

Private Higher Education in a Dominantly Public Sector: The Case of Germany

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Abstract

This article presents the role of private higher education in Germany. It includes some statistics about the size of the sector compared to the public sector, discusses motives for establishing and running a private higher education institution, and focusses on the public debates and perceptions about the private sector.

In Germany, all education, including higher education, is considered a public good and is therefore free: There are no tuition fees in the public sector. The system is devolved and the 16 German states have overall responsibility for all public educational institutions located on their territory. Germany is well known for having a state-funded and dominantly binary system of higher education, consisting of mainly two institutional types, universities and universities of applied sciences.

There is a private sector of higher education institutions as well. The state is present in the private sector insofar as these institutions have to obtain approval from the relevant German state to be established and they have to seek state recognition if they want to award academic degrees (bachelor, master, doctoral degrees). To achieve state recognition, private higher education institutions need an institutional accreditation awarded by the Science Council (an important buffer and advisory body in the field of higher education planning, funding, and policy) and an accreditation of their study programs awarded by accreditation agencies.

Motives for Establishing a Private Institution

The majority of private institutions are considered to be too small, too specialized, and often too mediocre to merit much public attention. Thus, the sector does not really present a competition or a threat to the public sector, and public debates about private higher education in Germany are rather low key.

Nonstate actors play a major role in the private higher education sector. In her 2006 study on the reasons and motives to establish a private higher education institution, Sperlich distinguishes between six groups of actors: private individuals, companies, foundations, associations, the Church, and cities. All of these actors have founded and are running private higher education institutions for a variety of reasons.

Sperlich points out that there are three factors that play a role in basically all foundations of private higher education institutions: shortages in the supply of study places in the public higher education sector; deficits resulting from a capacity overload in the public sector; and a somewhat changed perception of education as a purely public good. Furthermore, she distinguishes between four key motives for establishing a private higher education institution:

- The need of certain sectors in the economy for higher education graduates with particular, branch-specific qualifications (e.g., banks, telecommunication).
- The wish for a better image and an increase of prestige, as well as opportunities to influence political and societal decisions. This motive can be found among cities and individuals as founders of private higher education institutions.
- Economic reasons, which can either take the form of gaining a profit or writing off profits to save taxes or complementing a particular company portfolio (for example, a publishing company).
- The intention to improve the existing higher education system by declaring the private institution to be a model with better prospects to overcome existing problems in the public sector, better opportunities to implement reforms, or by developing a particular educational profile due to the fact that a private institution has more freedom to shape its own structures and approaches and is less burdened by bureaucracy.

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In fact, most private higher education institutions try to build an image for themselves that is characterized as being better able to act as reform models and doing a better job in teaching and learning, compared to public sector institutions.

The Public Discourse about Private Higher Education

The public discourse—if private higher education is at all a matter of debate—is divided between pros and cons. Private higher education is praised for its strong relationship to professional practice and the opportunity to build good networks with potential employers already during the program of studies; for its good organization and infrastructure, its small seminar groups, and the possibility to be in personal contact with the teachers; and for its low drop-out rates, good job prospects, and facilitating an easy transition into the labor market.

Private higher education is criticized for its high tuition fees coupled with the allegation of being elitist; for its complicated and complex student application and selection process; for its small range of subjects and its strictly regulated and tightly focussed study programs; and for offering education that for the most part is not based on research and is highly influenced by private sector companies.

Some Statistics

In 2018–2019, Germany had 117 private higher education institutions, of which 19 were universities and 92 were universities of applied sciences. In addition, there were three private faith-related higher education institutions and three private art colleges. In comparison, the state sector consists of 107 universities and 243 universities of applied sciences. Typically, private universities offer bachelor and master degrees, but 15 private universities also have the right to award doctoral degrees. Private universities of applied sciences mostly offer only bachelor degrees.

The German Federal Office of Statistics states that while 2.9 million students were enrolled in the state higher education sector in 2017, 247,000 students (8.5 percent of all students) were enrolled in private higher education. Overall, it is justified to say that despite the seemingly considerable number of private higher education institutions in Germany, most of these institutions are relatively small, ranging from just a couple of hundred to a maximum of 5,000 to 6,000 students per institution.

Most private higher education institutions are universities of applied sciences and the majority offer degrees in business administration, often coupled with communication sciences. Study programs are designed in close cooperation with private sector companies and often some of the teaching is carried out by professionals whose main employment is in the private sector.

In their 2016 study about the private higher education sector in Germany, Buschle and Haider indicate that the main source of income of private higher education institutions is tuition fees, which are not allowed in the state sector. Fees vary according to institution and subject. On average, students at private institutions have to pay between EUR 6,240 and EUR 14,000 per year for a three-year bachelor degree and on average EUR 15,500 per year for a two-year master degree. In addition, sponsoring and donations play a role in the funding of private higher education institutions. On average, more than two thirds of all institutional expenses are covered by tuition fees. ▲

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