

Expansion and Innovation in Europe's Private Higher Education Sector

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European private higher education remains relatively small but has expanded rapidly over the last decade, dominated by demand-absorbing, product-oriented institutions. This paper argues that innovative private universities—especially digitally driven, distance-education, and alternative-model institutions—act as laboratories for new forms of provision, widening access for nontraditional and international students and reshaping expectations about delivery, governance, and employability-oriented curricula.

Private higher education in Europe has long had a smaller footprint than in many other world regions, but the sector has grown significantly, especially during the last decade. Its growth is visible both in the number of institutions and in student enrollment, although the pattern is uneven across countries and partly shaped by national reporting practices. The share of private higher education in Europe is increasing, yet Europe remains below the global average, 11.4 versus 28.3 percent. At the same time, the European picture is highly concentrated, with six countries accounting for around 80 percent of all private higher education students on the continent.

The student share of private higher education has been growing in countries such as Germany, Spain, Italy, Malta, Austria, Poland, and North Macedonia since 2013. Germany offers a particularly clear example of scale. Between 2010 and 2019, the 10 largest private institutions, all universities of applied sciences, expanded rapidly. FOM Hochschule grew from 14,749 to 50,095 students, while IUBH, now IU Internationale Hochschule, grew from 1,578 to about 100,000 students in 2024.

Classification of Private Higher Education Institutions in Europe

Daniel Levy's well-known classification (identity, semi-elite, product-oriented) remains useful in making sense of this landscape in Europe. The scarcity of semi-elite private institutions is not surprising. Strong public universities continue to dominate the elite segment, especially in research prestige, public legitimacy, and state support. As a result, private institutions have had little room to develop as prestigious alternatives.

Identity institutions appear relatively rare. Historically, many of the first private institutions in Europe were religious, but that strand is no longer central to the sector's expansion. Still, there is one interesting modification worth making to Levy's identity category. Europe has a small but visible group of English-speaking private universities aimed primarily at international students. These institutions may be understood as a

contemporary form of identity institution, not because they are grounded in religion or ideology, but because they organize themselves around a distinctive mission: internationality, English-medium instruction, and a cosmopolitan student experience. They often also try to be semi-elite. Constructor University Bremen, American University in Bulgaria, or Central European University, for example, are presented as highly international private universities with research-based education. Such institutions remain few, but they represent a recognizable niche within the broader private landscape.

The dominant part of the sector, however, consists of demand-absorbing and product-oriented institutions (whose core mission is to sell concrete, career-focused educational "products" that match labor-market demand). They start small but often grow through part-time and flexible programs. They concentrate in professional fields, especially business, management, applied health, and technology-related areas, where students seek clear labor-market returns and where curricula can be adapted relatively quickly. In Germany and the Netherlands, most private institutions are universities of applied sciences rather than research universities, and their growth is closely linked to career-oriented programs and nontraditional student demand. This supports the broader European argument: private higher education has expanded mainly not by replacing the public sector but by serving student groups, schedules, and program niches that public institutions have underserved.

Three Main Areas of Innovation

Within this broad product-oriented group, however, one finds a particularly interesting subset: innovative private universities that experiment with unusual educational models and influence the wider system beyond their size. These institutions do not usually occupy the elite segment, nor are they the largest providers. Yet they matter because they pilot approaches that public institutions, constrained by regulations and traditions, often adopt only much later. In this sense, the relative rigidity of the public sector helps explain why private institutions can play

a larger innovative role than their numerical weight might suggest.

The first area of innovation is distance education and flexible delivery. This is related to digitalization but deserves separate attention because it changes the social composition of higher education. Private institutions are not simply teaching existing student groups in new ways; they are bringing in new categories of learners. These include older students, part-time students, first-generation students, and international students. This broadening of the student base is one of the most consequential innovations in the sector. Institutions such as IU of Applied Sciences in Germany, International European University in Poland, Robert Kennedy College in Switzerland, Universidad Europea Online in Spain, and many others show how private online provision can expand access for students who cannot participate in conventional campus-based education.

The second is digitalization. Private institutions use digital tools more actively than public institutions to reduce costs and improve efficiency. This includes online learning, AI-assisted learning, and digital management systems. Private institutions use digitalization strategically to scale provision, lower marginal costs, and support students who may be less traditionally prepared or less able to attend campus full-time. The Berlin School of Business and Innovation launched a metaverse campus in 2024, creating a virtual environment that mirrors the campus experience. ESMT Berlin issues blockchain-secured digital diplomas through so-called Smart Certificates. Other examples are Hyper Island in Sweden, which combines digital pedagogy with professional upskilling; and University of Nicosia in Cyprus, which has built a strong blockchain and metaverse profile.

The third area is innovation in institutional models themselves—both in governance and teaching. Hyper Island combines education and consultancy, uses industry experts as teachers, and operates internationally with a hybrid model. Forward College, with campuses in Lisbon, Paris, and Berlin, builds mobility directly into the curriculum, requiring students to rotate across cities and embedding leadership development in

academic design. CODE University in Berlin centers its model on project-based learning in software engineering, product management, and interaction design, allowing student projects to become real businesses. The London Interdisciplinary School replaces traditional majors with a problem-first curriculum focused on complex societal challenges. Merito in Poland illustrates a networked, multicampus model supported by strong digital infrastructure and centralized management. These are not merely branding exercises. They represent alternative designs for what a university can be.

The growth of nontraditional forms of private higher education inevitably raises questions about academic quality and educational value, particularly from the standpoint of the traditional public sector. Yet skepticism alone is not enough: the sector's expansion makes it increasingly important to examine more carefully what kinds of quality these institutions provide; which students they serve successfully; and what value they may add in terms of access, flexibility, employability, and innovation. Rather than judging these institutions only against conventional academic models, research should pay closer attention to the distinctive educational functions they perform and to the conditions under which innovation in private higher education strengthens, rather than weakens, the broader European higher education landscape.

Europe's private higher education sector is therefore not best understood only as a marginal supplement to public systems. It is still smaller than the global average, and in most countries its share remains below 30 percent. It is also uneven, concentrated, and largely nonelite. Yet it is growing, and much of that growth is connected to innovation. Most institutions remain demand-absorbing and product-oriented, but a number of innovative universities are playing a disproportionate role in reshaping expectations about delivery, pedagogy, student recruitment, and institutional form. In a continent where public higher education remains strong but often rigid, private institutions have become laboratories of adaptation. Their importance lies not only in the students they enroll, but also in the models they test for the future of European higher education.

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