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The role of boards in Hungarian public interest foundation universities

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ABSTRACT
Between 2019 and 2022, 21 Hungarian public institutions were placed under the control of so-called public interest foundations (trust funds) instead of the state. As a result, the board of each foundation gained considerable power and authority over the institutions and thus paving the way for radical changes in the university management and internal governance. Although the governance reform is in line with international trends in many respects, we identified the unique characteristics of the Hungarian reform, such as the high proportion of politicians among members or their lifetime employment. Based on 38 interviews and document analysis, we examined the rationale behind the reform and the different interpretations of the role of boards. The results show that the perception of the role of boards depends on the level of trust that the board has in the institution and its management. Where boards treat universities as minors, a micro-managerial, supervisory role is more prevalent. Where, on the other hand, the university management is seen by the board as a more responsible, mature grown-up, a more empowering partnership role is possible.

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Foundation universities; governance reforms; central and Eastern Europe; boards; boardism

Introduction

In 2018, the Ministry of Innovation and Technology (responsible for higher education) started a pilot project to transform some public higher education institutions into private ones. In the process called 'model change' (modellváltás), public interest foundations were established and became the owners and maintainers[1] of higher education institutions instead of the state. The board of each foundation gained considerable power over the institutions, which enabled boards t radically change university governance. The board is entitled to define the strategy, budget, HR policy, and organisational structure of institutions, and they can select executive officers (people in senior academic and administrative management positions). Boards can extend or limit the powers of other university decision-making bodies (like the senate). Soon the Hungarian reform project became a large-scale transformation covering 21 public institutions (75% of the public HEIs).

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In this paper, we focus on one particular research question: how is the role of boards perceived in the early phase of the new system?

First, in the conceptual framework, we review trends in European higher education governance, focusing on the emergence of boards and their possible roles. Next, we describe our research questions and data collection methods. Following that, we briefly review the evolution of Hungarian higher education governance and the main features of the model change. In the next section, we present the model change's rational-bureaucratic and political-economic narratives. We then examine the interpretations of the relationship between foundational boards and universities (via parent and child metaphors). The paper closes with a discussion.

Theoretical background and conceptual framework: European governance trends and board roles

Over the past three decades, European higher education governance has seen a shift towards market logic (de Boer and Huisman 2020) that materialised in the ideology of New Public Management. This change transformed the role of the state replacing direct government with 'steering from a distance' (van Vught 1989). Governments remained a key player, but their main role is 'metagovernance' (de Boer and Huisman 2020). Part of the government's decision-making powers was transferred to the institutions, transforming their internal governance.

The institutional decision-making process is increasingly dominated by top management and newly established smaller bodies, boards, composed partly or entirely of external stakeholders. Because of the increased accountability of the management, universities are transformed from loosely-coupled systems into tightly coupled 'complete organisations' (Seeber et al. 2015). The proliferation of boards and the strengthening of management weakened the voice of internal stakeholders in decision-making (Gornitzka, Maassen, and de Boer 2017). That trend led to harsh criticism of managerialism and 'boardism'. By boardism, Veiga, Magalhães, and Amaral (2015) mean both ideologies that legitimise the involvement of external stakeholders in university governance through boards and practices that increase their influence.

Pruvot and Estermann (2018) provided a nuanced picture of the existing institutional-level decision-making bodies in 22 European higher education systems. They distinguished unitary and dual governance models (Figure 1).

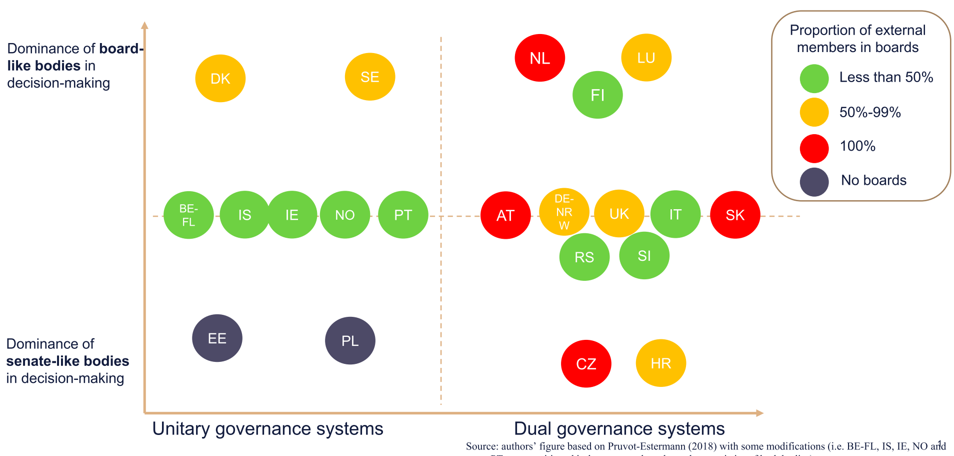


Figure 1. Decision-making bodies in European higher education. Source: authors' figure based on Pruvot and Estermann (2018) with some modifications (i.e. BE-FL, IS, IE, NO and PT were positioned in-between as they show characteristics of both bodies).

In the unitary model, a single decision-making body is responsible for academic and financial-strategic matters. This body can be of the senate or board-type. Senate-type bodies are usually large and are mainly composed of representatives of internal stakeholders. Board-type bodies are small and have a significant proportion of external members/stakeholders. In some countries or sectors, there is a transition between the two types of bodies. For example, there are large senates with a significant proportion of external members (e.g. Ireland) or small boards where internal stakeholders remain in the majority (e.g. Portugal).

Dual governance systems are composed of two decision-making bodies, a board and a senate-type body. There is a division of labour between the two, distinguishing asymmetric systems (dominated by the senate or the board) and symmetric systems. In senate-dominated systems, the senate is the main decision-making body, while the board plays a more consultative or minor control role, the composition of which may, to a large extent, even be influenced by the senate itself. In board-dominated systems, the board makes the important decisions, and the senate implements them. In symmetric systems, the two bodies share governance responsibility and exercise mutual control with strong interdependence.

Pruvot and Estermann (2018) show that boards with external representatives became common in Europe and became the dominant actor in some systems. The dominance of senate-like bodies became rare.

If the role of the boards has been increasing, an important question is how their composition and powers evolve. Institutions usually have some influence on the composition and the selection of external members of board-like bodies. Of the 19 board-like bodies analysed by Pruvot and Estermann (2018), there were only four where the proportion of external members was 100%. While the composition of boards in unitary systems is always mixed, dual governance systems are more varied and depend mainly on the proportion of external members.

The boards' formal decision-making powers typically cover strategic and financial issues and the selection/appointment of institutional executives. In practice, however, there can be significant differences in how and to what extent boards exercise formal powers. Much less is known about the actual role of the boards, which is socially constructed (Kretek, Dragsic, and Kehm 2013).

Based on Cornforth's (2003) review, Kretek, Dragsic, and Kehm (2013) synthesised four possible board roles in universities.

As a state agent/supervisor, the board's role is to enforce the university's operation to comply with state interests and regulations. Accordingly, the board acts as a counterweight to the university management on major issues, controlling or, where appropriate, vetoing their plans and conveying state expectations.

In the societal/private stakeholder representative role, board members represent social or private external stakeholders and are responsible for giving voice to their legitimate interests. The more heterogeneous the stakeholders are, the more the board becomes an arena for reconciling the interests of stakeholders. The board's role is to balance and mediate external stakeholders' expectations and thus embed the university in society (Edlund and Sahlin 2022).

As a steward/partner, the board acts as an advisory body, where members use their expertise and social capital to assist the university's management, primarily on strategic issues and fundraising. The aim is to increase the institution's room to manoeuvre rather than to monitor, criticise or veto decisions.

When the governing board has a legitimating 'rubber stamp' role, its function is symbolic and ceremonial rather than substantive. Members usually accept the invitation for its reputational value. Their attitude is often passive and indifferent. They rarely have a say in decisions and often avoid conflicts. This behaviour suits the university's management: they expect the board to legitimise their decisions.

Kretek, Dragsic, and Kehm (2013) added a fifth role, manager, in which board members participate in university management and make operational decisions. Managerial roles can emerge not because some board members are drawn from management but because they want to override management decisions to enforce their ideas (micro-management).

Renz, Brown, and Andersson (2023) argue that the board can have three roles in non-profit organisations: controlling and monitoring, fundraising and resource development, and coaching and enabling. Chait, Ryan, and Taylor (2005) also distinguish three roles: fiduciary (financial control), strategic (goal setting) and generative governance (shaping the sensemaking processes within the organisation).

Similar roles were defined in corporate governance, which may also serve as a relevant model in an increasingly marketised higher education. For example, Demb and Neubauer (1992) distinguish three roles. In the watchdog role, the board monitors and evaluates past performance but does not constrain management's decisions. As a (co-)pilot, the board plays a proactive decision-making role. It not only guides the management but intervenes in running the organisation. In the case of the trustee, the board is the guardian of values and objectives, ensuring that the organisation does not lose sight of its mission and that resources are used to achieve it. The board plays an active advisory role but avoids day-to-day decisions.

These typologies (summarised in Figure 2) reflect three sources of tension along which the role of boards can be analysed (de Boer, Huisman, and Meister-Scheytt 2010).

The first tension is *board composition*, whether board membership is based on expertise (e.g. steward/partner) or stakeholder representation (e.g. state agent or societal stakeholder representative roles). Here, the tension is related to the contribution that board members can be expected to make as well as to the question of board independence and accountability. The second tension is *role transparency*, whether the board has a control (e.g. co-pilot or fiduciary) or an advisory, developmental role (e.g. trustee, coach or generative governance roles), or some mixture with probable role conflicts. The third is the *level of activity*, i.e. to what extent the board intervenes actively and to what extent it seeks to limit, control or override management decisions. While in a managerial, supervisory or co-pilot role, the board - explicitly claims to intervene, as a partner, rubber-stamp or watchdog, it has no such intention. Kretek, Dragsic, and Kehm (2013) suggest that boards with strong control roles are more active than boards in advisory roles because advising is often a response to management needs.

The actual role of boards depends on several contextual factors. Kretek, Dragsic, and Kehm (2013) highlight the regulatory design of boards (e.g. their size, formal powers), organisational factors (such as financial and policy autonomy) and factors influencing role expectations. In non-profit governance research, environmental stability, the life stage of organisation, and financial dependence are studied among others (Renz, Brown, and Andersson 2023).

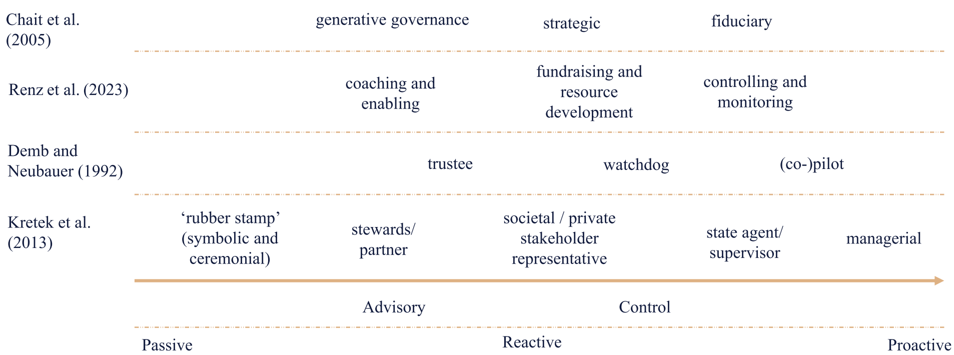


Figure 2. Possible board roles. Source: authors' compilation.

Research questions and methods

Based on the considerations above, to understand the perceived role(s) of newly established Hungarian boards, we choose to focus on board composition, role transparency and level of activity on two levels: on the regulatory design level and in organisational reality. For the regulatory design level, we briefly review the development of Hungarian public higher education, focusing on the composition and powers of the new boards. At the organisational level, we will examine two issues: first, how do actors appraise the reasons for introducing the new governance system, mainly the powers and composition of boards. Second, how do the actors perceive the role of the boards?

Our study is based on multiple sources of information. We reviewed the relevant laws, organisational regulations and other policy documents. Furthermore, we conducted 34 interviews (in Hungarian) with institutional leaders, board members, academics, and trade union leaders from 9 institutions, 3 interviews with buffer organisation representatives (such as student union leaders) and 3 interviews with policy-makers (some interviewees had overlapping duties). We experienced some difficulties in convincing board members to participate in the research. Only board members with academic backgrounds were willing to answer our questions. Institutions were in a different stage of transformation at the time of the interview (early adopters, latecomers). 35% of interviewees were women. Almost all our interviewees were in senior leadership or academic position, which provide a rich picture of how the model change is perceived in different levels of organisations. We promised anonymity for all interviewees and institutions.

Interviews were conducted both live (at the interviewees' institution) and online. Where permission was granted, we recorded the interview. In the interviews, we covered three themes: reasons, necessity and process of model change; the functioning of the new governance model in the ideal case and in practice; and performance expectations in the future.

The total length of the interviews is over 40 h. Interviews were transcribed verbatim. We had apriori codes based on the topics we wanted to cover, but we introduced new codes (such as metaphors) during the coding process, as in the open coding approach (Strauss and Corbin 1990). Our codes are closer to 'concept coding' (Saldana 2016), as identifying roles requires 'meso or macro levels of meaning' (119). One of the researchers did the coding, and co-researchers verified it to increase reliability.

The Research Ethics Committee of the Corvinus University of Budapest approved the research (permission number: KRH/245/2021).

The evolution of Hungarian public higher education governance

The governance of Hungarian public higher education institutions has changed in a pendulum-like manner (Kováts, Heidrich, and Chandler 2017) in the last forty years. In the 1980s, higher education institutions were under direct state control. The period after the regime change in 1989 was the era of the extensive reinvigoration of Humboldtian ideals. Institutional autonomy was restored in the Higher Education Act of 1993. Institutions were led by the rector and a body consisting of academics, students and other internal stakeholders. During this period, attempts were already made to introduce lay-boards in the system and institutional level governance, but they were seen as a culturally alien practice, so they remained only in advisory roles (Morgan and Bergerson 2000).

Since 1996, private and church higher education institutions can be established (but their proportion in number of students remained below 20% until 2019). From then on, every institution must have a maintainer responsible for ensuring the operation of the institution and whose powers are defined (directly or indirectly) by the law. The maintainer can define the governance of private institutions with a large degree of freedom (for example, establishing a board is the maintainer's decision). The maintainer of public institutions is the ministry responsible for education, and the institutional governance structure is defined by law.

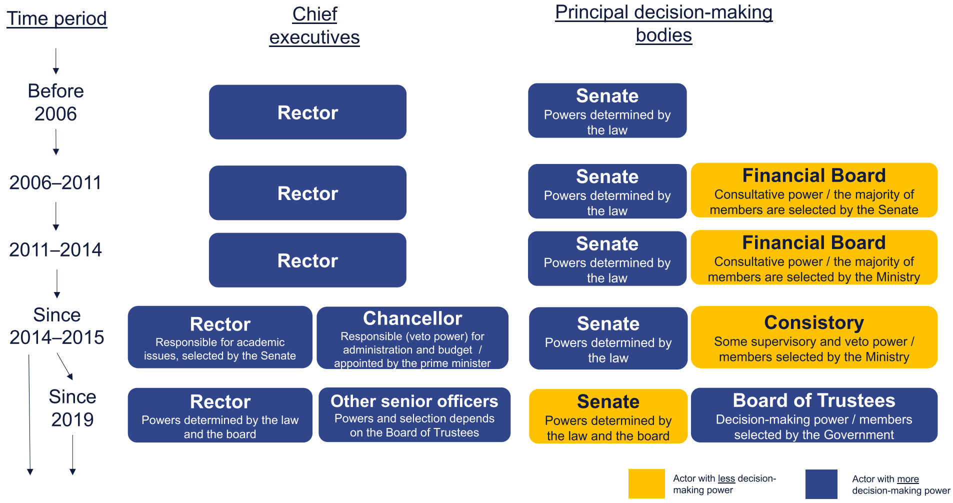


Figure 3. The evolution of major executive positions and decision-making bodies in public Hungarian higher education institutions. Source: authors' compilation based on Hungarian higher education acts of 1993, 2005 and 2011.

Since 1998 government efforts to control and make public institutions more accountable have gradually increased (see Figure 3). Forced mergers in 2000 and an unsuccessful attempt to introduce governing boards (called financial councils) responsible for strategy and general supervision in 2005 signify this trend (they gained only advisory powers).

After 2011 governmental control increased further (Kováts, Heidrich, and Chandler 2017). Increased governmental involvement in the selection of rectors, the appearance of state-appointed financial directors and inspectors, and the introduction of state-appointed chancellors responsible for institutional administration and finance (with veto power) were important milestones in this process.

In addition, institutional board-like bodies (financial boards, later consistories) were gradually moved from advisory to supervisory roles, and later, their powers strengthened, for example, by gaining veto rights on certain issues such as budget or strategy. The state increasingly determined their composition. For example, in 2015, the government appointed 4 of the 5 members of the consistory. But until 2019, senates preserved their primary decision-making role (de jure) even if their powers (defined by law) were gradually restricted by the veto powers of new actors (e.g. chancellor, consistory, financial boards). The dependency of institutions on the state was also reinforced by a shift from formula funding to direct institutional and ear-marked funding.

By 2018, the autonomy of institutions had been weakened significantly and became comparatively low in most autonomy dimensions (see Pruvot and Estermann 2017), and the direct role of the state in the internal and external governance of universities increased considerably – contrary to the international trends of 'steering from a distance'. Thus, the pendulum of university governance has swung from full governmental control to increased institutional autonomy and back in four decades (Kováts, Heidrich, and Chandler 2017). But the pendulum had not yet stopped.

In 2018–2019, a reform process called 'model change' started, leading to a radical reduction of direct state control. This sudden shift seems particularly surprising in the context of a dramatic increase in direct state control and growing institutional dependence after 2010 because, since 2010, the same ruling party has been in power.

The direct catalyst of the model change was the effort of one small public art university to find a more flexible operating framework. The government proposed transforming universities into private institutions and transferring their maintainer (ownership) rights to newly established entities operating in a new legal form called public interest foundations (trust funds).

Although the model change started as a pilot programme with three universities, it was quickly extended to most public higher education institutions. Between 2019 and 2022, 75% of public universities were transformed, and the share of students studying in public institutions fell from 86% to 21%.[2] In a few cases, the transformation created strong resistance and political turmoil (Kováts and Rónay 2022), but in general, university managements and senates supported the transformation.

In the new governance constellation, the boards of the public interest foundations govern the institutions. Foundations were granted the ownership of university buildings and assets, but most foundations did not receive any additional (financial) assets beyond that.[3] In addition, each foundation receives ~1 million EUR annually to finance its own operations. The state still provides the majority of funding to institutions in 6-year performance contracts signed in the autumn of 2021. In the starting year, institutional budgets doubled and, in a few cases, even quadrupled compared to the previous years. The remuneration of university employees increased significantly, but their public servant status was abolished, and they became employees under the Labour Code.

By transforming public into private institutions, the right to determine their governance structure has been transferred to their maintainers rather than defined by law. Moreover, an amendment to the law has further extended the powers of all private maintainers. From the point of view of previous governance, the board has been given a significant part of the powers of the ministry and the institution. Boards can now define the strategy, budget, HR policy, organisational structure and select and/or appoint executive officers. They can define organisational and operational rules (including study and examination rules) and change the powers and composition of the senate with very few limitations. The Constitutional Court (2021) ruled that senates are sufficient only to have consultative rights. Overall, the powers of the boards were far greater than those of the former supervisory bodies (consistory), which had only some veto powers or other private maintainers in the past.

While the introduction of boards with significant decision-making power aligns with international governance trends, the Hungarian reform has some distinctive features (EUA 2023): the exclusion of institutions from member selection, the high number of pro-government politicians among board members and the lifetime employment of board members.

First, the government selected and appointed all initial board members. The selection process was not transparent and regulated. Institutions formally could not influence the composition of their boards; they could only suggest members informally.

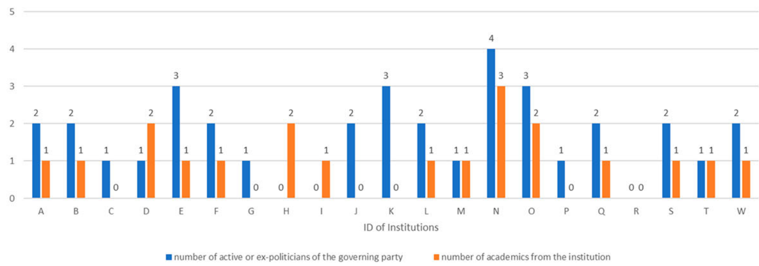
> It was clear very quickly who the chairman of the board would be, who would actually select who would be appointed. (I1, senior institutional academic leader)

> There was a shortlist, which I wrote, but of course not alone. And the board members were essentially selected from that shortlist. (…) I would have expected one or two serious industrial players. Here (…) that didn't happen. (I37, senior institutional academic leader)

Second, of the 106 seats on the boards of the 21 foundations (as of January 2022), 31 were occupied by active politicians (ministers, state secretaries, members of parliament, mayors, appointed government officials, political counsellors) and 4 ex-politicians of the governing party, but many other seats were distributed to business people and intellectuals openly sympathetic to the governing party. By comparison, for example, in Sweden, where the state has a powerful influence on institutions, the share of politicians among external board members did not exceed 15% in 1998, and by 2016 it had fallen below 5% (Edlund and Sahlin 2022).

Twenty board members were an employee of the institution, but they were also selected by the government and not by the academic communities. The distribution of members with solid political or institutional backgrounds was quite uneven among institutions (see Figure 4). Boards had no international members.

Third, board members hold the positions for their lifetime and as a person. They can keep their board membership even after they lose their position in the government or institution. Only board members, together with other executives of the foundation, can decide about selecting new



institution	number of active or ex-politicians of the governing party	number of academics from the institution
A	2	1
B	2	1
C	1	0
D	1	2
E	3	1
F	2	1
G	1	0
H	0	2
I	0	1
J	2	0
K	3	0
L	2	1
M	1	1
N	4	3
O	3	2
P	1	0
Q	2	1
R	0	0
S	2	1
T	1	1
W	2	1

Figure 4. The composition of boards. Source: authors' compilation based on official CVs (as of of 10 January 2022); all board has 5 members except for BCE which has 6.

members. The lack of institutional involvement in running the foundation made the operation of boards less transparent for the institutions. Most board members receive substantial remuneration, typically similar or higher than that of university professors.

Finally, the laws governing the status of public interest foundations can only be changed by a qualified (2/3) majority. A new government could change the regulatory environment only with a very strong mandate.

To sum up the evolution process, in the last 20 years, the internal governance of (now) foundation institutions has moved from a unitary system dominated by the senate to a dual governance system dominated by first the senate and, from 2019, by the board.

Regulations do not specify the criteria for board member selection, so it is not possible to draw any conclusions about the possible role of the board.

Several elements of board design (see Kretek, Dragsic, and Kehm 2013) suggest that boards will play a proactive role in the life of institutions: boards have strong powers, their size is small, inbreeding (old-boys network) among their members seems to be high, positions are paid, regulations regarding the boards are very stable, and the formal autonomy of foundations is high. Boards have their own resources to build up their own apparatus, which reduces information asymmetry within the institution.

However, the active, interventionist role of the board is counteracted by the fact that members have many other commitments, and institutions remain highly dependent on the state for funding (due to performance contracts). The independence of the foundations also means that they cannot be held accountable for what the board has (not) done, which can reduce the pressure on boards to be active.

Table 1. Summary of reform narratives.

	Rational-bureaucratic narrative	Political-economic narrative
Goal	Increased performance, competitiveness, societal relevance	Increase political control over universities even after the change of government
Congruence of board/ university goals	The board is an internal stakeholder (similar goals)	The board is an external stakeholder (different goals)
Institutional autonomy	Foundations gained power from the state, institutional autonomy increases	Foundations exercise more direct control over institutions institutional autonomy decreases
Role of boards	'Good steward' Societal stakeholder representative	Political party agent Ideological control

Source: authors' compilation.

Narratives of the reform and the role of boards

Having reviewed the regulatory design that shapes the role of the board, we focus our attention on how their role in organisational reality is perceived. We first look at how the actors perceive the intentions behind the reform. Two main narratives emerged from the interviews. Their main elements are summarised in Table 1.

The coexistence of these narratives can be explained by the fact that the model change was not included in the government's higher education strategy for 2016–2020 (EMMI 2016), nor was there a public white paper declaring the government's objectives. Therefore, without fixed objectives, there is room for interpretation of the goals of the model change.

According to the first narrative, promoted most clearly by policy-makers, the model change provides a new framework to increase institutional performance. Greater autonomy, increased and long-term funding, and a new accountability system with boards are all designed to improve competitiveness and make organisations more responsive to market and societal needs. The governance and funding system established is in line with international trends and practices.

> The foundation model was chosen because it is the most autonomous model. (…) you get everything. You have the assets, you have the infrastructure. There's cool [*i.e. excellent*] funding. (…) We gave you the funding, but from there, you're in charge. (I17, policy-maker)

The presence of the business and political actors among board members allows institutions to become more embedded in society (e.g. I2, I17), and boards can act as stewards or trustees, a more efficient enforcer of social interests.

> The biggest difference [caused by the reform] is that a real steward has really appeared (…), and this is perhaps closer to moving the institution (…) in the direction (…) of becoming an integral part of the economic and social environment, where it could have a much greater added value than it might have now. (I2, policy maker)

The entrenchment of the model change in the public law (e.g. two-thirds majority for changing key laws, the lifetime appointment of trustees etc.) guarantees stability and the autonomy of the institutions in the long term. Autonomy implies greater independence from the government. The powers of the maintainer are transferred from the government to the board, but the board is considered part of the university (I2), even though the foundation and the institution are two separate legal entities. Some interviewees (I2, I17) emphasised that the performance orientation is central to the governmental strategy, so the model change can be seen as an integral continuation of government policy. We named this approach the rational-bureaucratic narrative because it explains change from a (politically) neutral, technical perspective.

In contrast, the political-economic narrative describes the reform as an intention to strengthen and maintain political (ideological) control over higher education and create an economic base to reproduce a particular ideology and political elite.

> So the university is the next battleground for war all over the world. Because those who influence the world have realised that acquiring universities is a long-term goal. (I34, academic)

The model change will indeed reduce the bureaucratic control of the state administration over higher education, but also the means to make them accountable because the state administration will have fewer instruments at its disposal to enforce public interest. Bureaucratic control is replaced by political control, which is less transparent, less regulated. Foundations and board members are unaccountable. Their selection and mandate make it impossible to see what values and objectives they pursue.

> The fundamental crux of the matter is how and why this board was set up and by whom and what mandate did it receive? (…) it can be said that this is a political decision and a national political one. (…) After all, it was in principle part of the deal that the new board of trustees would distance the maintainer decisions from both policy and wider politics (…) But the opposite has happened, it has softened the boundary (…) So I think the problem is, whom do they [the trustees] answer to? To the Prime Minister, to their company, to I don't

> know what ideological grouping, or to whom? I think that's the fundamental issue here, that they're accountable but accountable to whom? (I29, senior institutional academic leader)

In this narrative, foundations are not part of universities because they are separate legal entities pursuing different goals. For this reason, the appointment of boards reduced institutional autonomy because boards can make decisions made previously by the institutions, and the board exercises control that was not exercised by the ministry.

> If the board, we say, is the university itself, then we have not lost autonomy. That is what they claim, that there is no loss of autonomy because the board is the university. But that is not true. The board is not the university, and they do not represent the interests of the university with their decisions, but they represent external interests. (I34, academic)

The political-economic narrative emphasises the non-transparent selection of board members. Board composition is the best indication of the importance of political capital. Hence, boards act not as societal stakeholder representatives or state agents but as political party agents.

The political-economic narrative suggests that despite the regulatory stability of the boards, their internal legitimacy is questioned, which can limit their roles in practice.

The narratives of the role of the board

To characterise boards' role transparency and their level of activity in organisational reality, we discuss how the relationship between the board and the management is perceived. Specifically, we focus on the parent–child metaphor our interviewees used regularly to describe the relationship. The repeated appearance of this metaphor was interesting because we did not suggest that metaphor.

The state, as the maintainer of institutions, appears in the interviews as a parent with many children who cannot pay attention to all of them. Boards, however, can give just that undivided attention (I17), but that also has dangers. Boards are also portrayed as parents who want to control the child at all costs (I26) and achieve their own desires, thus becoming a barrier to his/her growing up and coming of age.

> We used to complain a lot about the ministry, but in the old system, it was as if the 'sixty-odd higher education institutions had one owner with sixty-odd children (…) Now suddenly there is this great freedom, that the board has a single a child, and it starts practising on that single child, without ever having had another child in its life. (I27, institutional administrative manager)

These approaches treat institutions as minors. They portray them as needing constant parental supervision because they cannot pay attention to societal and market needs. Another reason is that freedom is not paired with responsibility, as institutions lack self-control, which needs to be provided by the board (I33).

In a few accounts, however, institutions are treated not as minors but as more mature children.

> In 2020, we became a model change university, so the university is 18 years old. It's of age, it's got his allowance from his parents. The assets have been transferred to the university, and from then on, the university really has to operate as an adult. Independently and responsibly. (I25, institutional administrative manager)

> I feel they [the board members] are supportive (…) So it's more like a big parent who is there and watches us all the time and doesn't let go of our hand but doesn't get involved in the operational implementation. (I32, institutional administrative manager)

By accepting the universities as mature beings, the board is seen as a parent who trusts the grown-up child and supports her search for fulfilment because it assumes that the child is capable of responsible thinking. Universities are seen as able to assess and act on societal needs and identify and correct their mistakes. In this narrative, the university is capable of following its own mission.

The image of the university as a minor or as a grown-up child is also closely linked to how the role of boards is interpreted. The interviews reveal two clearly identifiable patterns. One is essentially based on distrust and control, the other on trust and empowerment. These relate well to the control and advisory roles discussed in the conceptual framework.

In the narrative of mistrust, the university is unable to fulfil its potential, and external intervention is needed. The board, therefore, needs to manage a crisis and/or has a strong sense of mission to save and lift the university.

> the communication at the time was that [the university] was mature enough and had enough market revenue (…) to go ahead with this [model change]. Then, ten minutes later, the narrative was that we were a company in crisis, where at least 10 per cent had to be fired anyway. (I27, institutional administrative manager)

> Our chair of the board of trustees has the conviction – he has said this openly, so I can say – that there is a lot of potential in this university professionally, but it has been badly managed. And that has to change, and that is why we need to bring in directors and managers who will make it work better (…) [The university] has constantly tried to adapt to new situations, and the very fact that we have undertaken the model change is an indication of that. So it's not true that it's a stagnant university. (I7, academic)

Boards as (co-)pilots have a strong vision of how the university should operate and therefore tend to interfere and micromanage at all levels. Sometimes boards strive to be actively present on campus and to break down any barriers (perceived as resistance), such as internal self-governance that prevent achieving the desired way of working. A strong top-down approach and frequent need for reporting are typical.

> So they [the board] set directions, and we basically get ready-made stories. These range from very grand visions to inviting a specific person to graduation without, say, asking the university. They go right down to the day-to-day business, that (…) at the graduation, XY will speak at thirteen o'clock. As we have been told. (I25, institutional administrative manager)

The board perceives itself as competent and believes that its experience (even from other industries) is relevant in governing the university.

> Because [the chairman of the board] had given classes before, he had the illusion that he knew this world. Whereas a university is incredibly complex. (I27, institutional administrative manager)

In a trust and empowerment-based approach, however, the board sees university leadership as essentially competent. This approach is usually based on the 'grown-up university' narrative. The board does not aim to replace university management but to support it by providing financial and other resources (I37), even if the development does not always happen at the pace the board would like. The board supports the evolutionary development of the institution, including the maintenance of internal decision-making procedures. Although the board may take the initiative in some matters, it is characterised by active listening rather than (micro)management. It does not necessarily want to be at the forefront of, for example, university events.

> Can I simply say what the board is supposed to do? (…) The board should ask the right questions, listen to the institution's response, and if the institution's response is acceptable, then ensure that the institution is on the path it has set for itself. (I12, board member)

> In my vision, the university has the greatest possible autonomy in its academic teaching-research innovation activities. And the board does its best to bring in the most resources to do so. (I38, board member)

> The board said at the level of words and then later in action that they still had a lot to learn about higher education (…) They say you [the management] must be competent because, after all, you are running it [the university] profitably, so you can't be stupid. (I1, senior institutional academic leader)

This approach resembles the steward, advisory and trustee roles of boards which want to empower the management rather than replace it. The board, being aware of its limits, still has an active role (asking, listening, providing resources etc.), and it is not without control ('and if the institution's response is acceptable'), but this approach is not as intrusive as the 'child' narrative.

Table 2. Summary of parent-child metaphors.

	parent/minor	parent/grown-up child
University is perceived as	Infant Irresponsible Need constant supervision	Mature Responsible Need support, encouragement
Board approach	Distrust and control	Trust and empowerment
Board is perceived as	Being self-confident in its competence Have strong vision	Being aware of its own limitations
Role of boards	Co-pilot Managerial Controlling and monitoring	Advisory Trustee Coaching and enabling

The two parent–child narratives are summarised in Table 2.

Summary of findings and discussion

In the paper, our research question was how the role of boards is perceived in the newly established public interest foundations that govern universities in Hungary. In the conceptual framework, we have identified trends regarding the position of boards in Europe and also the need to analyse board composition, role transparency and level of activity (de Boer, Huisman, and Meister-Scheytt 2010) on two levels: on the regulatory design level and in organisational reality. We highlight four findings.

First, we argued that the governance of model-changing institutions (where around 65% of students studied in 2021) has shifted towards board-dominated dual governance systems. Foundations (and their boards) received significant decision-making powers from the state and institutions. This change confirms the trends identified for boards: not only would they become more widespread (Pruvot and Estermann 2018), but their powers would also be increased (Veiga, Magalhães, and Amaral 2015).

Second, the current Hungarian regulation/design does not reduce but amplifies board conflicts stemming from board composition and role transparency (de Boer, Huisman, and Meister-Scheytt 2010). There is no definition of the board's role and no published selection criteria for board members. However, we have pointed to signs of significant (political) inbreeding (which is very unusual in Europe). All these make it difficult to determine which of the roles suggested by Kretek, Dragsic, and Kehm (2013) applies to Hungarian foundation boards. Although their roles may appear to emerge in the social construction of different actors, other elements of the regulatory design, such as small board size, lifetime membership, strong powers, and paid positions, make it likely that boards will play an active role in institutions with a strong focus on control even if some other factors (funding dependence, high formal independence, low accountability, additional commitments of board members) works against this.

Third, how boards are regulated, and members are selected affects the roles boards can effectively realise. While board members formally do not represent any stakeholders, and it is uncertain to whom they are accountable and responsible, many have direct political roles in the current government. These affiliations raise doubts about the members' mandate, which, together with the lack of transparency in the functioning of boards, can undermine their organisational legitimacy and affect their *de facto* roles.

Fourth, we did not come across any viewpoints that boards play a passive, legitimising or rubber stamp role. All the boards we studied were perceived as active or proactive. This may also be due to the initial phase of model change, in which all actors (institutions and politicians) expect boards to be active. How this activity manifests itself is sometimes judged differently, even within organisations (see the various interpretations of the parent/child metaphor). This indicates a lack of role transparency. Some boards are perceived to follow an interventionist role, and govern the institution together with or instead of management (co-pilot/managerial role). However, few boards are perceived as having a more empowering role, leaving considerable room for institutional management. This does not imply passivity but rather an active advisory role.

An important question is what individual or organisational factors influence the dominant role of boards in practice. We need more institutional-level data to answer this question. However, we believe that time and trust may also play an important role in addition to the factors identified by Kretek, Dragsic, and Kehm (2013). As we suggested, the board's role in the initial phases of the introduction may differ from the later phases. Moreover, the political-economic criticism of the new governance system stems from a general political distrust, and the parent/minor metaphor was about boards' (mis)trust in institutional management.

Notes

1. The Act CCIV of 2011 on National Higher Education (Nftv 2011) distinguishes between the institution and the legal entity that has 'the responsibility for ensuring the operation of higher education institutions'. This entity is translated as 'maintainer' in the official translation of the law.
2. In 2021, 63% of students attended a public interest foundation university. Educational Authority; https://dari.oktatas.hu/fir_stat_pub (date of access 31 July 2022).
3. Few foundations received endowments from the government, such as shares in listed companies, to cover the running costs of the institution through dividends. One institution received a significant endowment of 1 billion EUR in shares.

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