

# Germany

## Demographics for Germany

Population:	82,431,390 (July 2005 est.)
GDP (by PPP method):	US\$2.362 trillion
Currency (inc code):	Euro (EUR)
Language(s):	German
Internet country code:	.de

## Primary and secondary education

The German school system is distinctly different from that of many European countries. Compulsory education begins at age six, and during the first four years of school, all pupils receive a standardized education at the Grundschule, which is comparable to elementary school. The education after this period is characterized by a selection principle, in which pupils are distributed throughout different types of secondary schools based on potential. However, it is possible to change between the secondary school types as long as the specific demands of the school type are fulfilled. The gymnasium represents the type of secondary school that allows pupils to proceed up to the university entrance qualification level. At the end of the gymnasium, pupils can take the Abitur, the high school leaving examination. The education at the gymnasium lasts nine years. The amount of time in school all the way up to the qualification for studying at a university amounts to 13 years. Electives and specialization possibilities exist in the last two years. The Abitur is also the prerequisite to visit the Universität or the Fachhochschule.

## Higher education

The German university system differentiates between three types of institutions. The first and oldest institution of higher education is the

Universität, or university, which is attended by approximately 72 percent of all post-secondary students. The university institutions can be sub-divided into universities that offer the classical course of study and technical universities that specialize in the technical fields. The Fachhochschulen, or universities of applied sciences, make up the second type of institution of higher learning. The programs tend to be shorter and offer a more practice-oriented education. Approximately 26 percent of all university level students are registered at a Fachhochschule. The remaining 2 percent of all university level students attend colleges of art, which specialize in the areas of music and art.

The traditional German university level degrees are comparable to the Master's degree of other European countries and can be divided into three different types:

1. Diplom (Dipl.).
2. Magister artium (MA).
3. Staatsexamen.

The Diplom is an academic degree, which is usually awarded by universities or universities of applied sciences (Fachhochschulen) in the fields of natural and social sciences, business administration and economics, and engineering. A Diplom awarded by a Fachhochschule must be delineated by the abbreviation FH. The Magister Artium is a degree awarded in the humanities or in the social science field. With the Staatsexamen, or State Examination, students complete studies in medicine, pharmacy, law, or education.

In the area of post-graduate studies, the Doktoranden-Studiengang, or doctoral program of study, ranks above all. Doctoral programs in Germany look back on a long tradition and are correspondingly very well developed. The fundamental requirement for such post-graduate programs is a Master's level degree from a university. In some areas, for example, in engineering and business administration, the percentage of students who go on to complete their Doctorate is 5 percent; in other areas, such as in the natural sciences, 80 percent of all graduates complete their Doctorate.

Public universities in Germany are authorized by the Bundesministerium für Bildung und Forschung (Federal Ministry of Education and Research) to award university degrees. Each year, the rectors of the universities draw up a detailed annual report for the Ministerium für Wissenschaft, Forschung und Kunst (State Ministry of Science, Research and Art). This report details all the activities of the university and relates information on teaching, research functions, and the administrative facilities of the university.

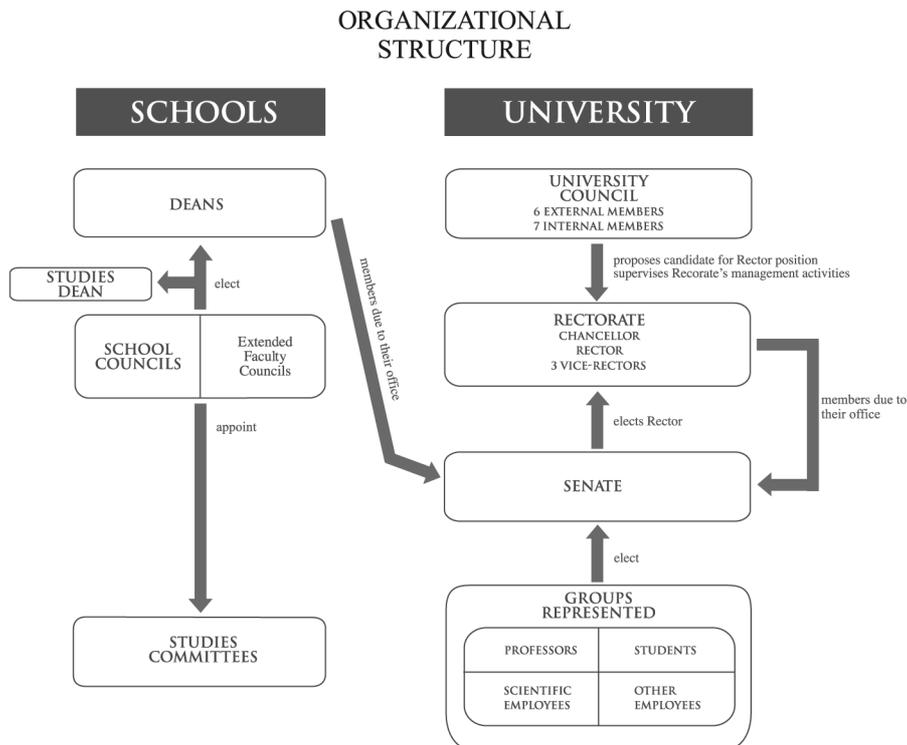
The governmental structure of the public German university is dominated by a temporarily elected governing body. The rectorate (or President's Office) of the university as well as the deans of the schools are only temporarily elected and after their election period they are released from their official functions.

Thus, both rector (president) and dean are not professional careers. Very seldom candidates from outside the university are hired. Therefore, the decision processes are mostly based on consensus and not characterized by hierarchical power (Figure 1).

The universities' financial viability is at all times given because the assets of the universities are guaranteed according to constitutional law of the states of Germany. A public German university can therefore never be insolvent.

It is important to note that a university, as a public institution, cannot acquire the right to real estate; rather, it is the property of the state. The state, however, entrusts the university with unlimited usage rights with regards to the facilities and provides for maintenance with the state budget. The university may undertake its own renovation efforts, provided the relevant building authorities agree. Smaller construction measures may be accomplished under own initiative.

Personnel costs, to the extent that it is an employee position budgeted by the state (approximately 80-90 percent of the positions), are paid directly by the state salary office to the employee in the form of a salary.



*Figure 1. The universities' organizational structure*

Since most of the universities are state institutions, security, in the form of real estate or capital assets and liquid assets in the form of, among others, accrued liabilities, play only a secondary role. Each state vouches for its universities' creditworthiness and the ability to meet financial obligations at all times. In 2004, almost every federal German state was awarded a rating of AAA by Standard P).

### **Structure of business and management education**

In Germany, the most important degree in business and management education is the Diplom title. A general characteristic of Diplomstudiengänge programs is that they begin twice per year, in the summer and in the winter semester. Students are not divided into specific classes or years. The program can be concluded at any time during the year and holds as completed when all exams have been taken successfully. The graduate is then issued the Diplom-certificate and awarded the Diplom-title (Diplom-Kaufmann (males) or Diplom-Kauffrau (females)).

For the Diplomstudiengänge (comparable to Master's degree programs), universities like to recruit young, motivated high school graduates as well as those, who have already completed an additional vocational training program, ideally in a commercial or business administration field.

The program Diplom-Kaufmann/frau is comparable to a master of business administration (MBA). Students in this major should be able to prove an aptitude for business and natural sciences. In addition, a special affinity towards legal, mathematical, and IT problems is desirable.

The program Diplom-Wirtschaftsinformatik is comparable to a master of management information systems. At the universities, this program of study is conceptually designed to be applications-oriented. The program goal is to obtain skills, approaches, and results by applying information systems in order to solve business-related problems. Students should have both the IT and business knowledge necessary to obtain IT-supported solutions. Professional placement in this area demands business administration ability as well as IT competence.

The general structure of the faculty of Public German Business Schools is normally composed of professors, assistant professors (doctors in the habilitation process), and teaching assistants (internal doctoral students). Additionally, there are honorary professors (mostly practitioners who have reached outstanding positions in their professional career) and temporary visiting professors from foreign countries. Owing to the special employment conditions of German professors (life-long employment as public servants), the overwhelming majority of German professors are of German origin. In recent years – thanks to an increase of private endowments – this tradition is slowly disappearing and foreign professors and lecturers are being engaged on a part time basis:

- Estimated number of institutions with undergraduate and master (Diplom) business degree programs: 32 in business, 27 in management information systems.

- Estimated number of institutions with business doctorate degree programs: 59.

### **Most important issues facing business schools in the country**

The Bologna Declaration, signed in 1999, defined the ambitious goal of creating a standardized European environment for higher education by 2010. In order to realize this vision, the Bundesbildungsministerium, the German Federal Ministry of Education, has developed various strategic guidelines, which, in addition to the expansion of the European Credit Transfer System (ECTS), also include the formation of the Anglo-American Bachelor's and Master's programs within Germany. For the moment, the installation of the Master's model at public institutions of higher education will not replace the classic German model but merely supplement it. The complete substitution of the one-step German system is a current and controversial topic of discussion and the long-term development cannot be determined at this point in time. In principle, this university policy is directed at strengthening the European dimension internally and the appeal of German institutions of higher learning externally.

This is a major step for the German universities, because they have to give up their successful product Diplom-Kaufmann/Diplom-Kauffrau and have to adapt to the internationally known Bachelor's/Master's system. As these degrees are more or less unknown on the German labor market, the universities not only struggle to distinguish themselves in the most positive way but also have to put a lot of effort into making their new degree programs transparent to the employers.

The decrease of the ability of the states to fully finance their universities forced the governments into the discussion of an alternative way of funding. Hence, there are strong indicators that tuition fees will be introduced soon by a majority of the states. For example, the state of Baden-Württemberg has already stated that tuition fees will be introduced as soon as the legal framework is established.

In principle, one can say that the two developments mentioned beforehand offer a huge opportunity to extend the competitiveness of the universities and offer great potential to strengthen the German universities' position on the international market. On the other hand, universities have to face the issue that future students will expect and demand a far more service-oriented administration and more individual support. An introduction of fees will accelerate these expectations, although the fees will only generate a small increase in the universities' budgets. Presumably, the biggest proportion of the fees will be used to substitute for decreasing state funds.

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