen communication between the two executives.

Situational security can be improved by more generous funding of institutions which reduces resource allocation conflicts.

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