

The Unexpected Rise of Private Higher Education in Germany

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Private higher education sectors are experiencing dynamic developments worldwide, including an unexpected expansion in Western European countries such as Germany, which have historically relied on strong public higher education traditions. This development raises questions regarding the applicability of international research on private higher education to these systems and highlights important avenues for further research.

In the past decade, private higher education has significantly expanded in Germany, a country long dominated by the public sector. This is perhaps especially surprising since public universities do not charge tuition fees in the German context.

The global higher education landscape has seen a long-term rise—and, in some countries more recently, even a rise followed by a decline—in private higher education. Studies on private higher education have focused on many issues, in particular addressing how private higher education institutions are defined and differentiated with respect to their types, legal status, forms of ownership, educational profiles, and institutional missions, and raising questions about the quality or legitimacy of private higher education. A striking recent development is, as Daniel Levy has put it, the “unexpected” expansion of private higher education in Western European countries, which historically have relied on strong public higher education traditions.

The literature underlines uncertainty around the extent to which findings from international research can be transferred to the European, and particularly the German, context. At the same time, it questions whether traditional analytical categories such as public versus private or nonprofit versus for-profit remain adequate for understanding contemporary higher education. These debates underscore the need for deeper inquiry into the evolving roles and configurations of private higher education worldwide.

The Rise of Private Higher Education: Evidence from Germany

In Germany, the first state-recognized private higher education institutions emerged around the 1970s. They were, however, not regarded as significant players within the German higher education sector, which has a strong tradition of public higher education offered free of charge, and have only recently gained substantial attention by researchers and policymakers.

Over the past two decades, Germany has experienced a profound increase in enrollment at private higher education institutions.

According to official statistics, only one percent of the national student population was enrolled in private higher education in the year 2000. This has increased to about three percent in the year 2010 and 13 percent—around 384,000 students in total—in 2024. Meanwhile, the number of private higher education institutions has remained relatively stable at around 110 institutions, whereas the overall sector (public and private institutions) comprises around 420 institutions.

Taking a closer look at the types and characteristics of private higher education institutions in Germany, it becomes apparent that elite institutions, akin to elite private higher educations in the United States, are rare and that a strong focus on teaching and labor-market orientation prevails. Only a small number of private institutions in Germany conduct considerable research activity. Fewer than 20 percent of institutions have the status of research universities, while the others operate as universities of applied sciences. Private higher education institutions in Germany also differ by legal status, with just over half of them having nonprofit status, while slightly less than half operate as for-profits. Presumably for reasons of legitimacy and access to public funding, universities adhere to nonprofit legal forms.

Overall, the German private higher education sector is regarded as highly heterogeneous, which partly also depends on the federally dispersed responsibilities for higher education and the differences in regulation for (private) higher education across the 16 German federal states. Existing attempts at categorization have considered research intensity, types of degrees offered, target groups, and teaching formats. The greatest increase in student numbers is observed in institutions with a clear labor-market orientation as well as institutions offering flexible access to higher education in terms of location (remote teaching) and time (asynchronous formats or weekend and evening classes). It is estimated that at least a third of private higher education institutions offer a considerable number of their degrees based on online and remote teaching formats.

Insights into the Governance of German Private Higher Education

Our recent study on the governance of German private higher education reveals important parallels with, as well as distinctions from, international research findings on private higher education. Tentatively, private universities of applied sciences are closer to managerial ideals and are subject to stronger external guidance, managerial self-governance, and competition than private research universities. However, state regulation remains strongly pronounced and academic self-governance is preserved, at least partially due to regulatory frameworks that influence the organization of private higher education institutions in Germany. The private research universities studied appeared further removed from managerial ideals, with governance configurations resembling those of public sector universities in Germany. The study further underlined the blurring of traditional boundaries, specifically between management, academia, and administration, in the pursuit of organizational goals. An analysis of roles and influences ascribed by members of private higher education institutions to external boards further suggests that there are stronger legitimacy pressures on research-intensive private universities as well as private universities of applied sciences with nonprofit status.

The findings of this study confirm certain trends observed in the international literature, such as with regard to a centralization of private higher education institutions on management levels, strong influences of external boards on private higher education, as well as stronger internal academic participation at research-intensive and mission-driven nonprofit institutions. However, the German case stands out as strongly regulated both through state regulation and through (institutional, system, and program-level) accreditation frameworks. The resistance of research-intensive private universities to managerial ideal types and their perceived mimicking of public sector institutions raises further questions about the role of academic and public legitimacy in the German higher education system.

While these findings are based on highly specific insights from a strongly state-regulated system with a long tradition of public higher education, they bear significance for further exploration: the identified differences between universities and universities of applied sciences may not be confined to the private sector and warrant more detailed exploration of the governance of both public and private universities of applied sciences. Evidence also points to parallels between private higher education institutions and younger universities that have emerged in European countries in recent years. It seems that for German private higher education, and potentially also in other European systems, distinctions by type (research universities versus other institutions) and legal status (for-profit versus nonprofit institutions) remain analytically relevant.

The Future Outlook on German Private Higher Education

German private higher education has predominantly expanded in niche and applied fields and among nontraditional students, where labor-market alignment and flexible delivery are valued. Students further value the support structures and service orientation of private higher education institutions and their increasingly AI-supported individualized learning environments. Unless these student desires for support and flexibility are met by public institutions, the private higher education sector in Germany will continue to expand, especially through online offerings.

While, at the moment, private higher education institutions in Germany focus predominantly on the recruitment of local students, it will be interesting to observe how positioning in global higher education markets with international student recruitment and collaboration may develop. It will further be relevant to observe how policymakers and (research) funding organizations will respond to the growth and perceived increasing relevance of private higher education in Germany, as the development of regulatory frameworks and negotiation of access to (research) funding are likely to determine the further growth and profiling of private higher education institutions.

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