



**STIFTERVERBAND**

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**STIFTUNG VAN MEETEREN  
DÜSSELDORF**

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# PRIVATE UNIVERSITIES

Developments in light of academic and social change



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# INTRODUCTION

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In 2010 Stifterverband published a study on the role and future of private universities in Germany<sup>1</sup>. The study identified development trends and gave recommendations to private universities and politics. It described the private university sector using five types of universities: (1) the Upgrader University, (2) the Flexible University, (3) the Job-Oriented University, (4) the Specialised University and (5) the Humboldtian University. The typology is based on the target groups, forms of study, disciplinary profiles and range of degrees offered by the private universities. Ten years have passed since then. Hence, in the present study, Stifterverband takes a renewed look at the private university sector. It examines how the sector is developing, also taking into account transformation processes in the overall higher education system in Germany, in society and in the world of work.

The first chapter traces the quantitative development of the private university sector over the past ten years. Furthermore, it highlights changes in the different types of private universities according to the typology applied in the previous study. The second chapter examines the contributions of private universities to the overall higher education system and outlines their strengths and weaknesses. The third chapter reviews the framework conditions of private universities in Germany. Additionally, it emphasizes connections to paths of change in the entire German university sector due to adaption processes to social and economic challenges. The fourth chapter analyses development prospects of private universities by using different examples. Finally the last chapter formulates recommendations for the private university sector and for the higher education landscape as a whole.

We are particularly grateful to the Foundation VAN MEETEREN, whose generous support made this study possible. We would also like to thank the numerous experts who contributed their expertise in the preparatory workshops and in interviews and discussions.

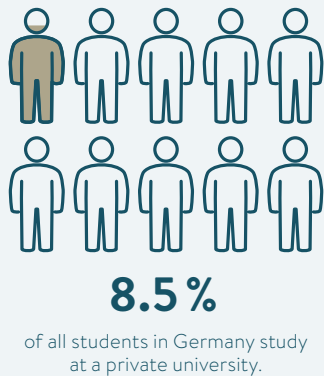
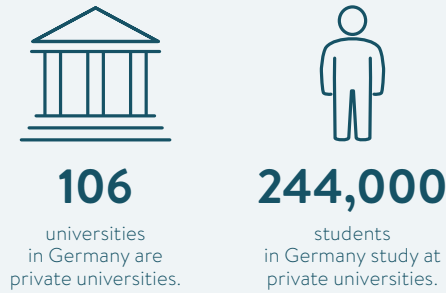


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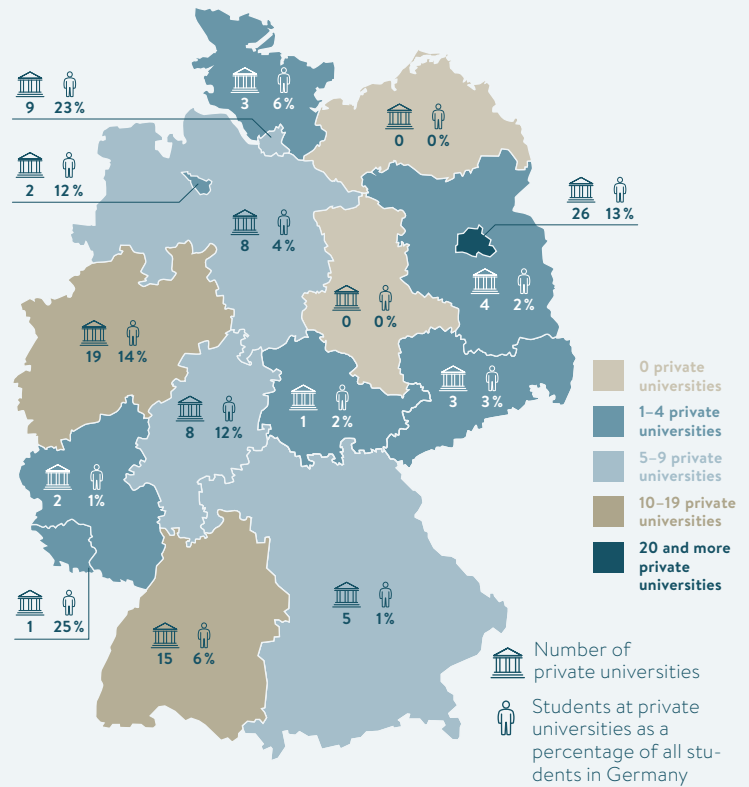
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private-hochschulen-datenportal](http://www.stifterverband.org/private-hochschulen-datenportal)

# PRIVATE UNIVERSITIES IN GERMANY

## FACTS AND FIGURES



## PRIVATE UNIVERSITIES IN THE DIFFERENT GERMAN FEDERAL STATES



## THE LARGEST PRIVATE UNIVERSITIES

Private universities have an average of 2,300 students. However, there are also some very large private universities. These are often spread over several locations in Germany.



FOM University of Applied Sciences

**50,095**



IUBH International University

**22,264**



Hochschule Fresenius

**11,899**



Hamburger Fern-Hochschule

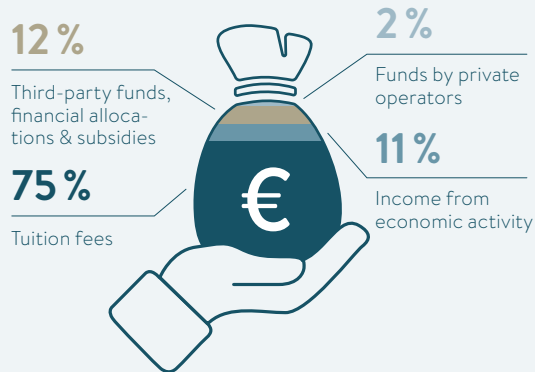
**10,586**



SRH Group

**9,122**

## FINANCING OF PRIVATE UNIVERSITIES



Private universities are mainly financed through tuition fees. In contrast to public universities, funds by the university operators play hardly any role.

## DISCIPLINARY FOCUS

69%



of students study a business-related subject (economics, social sciences and law).

29%



of students complete a distance learning course.

41%



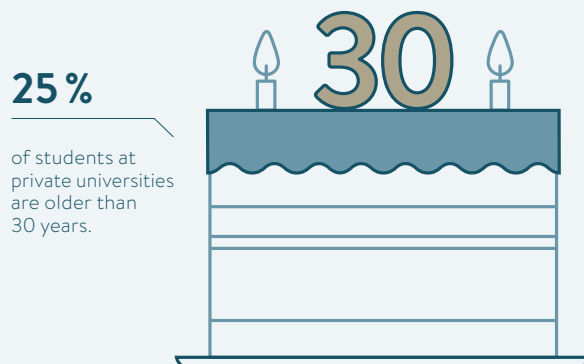
of students study part-time.

33%



of universities offer more than one specialised course in digital skills.

## AGE DISTRIBUTION AT PRIVATE UNIVERSITIES



10%



Every 10th private university is specialized in the field of health sciences.

# EXECUTIVE SUMMARY

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## Private University Sector – Key findings and recommendations

### KEY FINDINGS

#### » The private university sector is growing

Private universities are important players in the German higher education system. Since 2010 their number has increased significantly. While there were 90 private universities in 2010, there are currently 106 private universities<sup>2</sup>. The number of students has also more than doubled during this period. By now 244,000 students and thus 8.5 percent of all students are studying at a private university. This means that approximately every eleventh student in Germany decides to visit a private university. The number of professorships has also increased from 1,700 in 2010 to 3,600 in 2018. However, with an average of 2,300 students, private universities are significantly smaller than their public counterparts. The disciplinary focus of private universities has hardly changed since 2010. The large majority of students (almost 70 percent) study a subject in the field of economics, law and social sciences.

#### » The private university sector is subject to structural change

In the past ten years, the private higher education sector has not only grown, but also changed structurally. The tremendous increase in the number of students has particularly concentrated on those universities, whose size was already above average in 2010 (for example FOM University of Applied Sciences, IUBH University of Applied Sciences, Hochschule Fresenius – University of Applied Sciences or SRH University of Applied Sciences). Another visible trend of the last decade is the integration of individual universities into holding structures, large private education corporations and branch strategies. Smaller private universities encounter greater difficulties in operating profitably. Nevertheless, some of them manage to be successful on the market by occupying a smart thematic niche or engaging in special cooperation models.

» Private universities primarily compete with public universities of applied sciences

The vast majority of students (90 percent) are enrolled at private universities that do not have the right to award doctorates. This displays a particularly high demand for university degrees that are application oriented and focused on labour market needs. Those are also offered by public universities of applied sciences. Only 7 percent of the students are enrolled at private universities with a strong academic and research focus, comparable to public universities.

» Overlaps between different types of private universities are increasing

The study distinguishes between five types of private universities in order to describe the sector: (1) the Upgrader University, (2) the Flexible University, (3) the Job-oriented University, (4) the Specialised University and (5) the Humboldtian University. The typology has already been used in a Stifterverband study from 2010. Therefore it allows for comparisons over time. It is based on the target groups, forms of study, disciplinary profiles and range of degrees offered by the private universities.

» *Upgrader Universities* are private universities of applied sciences that focus on the academisation of professions that previously required a vocational training. They mostly offer undergraduate courses and are often focused on the areas of healthcare, IT, media and design, commerce or handcraft.

» *Flexible Universities* offer a wide range of distance-learning programs, courses for studying while in employment, job integrated or part-time studies. Hence, they specifically address people with high flexibility needs and oftentimes facilitate their access to a university education in the first place. For the most part they offer undergraduate courses.

» *Job-oriented Universities* are private universities of applied sciences that are characterised by study programmes that strongly focus on labour market needs and are oftentimes developed in close cooperation with regional companies. They offer undergraduate as well as postgraduate studies.

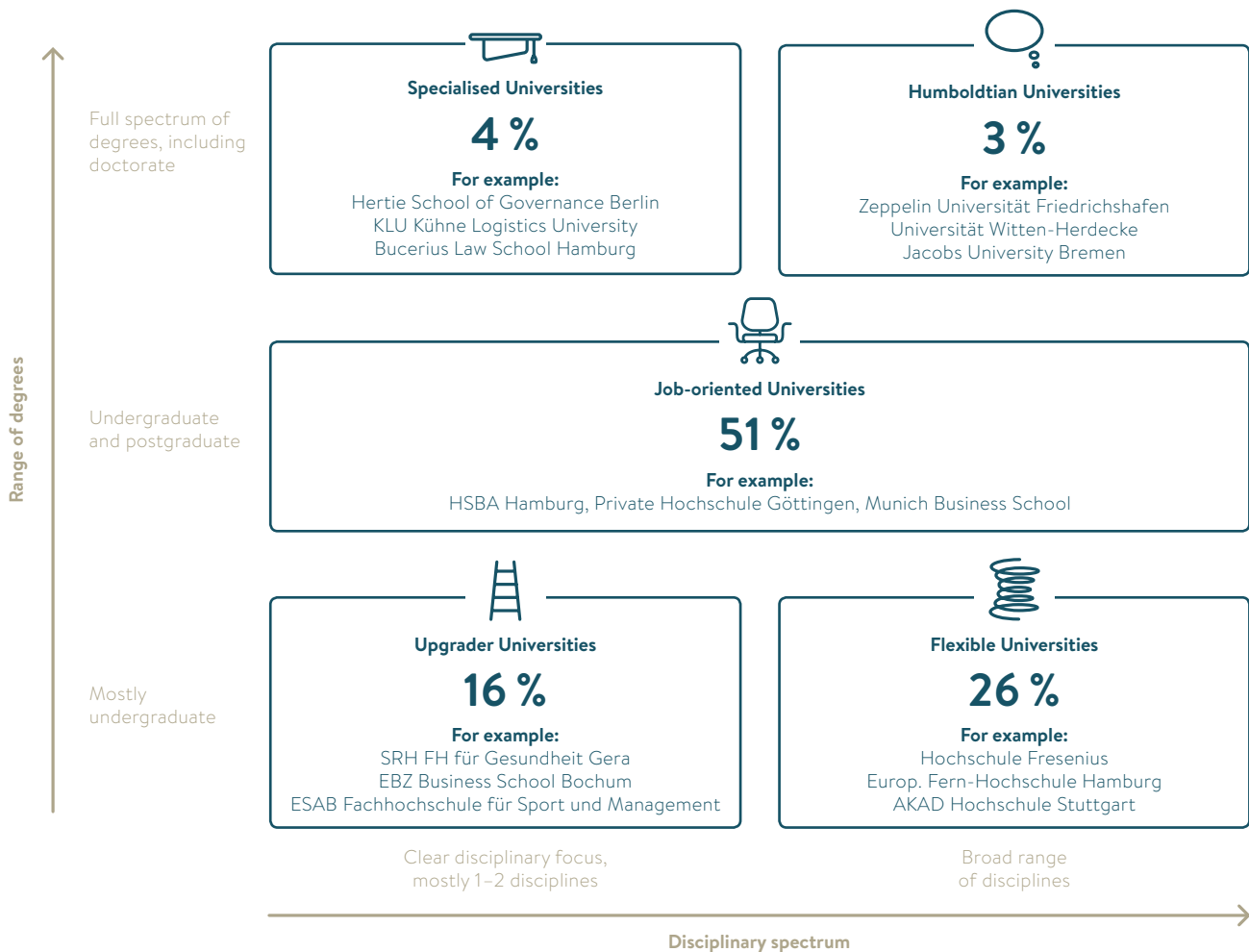
» *Specialised Universities* are private universities with the aspiration to conduct research and teaching at university standard. They are focused on a discipline such as economics, law or public policy and have the right to award doctorates.

» *Humboldtian Universities* operate at a comparable academic level as specialised universities. However, they emphasize inter- and multi-disciplinarity with the aim of fostering cross-disciplinary competences in research and teaching.

More than half of the private students (51 percent) study at Job-oriented Universities. Thus, this type of private university also experienced the largest increase in student numbers compared to 2010 (36 percent). 26 percent of the students study at Flexible Universities and 16 percent at Upgrader Universities. The overlaps between these three profile types have increased significantly since 2010. Therefore, a converging trend can be observed with regard to the range of subjects and forms of study. Specialised Universities and Humboldtian Universities have remained relatively stable since 2010, accounting for 4 percent and 3 percent of the overall private students respectively.

### TYPES OF PRIVATE UNIVERSITIES ACCORDING TO PROPORTION OF STUDENTS

2019, in percent



Source: Stifterverband, own classification



- » **Private universities are flexible and application oriented**  
Generally, private universities are characterised by a wide range of study programmes that enable students to combine their studies with various life situations, such as studying while in employment, part-time or distance learning. 48 percent of all part-time students and 41 percent of all distance learning students in Germany study at a private university. This is made possible in particular by online formats offered by the private universities. The sector is also characterised by a strong practical orientation. Typically, the study programmes prepare students for clearly defined job profiles and the universities are integrated into an extensive network comprised of companies and other practice partners.
  
- » **Private and public universities operate under different conditions**  
Private and public universities differ fundamentally with regard to their sources of financing. Private universities are financed primarily through tuition fees (75 percent) and economic activity (11 percent). In contrast, public universities are financed largely through funding from the respective federal states (73 percent) and third-party funding (22 percent). Public third-party funding so far only plays a minor role for private universities. This is partly because they are excluded from some public funding programmes and pacts of the federal and state governments (e.g. Higher Education Pact). Another reason is the low participation rate of private universities in funding calls in which they are admitted. The study programmes of both private and public universities are subjected to the same quality assurance procedures (programme or system accreditation). In addition, the institutional set-up of private universities is subjected to a concept review and/or an institutional accreditation, conducted by the German Council of Science and Humanities (Wissenschaftsrat). In many cases, the institution's human resources, governance structures and material resources in terms of laboratories and access to libraries are major points of criticism.

## RECOMMENDATIONS

- » **Open public funding programmes to private universities**  
There is a number of private universities that has been successful in obtaining public funds awarded on a competitive basis. Nevertheless, they are often excluded, especially in funding programmes under the joint responsibility of the federal and state governments. However, in programmes in which they are admitted – such as 'Research at universities of applied sciences' of the Federal Ministry of Education and Research or the 'EXIST' programmes of the Federal Ministry of Economics and Energy – private universities participate only below proportion. Accordingly, we recommend to consider private universities as eligible for application in all public, competitively awarded funding programmes at federal and state level. Only in this way can the full potential of the entire university sector be raised, in order to foster the further development of teaching, research and innovation in Germany. However, private universities should also participate more extensively in these programmes. At the same time, we recommend to systematically include representatives of private universities in selection and evaluation committees, so that their perspective is sufficiently considered when making funding decisions.

» **Consistent investment in digitisation**

Private universities already have a competitive advantage compared to their public counterparts, when it comes to offering flexible study formats. There is great potential for private universities to extend this lead by further expanding their digital services. In the years to come, digitisation will shape the academic education and training market more than ever in terms of content and formats. This includes the digitisation of study programmes (e.g. offering online courses), didactic formats and study contents (e.g. teaching of data literacy courses) as well as the digitisation of scientific infrastructures (e.g. digital laboratories; digital literature repositories and libraries etc.). Due to their size and flexibility, private universities are often ideally suited for using and experimenting with innovative digital formats. So far public universities have not been especially active in providing academic online offers. We therefore recommend that private universities consistently extend their already existing lead and more courageously experiment with digital formats.

» **Consider 'Future Skills' as an important field of development**

Another area of potential for private universities that is closely linked to digitisation is teaching future skills to students. The digital transformation of the economy, science and society creates new challenges and requirements for future employees and graduates. They must be able to think entrepreneurially and work at the junctions of sectors and disciplines. Private universities at large are strongly application-oriented and considerate of market demands. Additionally, they are closely interlinked with practice partners. Accordingly, questions and real-life challenges from companies are more quickly and strongly integrated into the curriculum than at public universities. Consistently using this proximity to further develop teaching content and formats constitutes an important development path for private universities.

» **Consistently use close collaboration with companies and professional practice for innovation in teaching, research and transfer**

Private universities should develop new teaching, research and transfer integrating models to further strengthen their attractiveness as innovation partners for companies. Many industries and companies are currently facing tremendous transformation processes, in which multidisciplinary academic support is required. Private universities should use their strengths in offering vocational guidance and provide cooperative innovation hubs, in which they closely collaborate with practice partners and jointly work on tangible solutions for pressing societal and economic challenges.

» **Develop reliable standards for the academisation of occupational training**

Considering the example of the German health care sector, it can be shown how different actors (political as well as professional) strongly called for an increasing academisation of health care professions (such as nurses, midwives or physicians). The academisation was considered necessary in order to meet new requirements such as rapidly changing and technology-based methods for therapy and diagnosis and to react to social challenges (e.g. demographic change, increasing number of patients, a lack of doctors especially in rural areas etc.). The private universities played a big role in developing these study programmes thereby advancing academisation. However, until now the positive effects of upskilling in the health sector are

insufficiently reflected in the overall system and only inadequately acknowledged by the labour market. If, despite academic qualifications, employees carry out the same tasks, for the same salary and in the same hierarchical structures as before, the study programmes will quickly become less attractive again. Politically and socially desired academisation of occupational fields must therefore go hand in hand with changes in the framework conditions of the labour market. Graduates must be offered clear career perspectives. Together with the relevant stakeholders (professional associations, health insurance companies and social associations), new job profiles, tariff structures and career paths for academically qualified employees in the health sector should be developed.

## Implications for the entire German higher education sector in transition

### **THE STANDARDS OF UNIVERSITY GOVERNANCE AND QUALITY MANAGEMENT ARE CHANGING**

The standards of university governance and quality management on which the institutional accreditation of private universities is based, are by no means static and immutable norms. These standards are undergoing a fundamental transition throughout the German higher education sector. Social or economic challenges, impulses from politics or the universities themselves lead to a field of tension between standardisation and innovation. This is evident in questions of governance as well as quality management.

With regard to governance, a look at the public sector reveals that also there the models of university governance and self-administration do not follow any fixed and pre-defined criteria. On the contrary: Participatory and governance structures in the public sector are constantly changing. And in large cooperation networks within science or across sectors, governance must carefully balance interests that challenge and change established norms of university organisation, administration and decision-making structures.

Quality management in the higher education system also faces new challenges – especially in view of social developments and needs as well as dynamic changes in the labour market, work environments and the knowledge economy. These should also entail disruptive changes in the higher education system. Conventional quality management systems come under pressure here.

In this context, the following questions arise for private and public universities alike:

- » Which models and acceptable forms of governance will be needed in the future?
- » What are non-negotiable normative essentials that define the term university?
- » How does such a normative framework relate to disruptive university models with high innovative power?
- » Is there a need for a uniform procedure to review the institutional and academic set-up and suitability of every newly-founded university whether in the public or private sector?

## RECOMMENDATIONS

- » **Encourage innovation**  
Principles of quality management and governance must adapt to new challenges. This does not mean carelessly abandoning well-established principles. Instead they should be carefully considered in the institutional review procedures of private and public universities and sometimes adapted to disruptive new approaches, thereby constantly developing them further. However, in order to actively shape the transformation process of the university and science landscape as a whole, more experimental space is needed that allows for disruptive solutions. This equally applies to accreditation agencies, funding organisations or state quality assurance actors. We recommend that the federal states strengthen the pluralism of the higher education system as a whole by giving room for experiments and allowing for more innovation.
  
- » **Apply output orientation as a guiding principle**  
So far quality management systems strongly focus on the input-side of education (e.g. how many professors does a university provide for its students?). A stronger focus on the output of successful higher education and examining the best way to achieve it could open up valuable experimental space for the university sector as a whole. Key questions of an output orientation in quality management would then be: Which objectives does the university pursue with its educational programmes for students? Do they achieve them? Is the way chosen convincing and does the university have the necessary human and financial resources to put them into practice? How does it control if the objectives are achieved?
  
- » **Initiate a social discourse on successful higher education**  
The necessary precondition for more experimental spaces and disruptive solutions is a social discourse on what constitutes successful higher education. How can students today be equipped with the competences they need in order to not only meet the requirements of today's labour market but also be successful in the future and to actively shape a democratic society? This discourse must be conducted jointly by the federal government, the federal states, universities and stakeholders of the labour market and society.

## Endnotes

- 1 <https://www.stifterverband.org/rolle-und-zukunft-privater-hochschulen-in-deutschland>
- 2 Private universities in this study include all state-recognised private universities. Church universities of independent sponsors (with an overall of 700 students) as well as indirectly public universities such as the University of Applied Labour Studies and the University of the German Pension Insurance (with an overall of 2,000 students) are not considered. Private universities that have multiple locations are only counted once. The number of state-recognised private universities is based on the data of the German Rector's Conference (HRK). Data of the German Federal Statistical Office or the German Council of Science and Humanities (Wissenschaftsrat) may vary due to different counting methods of universities with multiple locations.

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