

CHAPTER 11

Higher Learning as a Joint Venture between State and Industry

The Example of the International University
in Germany

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ANALYSIS OF THE PRESENT SITUATION

It may well be true that any democratic state has a moral obligation to educate its citizens, and that a fair amount of its taxes should be allotted to this task. It is also true that especially industry and commerce profit from a flourishing system of higher education, and that they should therefore contribute to its success above and beyond tax obligations. However, even democratic states tend to exert a regulatory and sometimes stifling influence on their institutions of higher learning through an increasingly elaborate administrative system—an influence that often hampers necessary development in the areas of research and teaching. At the same time, industry and commerce, although calling for excellent graduates and marketable research results, often neglect to contribute the funds necessary to guarantee the independence of these institutions of higher learning, and to alleviate some of the restrictive measures imposed by the state. Still far from being generally accepted is the insight that optimal results in research and teaching require a measure of controlled independence to be granted to institutions of higher learning. This type of independence can, for instance, be achieved if universities are funded by different parties that are permitted to exert a certain amount of influence

on the mission of a university but not allowed to interfere with the methods developed to fulfill that mission.

Interestingly, universities themselves would often rather seek shelter under the roof of the state or—nowadays—large companies and corporations than strive for greater independence. Here the German university system may well be prototypical. German universities tend to be state-funded, although a few private universities exist. Most notable among these are the universities of Eichstätt, funded by the state of Bavaria and in part by the Catholic Church, and Witten-Herdecke, funded by a consortium of companies and foundations, especially the Bertelsmann Stiftung, plus the state of Nordrhein-Westfalen. In contrast to universities in the United States, where tuition fees are charged irrespective of their status as a private or a state institution, German universities at present may not charge tuition fees as long as they continue to be state institutions. The recently elected Social Democratic government may even attempt to pass a federal law against tuition fees, which would be in accordance with their policy, held since the end of the 1960s, when universities were opened up to an increasing number of students. At that time, the moral obligation of the state to educate its citizens was proclaimed a civil right, the *Bürgerrecht auf Bildung*. Thus the demand for education increased while the universities lost the power to cope with student numbers. As a result, overall standards tended to decline or the duration of studies got longer. Whereas formerly about 5 to 8 percent of the population enrolled at a university after high school graduation, numbers have now risen to 30 percent and are still increasing. None of the *Länder* in the Federal Republic of Germany, all of which finance their own institutions of higher learning, has been able to meet the ensuing demands for additional buildings, teaching personnel, and equipment. On the contrary, with the possible exception of Bavaria, all German *Länder* have begun to drastically cut the budget costs for their universities. In Baden-Württemberg, for instance, 10 percent of the universities' teaching and administrative staff will be laid off over the next 10 years. Notable results are the loss of quality in teaching, accompanied by growing student dissatisfaction. It remains to be seen whether students who protest against tuition fees protest against them mainly because they fear the loss of what they have come to see as a civil right or because of the expected small return they would be getting for their money.

German students often do not see their time at a university as preparation for the job market, and due to the present precarious job situation (some areas in Germany, especially in the new *Länder*, have an unemployment rate of more than 18 percent), students tend not to leave the university, preferring to retain student status, which grants them a number of privileges (cheap health insurance, reduced traffic expenses, inexpensive theater and museum tickets, etc.). These part-time students depreciate the university system even further.

It is fairly obvious then why foreign students, American or Australian, or students from the Pacific Rim, no longer want to study in Germany—a fact that has been lamented over the last couple of years. The language barrier is an additional impediment, making a stay of one or two semesters in Germany appear disadvantageous, especially since programs are too loosely structured for achieving a degree in a calculable period of time.

There are few real incentives to change anything for the better, to reform the universities from within. Because professors and high administrators in the German university system are civil servants—as are all the teachers in primary and secondary schools—all university salaries are devoid of any success-oriented component. Evaluation of teaching, for instance, takes place only randomly, most often only when and if a professor happens to be interested in the opinion of his or her students. Salaries are dependent on age and family status, not on performance. Despite appearances to the contrary, adequate performance is still taken for granted; it is not controlled. Governance in a German university never means control. Every professor—and ideally every student—is free to pursue his or her own goals, both in the areas of research and teaching. Thus, the autonomy of the academic community, and indeed the idea of the academic community itself, is evoked mainly to protect this tradition. Hence the importance attached to “independent” research, and hence also the power of the full professor, whose “assistant” professors are supposed to guarantee his or her independence.

CORPORATE UNIVERSITIES

Strangely enough, at least at first glance, German companies doing business internationally do not seem to be interested in contributing to, and investing in, university education. Instead, they follow the American lead and found their own corporate universities. In 1998, Lufthansa founded the Lufthansa School of Business, Daimler followed suit and founded the Daimler-Benz Corporate University, and Bertelsmann relies on strategic alliances with well-known American business schools, like Harvard, to educate its top managers. All these so-called universities are business oriented, and they clearly function as management training centers. They are top-down institutions and serve the purpose of implementing any change that might occur in the overall mission of the corporation. At the same time, large German corporations are relocating parts of their production, as well as parts of their R&D endeavors, into more cost-effective countries because graduates in those countries are often more eager, younger (therefore less expensive), and more flexible than young German employees.

At best, German firms are still looking for cooperation with universities in some areas of applied research because this kind of cooperation may be very

cost-effective. Industry pays for the academic expertise, while often using academic staff and equipment that has already been paid for by the state. Unfortunately, this situation gives rise to the question whether research done in Germany is actually *better* than research conducted, say, in India or in Hong Kong, let alone in the United States (where German companies like Siemens or Daimler invest heavily in university research and development) or whether it is simply *less costly* because it is partly subsidized by the state. Many corporations seem to understand these cooperations with the scientific community as timely but temporary and strictly project-oriented measures. They do not seem to feel that the true capital to be gained by such an investment is human capital, the intelligence of young people devoted to the pursuit of knowledge. True technology transfer, however, consists of the fact that these young people, in furthering their own research, work on a special project that may or may not lead to marketable results. If the education of these young people, however, is not part of the companies' mission, but left to the state in its present "state," then both the academic standard and the devotion of these young people become significantly lower. Such a development has begun to appear in Germany, and the economic recession that accounts for increasing budget cuts in almost every one of the *Länder* is now leading German universities into an existential crisis of both recognition and endowment.

HIGHER LEARNING AS A JOINT VENTURE BETWEEN STATE AND INDUSTRY

Given this situation, Andreas Reuter and I—formerly vice-president and president of the University of Stuttgart, respectively—decided that the German university system needs to be reformed before it loses its high reputation abroad, and that it cannot be reformed from within. We decided that only a private new university, which we called the International University in Germany, could address the issues of a highly developed, yet somewhat stagnant industrial society like Germany, and offer a real solution to a number of problems in the field of higher education, providing that industry and commerce could be induced to see a need for such an institution. For a number of reasons, the university would need to cooperate closely with universities (and companies) in the United States. First and foremost, industry and commerce in the United States have for a long time understood the importance of higher learning as a prerequisite for their own managerial and business success. The alumni programs of American universities are not just a welcome source of the wealth of many universities, but an expression of a mutual understanding that close links need to be maintained between corporations and institutions of higher learning if a country wants to be successful and play a decisive role in the world. At the moment, the United States is the only superpower among

nations, but future superpowers like India and China are emerging. For the United States, it is necessary to define and maintain areas of influence, and higher education plays a decisive part in that strategic game. The education of foreign students in the United States provides a higher yield towards the GNP than the export of agricultural products. The American model could teach German policy-makers and industrial magnates that together they need to define the future role of Germany—not only in Europe, but worldwide—in terms of their human capital.

Another reason why the International University in Germany will cooperate with universities in the United States is that in this way it can offer programs of particular interest to companies worldwide. During its initial phase, the International University will focus on two programs, an MBA and a Master of Science in Information and Communication Technology (MICT). The scope and influence of information technology as an applied science has not yet been completely understood even by computer science itself. However, any reform of the German university system would be doomed to failure from the start if it did not take into account the growing importance of how information technology will change our ways of perceiving and coping with the world. For one thing, it will call for other social skills than those prevalent in German universities today. The Humboldtian notion of the isolated individual attempting to attain “objective” truth, alone, almost by virtue of noncommunication, will become obsolete. Today, however, this notion is still very much alive in academia. Learning how to work in groups and teams is seldom considered an end in itself. Research is often conducted in teams, but the areas of teaching and research have been severed to the point where, to the professor, students and their concerns seem to be of secondary importance.

Such is definitely not the case in corporate universities, where the idea of research is not of overriding concern. Corporate universities tend to be business schools, and their end is the better management of the company's income and investments. Corporate universities are not primarily content providers; they are ambitious training programs. Applied research there means research that is already being applied, not research that is conducted with a view of being applied in the future. In Germany, corporate universities are no alternative to the existing state universities. What is needed instead is a new unity of research and teaching to fulfill the contemporary needs of German society. Within a global context, Germany cannot waste energies furthering research or teaching when human capital is what must be invested in.

THE INTERNATIONAL UNIVERSITY IN GERMANY

The International University in Germany addresses these societal needs. It is a private organization that started operating in September 1998. Its purpose is to complement the public system of higher education in Germany by means of its international orientation in research, curriculum, and teaching methods.

We want to stress the role of teaching by moving into an educational field, namely information technology (IT), where research and teaching cannot be legitimately separated. Ideally, an IT-oriented education means that mentors, or facilitators, and students together have to come to grips with problems that cannot now be compartmentalized and departmentalized because we still lack the strategies to organize the data of our information age.

We want to internationalize higher education in Germany. Therefore, we intend to admit 50 percent German and 50 percent non-German students to our university. The common language will be English. Students will work together in teams, particularly during their internships, and they will learn to respect cultural differences by being exposed to another culture. Foreign students will have to learn German and get to know German culture; German students can choose among a variety of other languages and cultures—not all of them European.

Listed below are the principal features of the International University in Germany:

- Classes are completely taught in English. Students are required to learn German as part of their education, but not as a prerequisite for entering the university.
- Although education is based on rigorous scientific standards, there is a strong emphasis on practical experiences via internships, external project work, etc.
- The part of the education that is aimed at acquiring facts and techniques is based on multi-media and teleteaching technology. This technology will enable students to pick the most comprehensive course material for their agenda from a growing number of offerings on the World Wide Web. The resources saved by that approach will be directed toward case-based studies in small groups.
- Students will be strongly encouraged (and supported) to pursue their studies in at least one other university. To this end, the International University in Germany will establish joint curricula with partner institutions worldwide, enabling students to stay on track in respect to their curriculum, while working in different environments and cultures.

- The process of studying is efficiently organized to meet goals within a short time of study. Each year comprises three terms. The bachelor degree has nine terms and the master's another six terms.
- Foreign students enjoy continuous support by German host families, although the students live on their own.
- Initially, two subject areas are being offered for a master's: an International MBA, and a Master of Information and Communication Technology (MICT). The MBA program includes a strong component of IT, while the MICT also offers courses in business administration.

The International University in Germany enjoys strong support from numerous large companies, especially in the high-tech field, such as SAP, IBM, Deutsche Telekom, and Siemens, to mention a few. The state of Baden-Württemberg is also a partner in the joint venture.

Since the International University in Germany is set up as a private enterprise, it is able to operate by other rules than the public universities; there will be, however, a close cooperation between these public universities and the International University in Germany.

The International University in Germany is an attractive option for students who consider an education abroad, but who would normally not choose Germany because of the language problems and because of the long duration of studies in the normal German university system. Moreover, the notion of sharing curricula with partner universities results in a variety of additional options: one can complete part of the curriculum at home, and another part abroad, or one can acquire the bachelor's degree at one (foreign) university, and the master's at another, all in a pre-organized compatible fashion.

Given this and the fact that project work and international internships play a pivotal role in its curricula, it is clear that the International University in Germany implements a scheme that could become a model for university cooperation in a future global education process. The International University attempts to become part of a global network while retaining local links and using German cultural studies and involvement with German companies as an example of how internationally oriented strategies can be anchored in a definable set of values.