The impact of institutional governance reforms on organisational culture – Two case studies from Finland and Hungary

BETTINA ZSATKU and GERGELY KOVÁTS

Corvinus University of Budapest, Hungary

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ABSTRACT
Several European countries have made it possible for public universities to become foundation universities. The transformation has also involved a change in their governance model with external actors taking important decision-making positions. We believe that these changes also imply a transformation of the organisational culture of the said universities.

This study examines the transformation of a Finnish and a Hungarian university into a foundation one based on documents, interviews and questionnaire surveys. We found that for both universities there is strong pressure to move towards a corporate culture, but that change is not happening without resistance at either university.

KEYWORDS
foundation university, organisational culture, governance reform, Finland, Hungary

INTRODUCTION
The governance of Hungarian public higher education institutions has changed several times since the regime change of 1989. The latest reform took place in 2018 when a pilot project was...
started aiming at transforming public institutions into private ones. In the process called ‘model change’ (modellváltás), public higher education institutions, supervised and maintained by the state, have been moved under the supervision of public trust foundations (legally) independent of the state. The “privatisation” of public institutions by transforming them into private foundation universities is not unprecedented in European higher education. For example, in Portugal, the legislation made it possible for public institutions to choose the foundational form in 2007, and three institutions took the opportunity in 2009 (e.g. Diogo, 2015). Similarly, two Finnish universities were transformed into foundational universities after the university reform of 2009 (e.g. Poutanen, Tomperi, Kuusela, Kaleva, & Tervasmäki, 2020).

In our opinion, the changes in institutional governance do not only change the management and decision-making processes of the institutions, but also affect their values, focus, cognitive maps and interpretative frameworks. Therefore, our research question in this paper is how the transformation of higher education institutions into foundation universities impacts on the organisational culture of higher education institutions. We have found that the connection between university governance and decision-making process change, and organisational culture has not been researched thoroughly, therefore our intention is to address this research gap.

As cultural changes can only be observed over a long period and the process of model change is still in its early stages at most Hungarian universities, we have examined the experiences of two institutions that have been operating as foundation universities for some years. The first is a Finnish university that was converted into a foundation university earlier than the Hungarian institutions, and the second is a Hungarian university that was one of the first model changing institutions. Although their experience can only be generalised to a limited extent, our results illustrate a very possible direction of change in organisational culture.

The structure of the paper is the following. First, a possible approach to the organisational culture of universities is reviewed, followed by the main trends in institutional governance. In the third section, the methodology of empirical data collection is described, then we then present a case study of the two universities. While at the Finnish university we have conducted interviews with managers and faculty involved in the transformation of the university, in the case of the Hungarian university our conclusions are based on reviewing the results of questionnaire surveys. Finally, our main conclusions are presented in the last section.

Organisational culture of HEIs

In this research we use Schein’s definition of culture, which is the best known and most widely used concept in the literature. It combines several elements of approaches based on the function and content of organisational culture. Accordingly, organisational culture is

“a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems” (Schein, 2010, p. 18).

Organisational culture can integrate the organisation. On the one hand, it brings the members of the organisation together to achieve a common goal by creating a shared commitment (Pettigrew, 1979 in Bokor, 2000). On the other hand, organisational culture provides a sense of identity for the organisation as it forms a unity and helps to distinguish the
organisation from others (Hofstede, 1980 in Bokor, 2000). Thirdly, organisational culture promotes adaptation to changes generated by the external environment, as it provides a common framework of understanding for the members of the organisation (Bokor, 2000). The integrative approach assumes that the organisation is characterized by one, unified culture. However, other approaches do not see organisations as culturally homogeneous, rather as a set of different subcultures (differentiation), or even as a multiplicity of different cultures (ambiguity, fragmentation) (Martin, Frost, & O’Neill, 2006). In this research we use the integrative approach to organisational culture.

The definition of organisational culture helps to determine which elements and aspects of an organisation are possible and worth observing for research. Schein depicts organisational culture as an iceberg, with a visible and tangible part above the surface, and a much larger, invisible section under it. The invisible part consists of a conscious and an unconscious component. Accordingly, Schein (2010) breaks down organisational culture into three levels. At the level of artifacts, there are observable elements in which the organisational culture is manifested, such as the physical environment, behavioural patterns, symbols, written and spoken language, organisational structure, processes and mission. This level can be observed even by an outsider. The next level is the espoused beliefs and values where the goals, values, ideals and aspirations determine what ideologies prevail in the decision-making process. At the deepest level of the iceberg are the basic, underlying assumptions, which are represented as subconscious beliefs and values. In our empirical research, we have focused on artifacts and values.

Several general culture models and typologies have emerged in organisational research. One well-known model is the Competing Values Framework (Cameron & Quinn, 2006), which describes four types of culture based on two dimensions: clan, hierarchy, adhocracy and market culture.¹ One dimension is flexibility vs. stability which reflects on whether the organisation puts more emphasis on a standardised system and processes, or rather adapts to employee needs. The other dimension focuses on whether the organisation tries to improve the coherence of its internal operations or adapts to its external needs.

Even if the field of higher education research has been attempting to establish typologies of its own (see, for example, Becher & Trowler, 2001; Bergquist, 1992; Bergquist & Pawlak, 2007), it is also very common to use general typologies of culture, or a version tailored to higher education, to capture the organisational culture of universities. Typologies of McNay (1995), Sporn (1996) and Smart and Hamm (1993) can be compatible with the competing values framework, even though the underlying dimensions are different. For example, in McNay’s (1995) framework, one dimension is the centralisation (or decentralisation) of the decision-making process (policy), while the other is the implementation of decisions (Fig. 1).

Sporn (1996), on the other hand, considers the strength (coherence) or weakness (fragmentation) of university culture as an important dimension, with the external or internal focus of the organisation being another (Table 1).

As for a collegium-type culture, the keyword is “academic community” and “academic freedom”. In a bureaucratic culture, the rules become important elements, which create

¹We do not go into detail of other, well-known culture typologies here, only mention two: Hofstede’s model which captures the culture of an organisation along different value-pairs (e.g. power distance, time orientation, uncertainty-avoidance, etc.), and Handy’s typology of culture, which distinguishes between power culture, role culture, task culture and person culture.
 consistency and equality for opportunities on the one hand, while they bind behaviour to rules resulting in inflexibility on the other (McNay, 1995). In an enterprise-type university culture, the
focus is on the “customer” who demands the services of scientists and expertise, so the institutional portfolio is shaped to meet the needs of its customers.

A corporate-type culture favours authority and performance. Crisis and competition are often used, or even created to increase pressure and performance. In many cases, managers are appointed and not elected, control is centralized, and “teachers have to teach, managers have to direct” (McNay, 1995), which usually results in a lack of trust (Clark, 1983).

In the following paragraph we examine how the environment and the governance of higher education institutions have changed over the past decades and formulate a hypothesis on how this has influenced the organisational culture of institutions.

Changing institutional governance in higher education

The transformation of higher education governance is rooted in the expansion of higher education. As student numbers were increasing, demand became more diverse, followed by the differentiation of supply. In most countries, the number of institutions increased, and private institutions appeared. This expansion also increased the demand for resources for higher education, raising the need for effective, transparent and accountable institutions, and generating debate about the role of higher education in society. Thus, while the social and budgetary weight of higher education has increased, the complexity of the sector has also grown dramatically. Consequently, both state-driven and academic oligarchy-dominated university governance faced a crisis: bureaucratic control became unsustainable in the former, while there was a lack of transparency and accountability in the latter.

The new system of higher education governance was significantly influenced by the New Public Management movement (Pollitt, 2003). In this approach, the role of the state changes from the direct management of institutions to “steering from a distance” (van Vught, 1989), that is, the state became a sectoral regulator, commissioner, evaluator (Neave, 1998) and supervisor (Neave & van Vught, 1991). Service delivery is the responsibility of the institutions, which are provided increased autonomy, responsibility and accountability. To ensure that the institution can use its resources efficiently to create „value for money“, it is necessary to increase the freedom of managers (“let the managers manage”), introduce incentive and monitoring systems (e.g. performance assessment and performance-related pay), and increase competition between and within institutions. These policies usually have to be enforced by the university management vis-à-vis the academics and staff, which implies the centralization of decision-making within the institution and an increase in the role of management (Keczer, 2020).

The transformation of governance in many countries has required an increase in institutional autonomy (de Boer & Huisman, 2020), i.e. a broadening of the range of decisions that can be taken at the institutional level. As the regulation of public universities did not always allow the freedom that the legislator wanted, new legal forms are being developed in some places. In Finland and Portugal, for example, it has become possible to transform institutions into private foundations if they so wish. But typically, the powers of public institutions have also expanded in recent decades.

The transformation of governance in many countries has been accompanied by the emergence of a new body, the board (Pruvot & Estermann, 2018). Its emergence in foundation universities was a necessary step, but boards have also become common in public institutions. (This is illustrated by the prevalence of the term „boardism“; Veiga, Magalhães, & Amaral,
They have allowed for greater involvement of external stakeholders in decision-making by decoupling strategic-financial issues from the decision-making bodies responsible for the academic issues and making management more independent of internal stakeholders while maintaining some accountability (Veiga et al., 2015).

However, the changes in institutional governance and management also provoked considerable criticism. Critics challenged the assumptions of New Public Management and pointed to the ideological nature of managerialism (Deem, Hillyard, & Reed, 2007). The overestimated role of managers is demonstrated by the fact that managers often speak not only on behalf of the university, but also as if they were the university itself (Örberg, 2007; cited in Wright & Greenwood, 2017:45). Academics perceive that they have less and less of a say in the running of the institution and that management is less and less accountable to the academic community itself (Poutanen et al., 2020). Reinforcing monitoring, control, competition and standardisation increase distrust, dependency and vulnerability of academics, as well as reduce academic freedom, and the intrinsic motivation and commitment of academics to their profession undermining the very essence of the university ideal. They call for the restoration of the academic community’s voice and control (Kováts, 2011).

Gordon and Whitchurch (2010:131) summarized the major characteristics of managerialism in higher education in the following way.

1. The separation (and even polarisation) of academic and management activity.
2. Increased control and regulation of the work of academic staff.
3. A perceived transfer of authority from academic staff to managers (accompanied by a weakening of the professional status of academics)
4. The introduction of an ethos of ‘enterprise’ and the importance of generating income.
5. Government policies that stress the role of universities in serving socio-economic agendas and require them to become more market-oriented.
6. Increased competition and competitive behaviours for resources within institutions.

Therefore, as it seems that these factors are most clearly manifested in market- (Quinn), or corporation (McNay) type organisational cultures, our assumption is that where there is a shift in governance towards these factors, the organisational culture of the institution will also shift towards a market or corporation orientation.

Interestingly, empirical research on organisational culture (described as typology) in higher education was particularly prevalent in the 1980s and 1990s (e.g., Bergquist, 1992; Cameron & Freeman, 1991; Smart & Hamm, 1993; Sporn, 1996; Cameron & Ettington, 1998) while research on university governance was less extensive. For this reason, there is only few research on the relationship between governance and organisational culture. The research by Smart, Kuh, and Tierney (1997) comes closest, who investigated the relationship between the nature of decision-making approaches, organizational culture, and performance at two-year US colleges based on the competing values framework (Bergquist, 1992).

Since the 2000s, organisational culture has become a less central concept and seems to have lost its appeal. Few typologies were updated (Bergquist & Pawlak, 2007), and some descriptive case studies based on the competing values framework were published (e.g., Aldahdouh, Korhonen, & Nokelainen, 2017; Dębski et al., 2020; Omerzel, Biloslavo, & Trnavčević, 2011; Pushnykh & Chemeris, 2006; Vasyakin, Iyleva, Pozharskaya, & Shcherbakova, 2016), but these were rarely linked to governance. However, some elements of organisational culture were
studied under different labels, such as managerialism (e.g., Deem et al., 2007) or identity research (e.g., Välimaa, 1998; Ylijoki & Ursin, 2013), yet, these did not reflect on earlier research on organisational culture or culture typologies. Tierney (2008) focused on governance and organisational culture, but he lacked empirical data and also ignored culture typologies. In this research, we aim to fill (some of) these gaps by making a clearer link between changes in governance and changes in some elements of organisational culture.

Transformation of higher education in Hungary

Hungarian higher education started to expand significantly after the political regime change in 1989: the number of students increased from 100,000 to 380,000 by 2005, and then started to decline slowly. Currently, there are about 280,000 students studying at Hungarian higher education. During the last three decades a number of private institutions was established, but approximately 80% of students still attend public institutions. Universities of applied sciences (UASs) and universities have not been separated sharply since the introduction of the two-cycle system (2005): they are financed and regulated similarly and UASs can offer master and PhD programs if they have the necessary resources. In 2018 there were 64 institutions in Hungary, 28 of which was public.²

The governance of Hungarian public higher education institutions has changed in a pendulum-like manner 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. However, from 1998 government efforts to control and make institutions more accountable have gradually increased. Forced mergers in 2000 and an attempt to introduce governing boards responsible for strategy and general supervision in 2005 signify this trend (Keczer, 2010; Rónay, 2019a). After 2011 governmental control has increased further (Kováts, 2014). Changes in the selection of rectors, the appearance of state-appointed financial directors and inspectors, the introduction of state-appointed chancellors responsible for institutional administration and finance were important milestones in the process. It was also accompanied by the withering of buffer organisations. Thus, the pendulum of university governance has swung from full governmental control to increased institutional autonomy and back in four decades (Kováts, Heidrich, & Chandler, 2017), which is not without precedent in post-Soviet higher education systems (Dobbins & Knill, 2009; Leisyte, 2014).

But the pendulum has not yet stopped.

In 2018 a pilot project called ‘model change’ (modellváltás) was started aiming to transform public institutions into private ones. The change has been focus on increasing institutional competitiveness by creating a less restrictive and more stimulating environment (Hungarian Government, 2021). In the process, public higher education institutions supervised and maintained by the state has moved under the supervision of public trust foundations (legally) independent of the state. The board of each trust foundation has gained considerable power and authority over institutions, making possible a radical change of universities’ management and governance model. The board can define the strategy, budget, human resource policy, as well as

²The source of data is the Educational Authority. https://dari.oktatas.hu/fir_stat_pub (date of access 6 June 2022).
the organisational and management structure of institutions, and they can affect the selection of executive officers. They can extend or limit the powers of the Senate, which is composed of elected representatives of internal stakeholders (academics, students and staff in the administration). Board members are appointed by the government, and about one-third of the members come from the government or the ruling political party. Board membership is for a lifetime and only the boards can change their membership. The transformation has also led to the loss of the public servant status of academics.

The pilot project quickly became a full-scale government policy leading to the transformation of most public higher education institutions. By 2022 the number of public institutions fell to 6 from 28 in 2018. In 2018 87% of higher education students were attended in public institutions, which number fell to 22% in 2021 (Polónyi, 2021). Therefore, the ‘model change’ is one of the most extensive and radical reforms in Hungarian higher education in the last five decades.

**Transformation of higher education in Finland**

In the Finnish higher education system, universities and universities of applied sciences are regulated and funded differently. Universities have been built up continuously since the 1900s in several waves of expansion, while the UAS sector is very young: the first UASs only appeared in 1989. In 2021, there were 14 universities and 23 UAS in Finland. In terms of student numbers, the two sectors are similar in size, with 158,000 students in each.³

In Finland, the Universities Act of 2009 was a radical reform of university governance. The reforms aimed to improving higher education performance, developing high-quality research, strengthening the internationalisation of higher education, and increasing its ability to attract capital and international competitiveness (Aarrevaara, Dobson, & Elander, 2009; Välimaa, 2011). The new legislation also strengthened the independence, the financial and legal autonomy, of universities to enable them to better adapt to societal expectations and their own objectives. Universities became independent legal subjects, either under public law (as public corporations) or as foundations.

The previous decision-making process, which was essentially based on a body of internal stakeholders, was replaced by a bicameral system, where financial and strategic decisions are taken by the board and academic decisions by a collegial body of internal representatives. The difference lies in the selection of the board: while in the case of a public corporation the internal stakeholders are directly involved in the board and can select its external members (through a body of internal stakeholders called Collegium), in the case of foundation universities the board is more independent with the university community selecting its members from a list nominated by the founders. It is a general expectation that the board should be composed of prominent members of the international business and academic community, and should not include academic leaders, or other members of the university, such as the rector, vice-rector or dean (Holmén, 2022). The creation of Finnish foundation universities was accompanied by institutional mergers, which, together with the transformation of the governance system, resulted in significant organisational conflicts and tensions (Poutanen et al., 2020).

Overall, the reforms in both countries reflect the intention to move institutions away from government. At the rhetorical level, the aim in both countries was to create a more efficient,

³The source of data is the Education Statistics Finland. [https://vipunen.fi/en-gb](https://vipunen.fi/en-gb) (date of access 6 June 2022).
effective, competitive and better-resourced university governance system. Similarly, the boards of foundation universities are composed exclusively of external members in Finland, and predominantly in Hungary. The difference, however, is that in Finland the university community has an institutionalised say and influence on the selection of board members, whereas in Hungary it does not. The boards of Finnish foundation universities are characterised by a high degree of internationalisation, with many coming from academic areas with no direct representation of government or political parties. In Hungary, the internationalisation of boards is low and about one-third of the members come directly from the governing party. In addition, their composition will not change in the event of a change of government, as membership is not based on the position held.

Another difference is that while in Finland universities can choose the legal form they want to take, in Hungary they could only choose whether they wanted to transform into a foundation institution or remain a public one. However, political actors in both countries seem to have actively influenced the decisions. In Hungary, for example, the majority of the Senates were allowed to vote on whether to participate in the model change, but there was a strong pressure on them, for example through financial means, to accept the proposal. Not a single senate voted against the proposal. In the case of Finnish foundation universities, the government also heavily promoted model changes during negotiations (see for example Poutanen et al., 2020).

RESEARCH QUESTIONS AND METHODS

We hypothesise that the transformation of public higher education institutions into foundation-based universities, and the emergence of boards composed of external members shift the organisational culture towards ‘corporate’ culture. Our assumption is based on the narrative stating that the institutional operation, decision-making and organisational culture before the model change was not sufficient for universities to operate efficiently and effectively, nor was it competitive enough, or sufficiently performance-oriented. Many elements of the reforms fit well with Gordon and Whitchurch’s (2010) points of managerialism, therefore in our empirical research we investigate whether this kind of shift can be detected in these institutions. Our data collection has focused primarily on the perception of university management and governance, as well as the values, ideals and goals of the institutions.

To illustrate the impact of university model change on organisational culture, we conducted two university case studies. Both universities became foundation universities in recent years.

The university in Finland is a multi-disciplinary, middle-sized comprehensive university, which was founded a few years ago through the merger of several institutions. One of the predecessor institutions had already been converted into a foundation university and after the merger, the new institution has also become a foundation university. To explore the Finnish university’s case, interviews were taken with people in academic leadership positions and academics involved in the model change and merger process. The first interviewees were contacted by cold calls and then asked for suggestions for further interviewees using the snowball method. A total of 5 interviews were conducted (in English) and we were able to reach academics and academic leaders from all of the predecessor institutions. The interviews were transcribed verbatim and coded. In the study, interviewees are listed anonymously with codes I1, I2, etc. The interviews were supplemented by a review of organisational documents in order to understand
the context and strategies behind the model changing process. To preserve anonymity, we do not cite these documents but they are available on request.

The Hungarian university started to operate as a foundation one in the first wave of the model change. It has a social science profile and a student population of between 10,000 and 15,000. This case study was based on reviewing organisational documents and the results of three surveys with questionnaires and report summaries. Two of the questionnaires were specifically designed to assess organisational culture: the first one was carried out six months before the model change and the second one in the second year after the model change. The questions were based on the Quinn-Cameron typology of organisational culture. The third questionnaire shows the results of an internal satisfaction survey with open-ended questions. All surveys were conducted by internal members or organisational units of the university and the results were shared with us. We supplemented our data collection with articles and news published on the websites of the university (Table 2).

Due to our different level of access to the sampled universities, we used different data sources and data collection methods. The interviews at the Finnish University were conducted for the purpose of this article, and we had limited opportunities for data collection, therefore we contacted key persons – leaders and influential representatives to have adequate information on the matter. In the Hungarian case we had to use secondary data (surveys) shared with us. The responses to the open-ended questions are not as detailed as in the Finnish case, but they cover a much wider range of respondents and time periods, so it is possible to identify the main themes and issues perceived by the respondents. Given these limitations, our results should be considered indicative, which should be complemented by further research.

RESULTS

The governance and organisational culture at the Finnish University

Governance structure and decision making. The governance of the Finnish University has evolved after a long period of wrangling by the predecessor institutions involved in the merger. During this process, the Ministry of Education actively encouraged institutions to adopt the
foundation model (I3). As a result, a board (consisting of external members) and an academic council (consisting of internal stakeholders) have been established. Operational management is carried out by the president of the university and the management board. Some of its members are now full-time academic leaders with teaching and research activities taking a lower priority (e.g. I3, I4). According to the interviewees (e.g. I2), the university is highly centralised, with the president and the board making major decisions. The academic council is mainly responsible for academic matters, but its overall influence is limited. One interviewee (I2) did not even mention the academic council when describing the university’s governance system.

The governance and decision-making systems of the institutions involved in the merger were reported to be quite different: while one institution was characterised by strong management-driven decision-making, the others were described as having a more traditional model of self-governance. Therefore, as one interviewee pointed out, in the process of becoming a foundation university the real question was not whether the university should be a foundation university or a public corporation, but rather what the university was and how embedded academic self-governance was:

“(…) both models allow for lots of variation and the true difference between the models is not that big (…) the understanding of how universities are governed, managed and in the end, I would say that understanding what a university is.” (I2)

The tensions of the new foundation university stem mainly from the fact that the organisational culture of the institutions involved in the integration are very different, which the governance system of the foundation model has made even more pronounced and visible. (I2, I5).

Opinions were divided on the management structure that had been established and its impact. The following arguments were put forward in favour of the foundation form:

1. Many felt that the foundation governance structure has increased the agility and adaptability of universities, in line with the Ministry’s objectives. While the collegiate decision-making process is slow, more centralised, business-like decision-making speeds up decision-making and makes it easier to ‘manage strategically’ (I3).

2. Collegial decision-making involves tribal thinking because the struggle between academic interest groups makes change processes difficult. Efficiency and effectiveness can be better ensured by bringing in external, independent people into decision-making positions who are not bound by internal vested interests:

   “the democratic decision making of collegial academic bodies is too slow, and even the Ministry of Education had a paper out in which they decided that it’s also too prone to this sort of tribalistic self-interest. So (…) you have external members on the board from the business community (…)” (I1)

3. External decision-makers strengthen the institution’s links with business and society: "the foundation basis would be more conducive to their goals or maintaining the close relationship between the industries and the new university.” (I2)

4. The distance of the institution from the state, its financial autonomy increases (e.g. I3, I4), while academic autonomy remains unchanged and at a high level (I1, I2).

5. Management is actively trying to involve academics in decision-making, but many do not want to get involved in management affairs because they want to do their research and
teaching. They see a governance system where academic work is separated from administrative decision-making, i.e. where management is professionalised, as more effective. (e.g. I4)

However, the arguments against include the following:

1. Institutional autonomy did indeed increase, but „institutional” means management autonomy, and the self-governance of the academic community has actually weakened. Hence, the potential for academic freedom is also more limited.

   “University autonomy was reimagined if you will, in a way that the university autonomy applied to the management of the universities that the university management would be free to do the necessary strategic decisions required of them to make the university successful (...). Whereas the (...) academic freedom for individual academics (...) disappeared even from the official rhetoric. When we talk about university autonomy, we don’t necessarily mean the autonomy of researchers. We mean the autonomy of universities as institutions.” (I1)

2. University management is not accountable to those it governs: „Who is director accountable to? Well, obviously to the University board, but shouldn’t [the director] also be accountable to the academic community that [the director] is leading?” (I1)

Therefore, there is a sharper separation between management on one hand, and teaching and research activities on the other. This has led to the weakening of the self-governing character of the academic community as academics no longer have a direct influence on strategic, funding and budgetary decisions.

   „The distance between the management and the university academics changed. (...) (in the old university) I would say that the President was probably more accessible to the average academics.” (I4)

Espoused and enacted values at the Finnish University. After the transformation of the university, its values were also reviewed. The new values were developed through workshops involving students and staff. The final list of values was decided by the board. According to some interviewees, the definition of common values was a good first step, but despite the involvement, none of the interviewees could list the values. Several noted that too many values had been identified, which were not always coherent with each other.

Concerning values and the review process, one interviewee pointed out that he was not really interested in these values because they were just on display as a marketing slogan. He did not feel that the process of development was honest and that the institution did not operate according to these values. He saw the university as a multinational corporation, which, in a crisis, changes its values to reflect the new strategy.

   „I started to discover things that I saw at N*** (a business corporation) (...) start to come up at the university as well, and one of them is this sort of very false or artificial construction of values because N*** always had four values and it changed them whenever it changed its strategy (...)They were just words on a PowerPoint slide and the new university to me feels exactly like that. (I1)

   „I think they (the values) (...) nice and noble words and values. But whether they really influence the work of an individual researcher everyday, that’s I think debatable. (...) I’m not saying that people are working against their values, but I don’t think that they are the driving force behind everyday life.” (I4)
Among the desired values is the idea that culture should be built on the values of the community, rather than on corporate culture. There must be a genuine concern for the employees because, without it, academics will lose their commitment to the institution:

"Personally, I believe that we should still work for creating a culture where we would not be that individualistic." (I2)

"It makes you feel less and less connected to your home institution. (...) We don’t really care about the university itself. Because the university simply, simply doesn’t care about us." (I1)

In the official communication of the university, the 2030 strategic goals include building an organisational culture based on collaboration. This is closely linked to the presence of competition, trust and control. The official values of the institution include the creation of an "atmosphere of trust". Obviously, in a situation of a merger, where culturally diverse institutions are merged, creating trust is a particularly difficult task, its lack is partly a reflection of the processes of change. However, some interviewees also pointed to more general problems. They argued that the implicit assumption of trust has changed in the new governance model: a culture of trust has been replaced by a culture of mistrust.

"Our legislation reform was about it was changing the sort of culture and discourse of implicit trust, meaning that we trust you. (...) When we talk about command and control models like the private university, even the public university for that effect, (...) it is built on the idea that people will seek to maximize their personal benefit. You have to manage the people to deliver the results, otherwise, they won’t. There’s a cultural clash between a culture of implicit trust and a culture of implicit distrust between the leadership." (I1)

In practice, mistrust is most easily captured through the proliferation of monitoring and control systems, as well as the strengthening of competition and the performance principle. In Finnish higher education, the funding of institutions depends to a large extent on performance contracts linked to indicators. These inevitably permeate the functioning of the institutions, which themselves monitor the development of indicators and assign targets and actions to them. Such measurement and evaluation systems are in place in the Finnish university but are not currently linked to individual-level pay or reward systems (I3).

At the institutional level, the performance contract system inevitably induces competition between institutions, and there is competition for financial resources and grants at the individual level. Recruitment and promotion systems are more strongly linked to publication performance, reflecting ‘the publish-or-persist’ principle. All this implies a kind of performance pressure at an individual level, which can be mentally very demanding for academics. For this reason, some academics say that they no longer have time to deal with public debates because they need to concentrate on their research (performance) (I1). One interviewee, for example, highlights the power of indicators, while another interviewee talks about the intrinsic motivation of academics. Both can be important building blocks for the development of a performance culture and a management-driven governance model.

"People think that universities and university researchers are hard to manage because they are so independent and they are so strict about their academic freedom. Once you have some indicators, they will go there even if there are no strong links with the money they receive or the promotion they get. That’s the nature of the researcher." (I2)
Academics are ambitious people and they are competing also with themselves. They want to improve; they want to learn. They want to get published in more high-quality forums and they want to develop their international networks. (...) So there’s quite a lot of this kind of internal motivation. (13)

Meeting performance expectations and intrinsic motivation also encourages academics to become less involved in the public affairs of the university, thus weakening the self-governance of the academic community. This is crucial for institutional management because without the control of the academic community the management can more easily reinforce individual performance appraisal systems, thus amplifying performance pressures, control, competition between academics and, within certain limits, the possibility of academics having a say in institutional management.

The governance and organisational culture at the Hungarian University

**Governance structure and decision making.** Before the model change, the university’s governance system consisted of three actors: the Rector responsible for academic affairs, the Chancellor (appointed by the government) responsible for budgetary and administrative affairs, and the Senate composed of internal stakeholders (faculty, students, staff). The Senate took decisions on university policies and regulations. The Ministry, as the maintainer, had formal supervisory authority. Respondents to the organisational culture survey, conducted before the model change, saw this governance and management system as over-regulated, rigid and bureaucratic. This is well reflected, for example, in the following text:

„The decision-making process is too complicated. Decision-making committees are ineffective. (...) There is too much authority in the faculties, which paralyses central (senior management) decision-making and hinders/slow down the achievement of strategic objectives.” (OC1)

Before the model change, there was a distribution of power between the different bodies and actors, which made achieving strategic goals slow. At the same time, internal stakeholders, through the faculty and university bodies, had many opportunities to have an overview and influence on decisions (Rónay, 2019b).

During the model change, the government established a foundation to maintain and own the university, appointed a board of trustees (consisting of external members) and provided the university with a substantial endowment. The members of the Board were mainly from the business sector, in line with the profile of the institution, but then the rector also became a member of the board. As we mentioned earlier, membership belongs to the individual, not the position, so the new rector will not be a member of the board.

The board has also set up a new governance structure within the institution. The former dual leadership was replaced by a tripartite model: in addition to the rector and the chancellor, a president was appointed, who is mainly responsible for strategic and change management and has the right of agreement on many issues. As a result of the model change, the Senate’s powers have also been significantly reduced: it has retained its decision-making powers in academic issues, but now only has the right to give an opinion on strategic, organisational and budgetary issues. Instead, the board has taken over the decision-making power in these matters. It has also changed the composition of the senate: the proportion of members appointed to different
management positions by the rector and/or the president has increased, while the proportion of elected academics and student members has decreased.

The university’s management, together with the board, has set the goal of internationalisation and increasing the university’s international competitiveness, as well as the development of responsible economic and social elites. To achieve these objectives, major organisational changes have been initiated, such as the abolition of the faculty structure, the introduction of a new career model and performance evaluation system (with a significant increase in research expectations), the development of student services, HR and communication functions.4

The new governance and decision-making system has received much criticism in the surveys. Many criticised the way the university was treated as a corporation.

“The university’s primary activity is education and research, and we have to keep that in mind. As an institution of higher education, the organisational system, rules and approach of a business corporation (...) cannot and should not be applied to it in everything.” (SS)

The main criticisms included the authoritarian management style of the new, or newly appointed leaders, the increase in centralised decision-making, and the lack of participation and involvement of academics, despite the university’s new values of participation, involvement and transparency.

“The ‘flat’ institutional structure without faculties is largely dominated by the leaders appointed by the Board of Trustees. Through the Presidential Board, the President decides in many cases on important academic matters, even about details, and in this way academic autonomy is also violated.” (OC2)

“authoritarian management style, erosion of the legal sense of university autonomy, degradation of the culture of ‘universitas’” (OC2)

However, some say that staff and managers from the business sector have also brought positive changes in innovative thinking:

“New leaders from the market who are not stuck in the old ways and who are open to innovation” (OC2)

“People from the business world who are still motivated enough to bring in new thinking and who understand what is being taught at the university.” (OC2)

Respondents have also suggested that the management should be better aligned with the operating principles of higher education, i.e. employees should participate in decision-making as described in the following response to the question on what needs to change:

“The establishment/restoration of a democratic organisational system adapted to university functions, rather than bureaucratic and quasi-dictatorial management. Establish a transparent decision-making system. Involvement of staff in the preparation of decisions in both academic and organisational matters.” (SS)

Espoused and enacted values at the Hungarian University. Before the model change, the university’s strengths included a relationship of trust and cooperation between colleagues. Strengths highlighted by respondents included “Good communities at lower levels” (OC1) and “Family-like, trusting relationships between colleagues” (OC1). However, this was overshadowed
by competition and discord between faculties (OC1). Distrust as a problem was only rarely mentioned in the responses.

In contrast, the surveys following the model change show that there is a major breakdown in trust between university management and academic staff. The problem of mistrust and lack of trust was raised by many respondents with some even talking of ‘creating an atmosphere of fear’ (OC2). Several respondents felt that the mistrust came mostly from senior management: they did not trust the employees’ perceptions of the university management, as they did not listen to and accept suggestions from them.

As a weakness: 'Total breakdown of organisational trust, organisational cooperation. The chairman of the board of trustees and the president of the university have a total lack of trust in university staff: they only see what they think has not worked and attributed these failings to university staff. What they don’t see is that the university was doing a lot of things well, getting things off the ground, but there were just not enough resources, or the external environment was not ideal for taking certain steps.' (OC2)

As an opportunity: "If a culture of trust is fostered, well-functioning workshops can be developed. If a democratic, relationship-oriented, transformational leadership style is established, the international labour market attractiveness will be enhanced." (OC2)

Before the model change, there was no strong opinion or perception of what academics and researchers needed to offer to be successful. For many, people-centeredness emerged as a desired value. For others, a shift towards higher performance expectations was articulated.

"Performance measurement on content is missing. We have filled in spreadsheets (...), but no one looks behind the numbers!" (OC1)

"Strengthening a performance-driven, collaborative, more inclusive organisational culture [would be an opportunity]" (OC1)

After the model change, a new individual performance appraisal system was introduced (performance appraisals were conducted regularly before the model change). However, its perception in the surveys was mixed. Some felt that it was an administrative formality, or that it was not designed according to professional principles, and did not reflect the real performance of academics and researchers. Others, on the other hand, highlighted as positive the increase and clarification of performance expectations and, in particular, the increase in publication expectations.

"Expectations of quality teaching and research have been strengthened, we have started to benchmark publication performance internationally..." (SS)

"Furthermore, the relationship between performance and salary is not clear, if my performance has improved significantly yet I have not received a pay rise, what future plans are expected of me?" (SS)

The distressingly performance-centred, 'elitist' direction or narrative is less sympathetic to me. Everyone is valuable, even if not perfect. Colour, diversity, difference, the "everyone is good at many things" principle would be more humane to me. (SS)

Overall, we can see that there is a strong shift towards a climate of mistrust at the level of values, and a reinforced culture of performance through elements such as individual measurement and higher publication expectations, which is both a desirable element and a source of tension. Measurement and evaluation systems were already in place, their existence and transformation provoked little reflection from respondents.
CONCLUSION

The results of the two cases are worth examining along the lines of Gordon and Whitchurch (2010). In both cases, we witness the strengthening of the separation of academic and management activity. The professionalisation of management implies that there is an increasing number of academic managers who no longer do academic work. The role of the academic community in decision-making (e.g. the role of the academic board) has been weakened in both institutions. This is in line with the NPM movement’s ideal of “let the managers manage” (Pollitt, 2003), and is also linked to the third point, namely that authority is increasingly being transferred to management, thus weakening the status of academic staff.

The second conclusion is that control and regulation over academic staff will be strengthened. We believe that management in both institutions is taking action to achieve this (for example, in the Finnish university to meet performance contracts, in the Hungarian university by introducing a new performance appraisal and career development system), but there are moderating factors. At both universities, the academic board and the senate (in principle) play this role.

Related to this, our fourth point also seems to be fulfilled as in both cases the data shows the spread (and criticism) of a corporate, entrepreneurial mindset in which atmosphere the universities not only have to operate efficiently and effectively, but also need to be more responsive to market needs. The importance of self-governance by the academic community is being overshadowed, even discouraged and undesirable. This indicates the strengthening of external orientation and the hierarchy culture (Quinn, 1988; Smart & Hamm, 1993; Sporn, 1996). Since in both cases the government initiated and encouraged the model change through regulation and funding pressure in order to make universities more responsive to market needs and more market-oriented, the fifth characteristic by Gordon and Whitchurch (2010) is also justified.

Regarding the sixth characteristic, the motive of competition within the institution is more pronounced in Finland, partly due to the institutional performance evaluation system and partly due to the motivation of the academic staff themselves. In the case of the Hungarian university,
the academic community also recognises that their work should be evaluated and rewarded based on performance, and the strengthening of performance orientation (Quinn, 1993) is welcomed by many, however, the system in place is not considered adequate by some.

In the Finnish case (Fig. 2), it is difficult to distinguish clearly whether the merger or the model change had a greater impact on university organisational culture. During the merger, two principles from the predecessor institutions conflicted: the right of the academic community to self-govern, and the assertion of the corporate governance logic where management is responsible for faster and more efficient decision-making. In the end, the latter prevailed and was ultimately reinforced by the operation of the Foundation. This finding is in line with Poutanen’s (2020) concern about the role and power of the academic community. The university management has made efforts to develop a common set of values, but many academics had difficulties identifying with them. Culture is supposed to be based on trust, but as Kováts (2011) highlighted earlier, there is distrust at the two organisations, which is reinforced by the increased performance pressure. It not only creates competition between the academics, but it also weakens the decision-making capacity of the academic community. Therefore, it can be concluded that, following the merger and the model change, the corporate culture has been strengthened at the universities. However, its process has been far from without resistance.

Looking at the Hungarian case (Fig. 3), we can see that the period before the model change was characterized by a bureaucratic, hierarchical organisational culture, which also included elements of a collegiate, clan culture in terms of the cohesive power of the community. Although a more serious evaluation of performance is a desirable value, its practical implementation was criticized. In addition, the goal-oriented, corporate culture and the authoritarian management style are strongly disliked by respondents, who experienced a great loss of trust. Instead, they would prefer a clan culture based on community cohesion, trust and consensus decision-making, or an entrepreneurial culture based on the organisation’s entrepreneurial spirit and ability to adapt quickly.5

Fig. 3. Culture change in the Hungarian University in McNay’s (1995) typology (and Quinn’s related categories)
Overall, we can say that the introduction of a governance system in line with the foundation form has led to a stronger corporate culture and managerialism at both universities. The two cases seem to suggest that the governance system under consideration is compatible with the ‘corporation’ organisational culture. However, further research is needed to determine how strong this link is and how necessary it is. Are there factors that help ensure that the governance structures present in the two universities do not lead to a “corporation” culture? It could be important that this culture has not yet been internalised by all academics, and some aspects, such as the denial of the community’s right to self-governance and mistrust, are explicitly rejected by many. Another question is to what extent the culture change is a generational issue: is it only those socialised in the old culture who resist it? How much of the ‘corporate’ culture will be taken for granted by the new generation of academics who will grow up in this brave new world?

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ABOUT THE AUTHORS

Bettina Zsatku earned her master’s degree at the Corvinus University of Budapest at MSc in Management and Leadership. Her main fields of interest are organizational culture, change management and organizational development.

Gergely Kováts, PhD, is the associate professor at the Institute of Strategy and Management and the executive director of the Center for International Higher Education Research. He earned his master degree at the Budapest University of Economic Sciences and Public Administration (Hungary) and at the Institute of Education, University of London (UK). His PhD is from the Corvinus University of Budapest. He served in the university administration from 2006 to 2019 in quality development. As a researcher, his main fields of interest are higher education management and governance, higher education policy and funding, but he also teaches organizational theory and public management.

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