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Recent Developments in the Autonomy and Governance of Higher Education Institutions in Hungary: the Introduction of the “Chancellor System”

Abstract. After the change of regime in 1989, Hungarian higher education started to return to its Humboldtian tradition. It was widely accepted that academic freedom could be guaranteed by 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 successfully resisted until 2011. The new government coming into power in 2010, however, introduced new mechanisms of supervision and changed institutional governance and reduced institutional autonomy considerably. Changes in the selection of rectors, the appearance of state-appointed financial inspectors and the newly appointed Chancellors responsible for the finance, maintenance and administration of institutions are important milestones in this process. In the paper I review these developments focusing especially on the analysis of the „Chancellor system”.

1. The ambivalent relationship between the state and the higher education sector in Hungary

In a series of interviews conducted in 2010 and 2011 among Hungarian deans and senior managers (Kováts 2012), the context of higher education was generally characterised by the malleability and unpredictability of the regulation. For example, one of the interviewee said: “The higher education system has been under constant reform for 20 years now. As I see it, it should be left alone for a while, although it's only my opinion. It might be of more use to society than its perpetual transformation. But now once more, which is going to rewrite the map of competition again, we'll have to be very sensible there.” Another quotation: “Another thing is that the macro-environment is impossible to follow. So the constant changing of the rules of the game. The whole thing is not simply very exhausting to follow, but absolutely, it's not fair. Is it? Look, then you say: why should I take part in a game which is not fair? Well... So, this is very, very boring when you are forced into a process of such constant adaptation. Which you either live up to or not. You try to live up to it to the best of your knowledge. But it's difficult, well, difficult to live up to it.”

The dominance of this perspective is not surprising if we consider that the interviews were conducted in 2010 and 2011, when the new government were beginning their term and brainstorming about the higher education policy. However, it is also true that between 1990 and 2015, for instance, Hungary had four substantially different higher education laws, which were supplemented by numerous legislative amendments and government decrees.

In my opinion, one possible reason for the permanent change is congestion, one of the defining attributes of Central- and Eastern-European countries. Following the change of regime, all the processes that had taken place gradually- in 20-30 years in developed Western countries- commenced at the same time in post-socialist countries. It is noticeable in Hungary as well that the massification of higher education, the attempts at the reform of funding and management, the transformation of the educational structure, etc. took place simultaneously. (Fábri 2004; Semjén 2004; Derényi 2009; Polónyi 2009) These processes occurred within the considerably unstable legal and normative frameworks of the change of the socio-economic regime, as a result of which there was no real possibility of a consistent implementation of mature higher education concepts. Thus, although changes occurred fast in the regulatory context (and often altered), in practice, already familiar solutions are proved to be dominant. The adjustment of the different elements of the higher education system has not taken place yet.

As a consequence, numerous higher education narratives co-exist simultaneously in the public discourse. One of them is the extensive reinvigoration of Humboldtian ideals. Referring to this, Scott aptly said that “so even after Communism ceased to exist, it continued to promote homogeneity” (Scott 2006:430) Although the higher education systems of the countries in the region have different (partly German, partly French) roots, the 40 years of Soviet influence proved to be a significant homogenising force, as a legacy of which significant co-movement can be seen in the countries of the region after the change of regime as well (Reisz 2003).

The Humboldtian ideal places the freedom (and unity) of education and research in its centre, which is provided by the state through guaranteeing the autonomy and academic freedom of higher education institutions. As these – in the social sciences in particular – were highly limited under the communist regime, the fulfilment of the Humboldtian ideal meant the transcendence of the Soviet model and in many countries – in Hungary as well – the return to the national model.

However, the legitimacy of the Humboldtian model is not only based on these two factors but also on the fact that Western-European universities have mostly been identified with this model. The belief that the institutionalisation of the autonomy and independence of the university guarantees the modernisation of Central-European universities and their approximating Western higher education is also rooted in this phenomenon (Neave 2003:25). Meanwhile, however, it is forgotten that – as we have seen – academic freedom is increasingly conditional even in the West; namely, it cannot be taken for granted but has to be fought for (Henkel 2007:96). Therefore, the attitude towards the Humboldtian model in Western higher education is significantly different from that in Central- and Eastern-European higher education: “at the very moment higher education in Central Europe successfully called upon the ghost of von Humboldt to cast out the demons of Party and Nomenklatura, so their colleagues in the West were summoned to exorcise the spectre of

the same gentleman, the better to assimilate Enterprise Culture, managerialism and the cash nexus into higher education” (Neave 2003:30) In other words: post-socialist countries are pursuing an idealised, perceived model (Reisz 2003). It is understandably why Scott writes that “the Humboldtian university exists in a purer form east of the Elbe” (Scott 2006:438).

Meanwhile, in the economy and other spheres of society, the (neo)liberal approach was significantly prevalent, in which the role of the state was reassessed and self-sufficiency as well as the increasing role of market mechanisms were more emphasised. Rhetorically (e.g. through the concept of the entrepreneurial university) as well as in regulation (e.g. attempts at introducing the tuition fee, the reform of the management system or the appearance of alternative funding concepts), this tendency appeared in higher education as well; although, I believe, it was unable to secure a dominant position.

Thus, there is a specific ambivalent relation within the beliefs about the role of the state in higher education: the post-Soviet legacy implies the desire for institutional autonomy and the refusal of state intervention. However, institutional autonomy also wants protection against the vulnerability of market relations, which, however, is provided by state regulation. Thus, in the Hungarian higher education, the desire for and refusal of a provident state (and state regulation) co-exist¹. Paradoxically, the Humboldtian idea simultaneously becomes a “progressive” notion as well as one “preventing progress” as it can be considered to be the correction of the overcentralised Soviet model as well as the inhibitor of the (otherwise contradictorily judged) transformation processes taking place in Western-Europe facilitating a more significant social participation of institutions.

Even if there is a pro-market logic in higher education, which urges the “emancipation” of institutions and their taking responsibility as well as the extension of their space for manoeuvre and business actions, higher education was mainly envisioned in the modernising-idealising-traditionalist Humboldtian narrative. This narrative is reflected well by the Constitutional Court's explanatory statement about the unconstitutionality of the sections of the higher education law of 2005 on establishing the Financial Board². According to this, it is against the freedom of education and research if such a board has

¹ The role of the state in Western-European higher education is changing; however, there, the process is not rooted in the distrust of the state, as it is in post-socialist Central-European countries.

² According to the original concept, the members of the Financial Board would have not been employed by the university. They would have been delegated by the university, the students and the government in a way that the members delegated by the educational government would have been in minority. (The rector is also a member.)

the authority to decide on the institutional strategy, and such freedom may only be ensured through a body consisting of only institutional members.³

The dominance of the Humboldtian idea is further promoted by the controversial nature of ideological control of the former regime, which made direct government control and interference undoubtedly delicate matters after 1990. Therefore, certain passivity on behalf of governments in this respect is not coincidental. In general, the government’s activity may be manifested as micromanagement or as a focus on operative tasks; during which reporting becomes bureaucratic and strategic control is missing (e.g. no conscious development of long-term incentive systems, performance funding systems).

This evolution of higher education resulted in a controversial relationship with institutional autonomy. On one hand, higher education institutions required self-governance, high degree of freedom to change internal structures and the lack of direct interventions regarding the content of teaching and research, and the lack of strong reporting and accountability mechanisms (e.g. lack of external supervisory boards with decision making powers). On the other hand, strict regulations on the structure and processes of educational programmes (Bologna-process, enrolment), selection of institutional managers, funding processes and mechanisms as well as staffing (public servant status) were accepted.

This situation was partly reflected in a survey on institutional autonomy conducted by Estermann, Nokkala et al. (2011) among 28 countries. The authors defined four dimensions of institutional autonomy: organizational autonomy, financing autonomy, staffing autonomy and academic autonomy. In the survey it was found that Hungary was ranked on 24th in academic autonomy with a result of 47% because of strict limitations in selection of bachelor students and the determination of the number of students, and because of the obligations to accredit all programmes (while there is only one accepted accrediting agency). On the other hand, institutions have high freedom to determine the content of teaching and research programmes. In staffing autonomy, Hungary was ranked in the middle (17th place, 66%). Public servant status and the limitations stemming from it (e.g. on dismissals) deteriorated the position, which was counterbalanced by the freedom in promoting and compensating employees. Selection is only restricted in case of university professors where external conformation is required. Financial autonomy was really high in Hungary in 2010 (6th place, 71%) which was the result of the freedom to set tuition fees. Short planning cycles, limitations to rearranging budgets, the inability to request credits, and restrictions in property managements, however, restrain financial autonomy. Finally, in organizational autonomy Hungary was ranked 16th place (59%). Freedom to change internal structure and to found spin-offs was mentioned as positive characteristics in the

³ Constitutional Court ruling 39/2006. (IX. 27.)

report, while restrictions in selecting the rector and the number of consecutive terms as well as limitations on the delegations of external members of Financial Boards decreased organizational autonomy. But how has the situation changed since 2010?

2. New government in 2010

In 2010 when the new government came into power it would have been difficult to predict how higher education would change. In contrast with economic policy, health care or social policy, education (including higher education) was almost completely omitted from the official governmental programme. Higher education appeared only in the chapter „It's high time to recover Hungarian economy” written by György Matolcsy⁴ showing that higher education is treated mainly as vocational education subordinated to labour market.

Later, the so-called Széll Kálmán Plans (developed by the Ministry led by György Matolcsy) described higher education as a sector with „deformed structure”. In addition, it was also perceived that „students graduated on fields useful for labour market” left the country. (SZKT 2011:23) The image of needlessly large and deformed higher education is reflected in the goal that „higher education should not motivate anybody to spend their young years in happy idleness.” (SZKT 2011:25) To solve these problems, „the state has to return to the world of education” (SZKT 2011:24), and not just the educational structure should be determined on governmental level, but also the number of state funded student should be reduced. As higher education increases debts and causes costs, the plan aimed to withdrawn 88 billion HUF (cc. 300 million EUR) from the sector in the next three year (SZKT 2011). It was realized.

In the new governmental structure, higher education became marginalized. The former Ministry of Education dissolved into a superministry (currently called Ministry of Human Capacities) responsible for education, health care, culture, sport, social affairs, family affairs and religion. As a result, higher education had to fight for governmental and ministerial attention as well as for resources with other large social areas. This change in the structure reflected the intention that ministers should not act as a lobbyist for an area, but as an executor of governmental decisions. (Szalay 2011)

Between 2010 and 2013 higher education was the responsibility of a deputy secretary of state. Although higher education became independent from the state secretary of education in 2013, when a new state secretary was created, the fluctuation of (deputy) state secretaries of higher education remained high. Between 2010 and 2015 five persons occupied that position and four different concepts/strategies for higher education were developed. Three of them were elaborated after the acceptance of the new law on national higher education (in 2011).

⁴ Later he became the State Minister of National Economy, and later the president of the Hungarian National Bank.

Moreover, in comparison with the previous practice, the role of Ministry of Human Capacities was limited considerably in making decisions in higher education. In questions related to funding, operations and property management as well as questions closely connected to these topics (such as number of state funded students), the interests of the Ministry of National Development and the Ministry of National Economy were prevalent. These ministries decided on the appointment of Chief Financial Directors, Internal Controllers and (Chief) Budget Supervisors (see later).

In 2010 a higher education concept described this division of labour desirable. Later however, in 2012, another concept suggested its reconsideration as the „ministry’s capacity and possibilities as the maintainer of institutions were narrowed considerably.” (NEFMI 2012:25)

The fragmented representation of higher education and the weakened position of the Ministry of Human Capacities decreased the ability of higher education to enforce its interests. It also increased the dependence of institutions from politics in general.

3. Changes in the institutional autonomy

The autonomy of institutions has been narrowed down from several aspects since the approval of the National Higher Education Act of 2011. In the area of education and research, admission quotas for each institution and educational areas were centrally set and the number of state-funded places of the most popular 16 programmes has been drastically cut.

In the domain of staffing autonomy the public employee system did not change, although public servants above age 65 were forced to retire which may have long-term effects in the future.

Between 2010 and 2013 the state support of higher education decreased by 29%. Only Greece reduced state funding of higher education with higher proportion in this period (-38%).⁵ As a result between 2010 and 2012 the state funding of higher education as a percentage of GDP decreased from 0,8% to approximately 0,5% (OECD 2013) pushing Hungary to the last of OECD countries. However, decreasing state was not counterbalanced by the increase of financial autonomy so that institutions had the possibility to diversify their funding. On the contrary, the government started to tighten budgetary rules. Following the French practice, the position of (Chief) Budgetary Inspector was created in 2010. Inspectors (appointed by the minister of National Wealth) were responsible to control expenses and to increase savings by filtering out unjustifiable expenses. They had to look over and – if necessary – suspend institutional procurements

⁵ see: <http://www.eua.be/eua-work-and-policy-area/governance-autonomy-and-funding/public-funding-observatory-tool.aspx> (downloaded 1 Nov 2013)

and payments. Inspectors were also expected to improve communication between the Ministry and the institutions. (Gárdos 2012) The position of budgetary inspector was abolished in 2014.

In addition, between 2011 and 2014, it was not the rector who appointed the Chief Financial Director and the internal controller, but the minister responsible for the budget. The appointment of Chief Financial Director by the minister institutionalized the shared leadership in higher education, which further relativized rectors' primary responsibility and their ability to intervene. This system was fulfilled by the introduction of the chancellors.

Organizational autonomy was further curtailed by additional modifications in the selection and appointment of academic leaders. Before 2011 the role of the Ministry of Education was to perform judicial review in the selection of rectors, and did not overwrite institutional preferences. If the selection procedure was all right, the minister confirmed the choice of institutions. The new higher education act limited the power of the Senate to suggest and express opinion. The right to select the new rector was transferred to the minister (which was reconsidered with the introduction of chancellors in 2014, see later). According to the Hungarian Rectors' Conference Hungarian higher education was the only example in this matter in Europe. The ministry indeed influenced the selection process in many institutions. For instance in some cases, the ministry selected those candidates who remained in minority during institutional votings (University of Debrecen, College of Kecskemét). In other cases the ministry repeated the whole application and selection process when candidates were not regarded adequate (University of Miskolc). In addition, age limitations and the number of consecutive terms were also modified which resulted in that many deans and rectors in office had to be replaced.

In 2005 and 2006 the Constitutional Court prevented the establishment of Financial Boards because these boards (consisting of many external members) would have made decisions on institutional strategy and the selection of rectors. This was considered as unconstitutional because it breached institutional autonomy. As a result Financial Boards were toned down granting the right to express its opinion, rather than to decide.

To evade a similar procedure (and result) of the Constitutional Court, the government modified the Constitution (Fundamental Law) in 2013 and restricted institutional autonomy. It is now declared 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)

It is worth noting that between 2011 and 2013 members of Financial Boards were almost exclusively delegated by ministries. In 2013, however, maintaining Financial Boards became optional, and institutions gained the right to choose the members.

Finally, other aspects of organizational autonomy were curtailed, too. From the 1990s institutional freedom to create new faculties or to change internal structures has been gradually increased (see Kováts 2012). The law in force in 2010 practically left to the institutions to define their own internal structures. Because of branding and market positioning reasons, many small faculties were created (e.g. the Faculty of Dentistry at the University of Szeged). Operating in a non-faculty structure was also possible in principle. The new Act on National Higher Education, however, started to classify institutions by the number and size of faculties. Especially the behaviour of institutions with narrow profiles was influenced because they were forced to maintain several faculties in order to keep their status of „university”.

4. The introduction of the chancellor system

At the end of 2014 the introduction of the chancellor system brought an additional turn, which was implemented along with the restitution of the institutions’ rights to elect their rectors. The position of budgetary inspectors in higher education institutions was also abolished.

According to the National Higher Education Act, the chancellor is in charge of the functioning of the institution: he is 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” – moreover, he has the right of consent in the above areas. The chancellor is the employer of all the workers except for the instructors, researchers and teachers.

The institutions had no say in the selection of the chancellors; the procedure was carried out above their heads. The job application procedure was managed by the Ministry of Human Capacities, the appointment of the chancellor was performed by the Prime Minister; what is more, the chancellor is accountable to his employer, the Minister of Human Capacities. It is worth mentioning that the introduction of the chancellor system took place mostly with reference to the practice in Germany. It is undoubtable that the higher education regulations of numerous German Länder assign the position of the chancellor several duties and responsibilities similar to the Hungarian ones (e.g. in several places, the chancellor has a veto right in budget issues). But even if earlier it was indeed the Länder government or ministry that appointed the chancellors at the head of the institutions, whose duty was to represent the state within the institution, the state has withdrawn from the direct control of the institutions by now and increased their operational and financial autonomy. According to the German Länder regulations in force, nowadays chancellors are elected in many places by the board of instructors and students and/or the board of university and external stakeholders upon the proposal of the institution’s rector or president. In all Länders, institutions have the possibility to influence the selection of the chancellor, and in

several of them (e.g. in Bavaria) the employer of the chancellor is the rector or president of the institution, and the state merely approves the appointment of the chancellor.

A similar practice is applied at the Hungarian Andrásy Gyula German Language University (a university with strong German ties), where the chancellor's appointment and dismissal is decided by the 11-member Senate composed of the rector, the deans, the head of the doctoral school and the representatives of students and instructors in the framework of a so-called "co-decision procedure" upon the proposal of the Rector's Council. In other words, the decision has to be approved by the University Council composed of the representatives of internal and external stakeholders. As it is described in the by-law of the institution: "The employer's rights above the chancellor are exercised by the rector; the rector may give orders to the chancellor."⁶ (10§ paragraph 3)

Therefore, in contrast to the current Hungarian regulation, the German institutions have a major say in the choice of the chancellor's person. This shared leadership does not mean that the chancellor is entirely independent from the rector, but that the legitimacy of the chancellor is strong, irrespective of the rector's confidence in him, which is assured by the rules of the selection process. Since the chancellor is confirmed by external and internal stakeholders as well, the rector has to take the chancellor's position very seriously. However, in case of a conflict, the rector is able to enforce his will (for instance, he can give orders to the chancellor or propose his dismissal at the university boards), but then he bears all the liabilities. Therefore the chancellor is able to perform his duties properly and counterbalance the rector if he has the necessary internal support besides the external confirmation. The former derives from the fact that the institution itself takes part in the selection procedure.

The Hungarian practice diverges from this logic on two points significantly: on the one hand, there are no mechanisms to resolve conflicts between the chancellor and the academic leadership (rector), and on the other, the chancellor's external and internal legitimacy is uncertain, not to mention the strong tendencies inherent in the system to erode his internal legitimacy.

The risk of conflicts in higher education institutions may be reduced by the abundance of funding; that is, there can be no severe conflicts about distribution because the state pays all substantial expenses (as was the case in German higher education a few decades ago). However, in a system laden with financial tension, where the institution is forced to generate some of the funds necessary for its own maintenance, conflicts of distribution and cross-funding are bound to emerge. All of that reinforces the constraint to weigh every academic decision from an economic point of view as well. In theory, there are two ways to

⁶ <http://www.andrassyuni.eu/upload/File/OffizielleDokumente/Satzung11.12.2014.pdf> (accessed: 6 Apr 2015)

go about that: on the one hand, it is possible to strengthen the integrated and simultaneous validation of economic and academic/professional points of view, that is, to reinforce and clearly define the financial responsibilities within the institution (e.g. by clarifying the professional and financial responsibilities of programme directors, heads of department, grant programme managers). The other possibility is to separate the two institutionally: with the introduction of the chancellor system, the rector is in charge of the academic activities, while the chancellor is responsible for the organization of the administration and the budget. The system thus established ensures that both academic and economic arguments are taken into consideration in each decision-making process. At the same time, it sparks conflict as well because the representation of these separate aspects are assigned to separate people, which means that conflicts in the system will inevitably escalate into conflicts between people (positions).

It may constitute a further source of conflict if the chancellor tries to place his people into certain positions. For the chancellor, it is logical to fulfil the positions of chief financial officers, HR managers and technical or IT managers with people whom he trusts. However, by doing so he pushes some people out of the administration who have worked at the institution for a long time and/or enjoy the confidence of the rector’s management team.

Although the law stipulates that the chancellor “shall be required to observe his obligation to cooperate with the rector”, there is no guarantee for that. In other words, the operation of the institution does not depend on guarantees, established procedures or a decision-making hierarchy regardless of individuals, but on the persons of the chancellor and the rector. There is a lack of mechanisms to help resolve conflicts between the chancellor and the rector: the rector is not the chancellor’s employer, he cannot dismiss the chancellor or give orders to him if he does not agree with the chancellor’s decisions, whereas the chancellor can impede the functioning of the institution for a long time. If conflicts persist for a long time or become more severe, the Minister needs to interfere. Thus, while conflict management depends on interpersonal cooperation, the institutions have no means to participate in the selection of the chancellor to test and to verify the “match”.

The lack of conflict management procedures has been present not only in the chancellor system, but also in the system of Chief Financial Officers appointed by the government, so nothing crucial has changed compared to that. With the introduction of the chancellor system, it is the rector’s “conflict management tool kit” that is being compromised at the most, since from now on the institutions will have no possibility to limit the government-appointed official’s room for manoeuvre by reorganizing the administration. For it had happened in the past that an institution “outsourced” part of the administrative activities originally belonging to the Chief Financial Officer and re-assigned them in the rector’s competence. However, not even then had there been room for the outsourcing of signature rights, which guaranteed the bargaining position of the Chief Financial Officer. With the introduction of the chancellor system, it is the possibilities of restructuring that are narrowed

down significantly because the latter now must be approved by the chancellor. The price of that is the deterioration of the organizational autonomy of the institutions and it will be harder to set up other types of institutional formations as well.

Another cornerstone of the operation of the chancellor system is the chancellor's legitimacy and acceptance. Without the latter, cooperation based on trust will become impossible, which is of key importance in the case of expert organizations because one can only make a deal with a chancellor without legitimation, but no mutual relations can be established without confidence.

The chancellor's internal acceptance is greatly impaired by the fact that the institutions have no say in his selection. That weakens the chancellor's internal acceptance by default while it relieves the institution from the responsibility of choice. It carries a risk for the government as well for it is basically the government that takes on all the responsibility of the appointment as well as of the financial stability of the institutions. Should any problem arise, it will be easy to blame it on the chancellor and/or the government.

Among the chancellors appointed at the end of 2014, there are several (university) insiders who can make up for their lack of internal legitimacy (see table 2 below).

Table 1 Summary of the chancellors' previous experience

	visible relationship to the ruling party*	previous relationship with the institution	experience in the higher education	experience in the business sector
yes, strong	9	8	12	17
yes, weak	4	3	0	4
no/not revealed	15	14	14	4
no information	1	4	3	4
total	29	29	29	29
explanation for „strong”	management position in public administration, member of parliament or member of local government (as a party delegate/member)	being employed for at least two years in the institution	(senior) management position in a higher education institution	being employed as a manager at a business organization for at least two years
explanation for „weak”	management position in public organizations	being employed for maximum two years in the institution		being employed as a manager at public organizations

Source: author's compilation based on **public CVs and news** as of 1 Jan 2015

At the same time, there may be tendencies within the institutions to continuously erode the chancellor’s internal legitimacy. By the separation of financial and academic considerations, the rector (and all academic officials) will be freed from the constraint to weigh their decisions and proposals from an economic point of view because that is “what the chancellor is for”. In an extreme case, the rector might represent the most absurd demands of instructors and researchers unscrupulously because refusing them and covering the costs of their implementation (in case of approval) are both the duties of the chancellor. If they are rejected, the rector might say that “he did all he could, but the chancellor was against it, there is nothing to do”. The system established might breed a tendency for the rector (the academic leadership) to impair the chancellor’s internal acceptance – along with the possibility of future cooperation – in order to strengthen his or her own internal legitimacy.

5. Conclusions

Despite the fact that the right of the institutions to elect their rectors was restored in 2014, the introduction of the chancellor system on the whole tends to preserve the low-level organizational and managerial autonomy of the institutions, especially because it reduces their ability and possibility to take responsibility. The chancellor system could be suitable for driving the efficiency of the utilization of resources (although the opportunities are limited due to high proportion of salary costs in institutional budgets), but it is unlikely to give an incentive to the institutions to find other sources of revenue.

The appearance of a chancellor acting independently from the rector disturbs the status quo established within the institution. If the institution has been unable to sort out the conflicts of interests within its walls and this has hampered the development of the institution, then the appearance of the chancellor will offer a chance to decide about so-far unresolved matters and to get out of the deadlock. However, the opposite scenario is also possible when by tipping off the internal balance, the chancellor, instead of contributing to the rationalization and consolidation of the institution, will aggravate and escalate conflicts. Whether the first scenario will happen or the second depends on the situation of the institution and the chancellor’s legitimacy.

The lack of mechanisms for conflict management does not mean, of course, that the relationship between the chancellor and the rector is doomed to be bad. It means only that while the created structure favours the generation of conflicts (since it separates academic and economic considerations by position), it offers no solution to settle them. The system now established does not mean, either, that the chancellor will necessarily suffer from a lack of internal legitimacy, only that it will be continuously eroded by internal conflicts, which will lead either to disengagement or to the representation of institutional interests. However, it is questionable in both cases whether it is possible (if it has been ever proposed) to assure the continuous monitoring of the institutions by the government

through the chancellor system. In my opinion, it will increase the non-transparency of the relations of lobbying, hence the dependence of the institutions, thus making trust-building initiatives more difficult to carry out.

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