



QS World Future Skills Index 2027

Australia Briefing

What is the QS World Future Skills Index 2027?

The QS World Future Skills Index evaluates how effectively economies can develop, align, and apply skills in a fast-changing global economy. Rather than focusing on higher education only or labour markets in isolation, the Index measures how well higher education systems align with workforce needs in the age of AI.

As economies around the world adapt to the transformative impact of AI, both labour markets and higher education institutions face growing pressure to evolve. Covering 89 economies, the Index assesses readiness to harness the opportunities created by AI through a talent-supply and talent-demand analysis. It combines QS's proprietary data on university performance, jobs and skills, and AI transformation with internationally recognised indicators to provide a global benchmark of AI readiness.

How is the QS World Future Skills Index 2027 calculated?

The methodology consists of two indicators of talent supply and two indicators of talent demand. Core data sources used to compile the Index include: QS AI Workforce Transformation Index, three years of QS jobs and skills data, QS Employer Reputation Survey 2021-2016, QS World University Rankings 2027, QS World University Rankings by Subject 2026, QS Best Student Cities Rankings 2026, World Bank – Human Capital Index, International Labour Organization – employment data, and UN, UNESCO & IMF – economic data. Below is an outline of what each indicator measures and the sub-indicators and weightings.

Talent Supply

Skills Alignment

Matching supply with employer demand (25% weighting)

What this measures

How well a country's graduates skills match employer expectations.

Sub-indicators

- 70% Skills gap (QS employer survey reported gaps by cluster)
- 30% Human capital index (macro lens)

Academic Readiness

Strength of higher education systems (25% weighting)

What this measures

The depth, quality, and future-skills orientation of a country's higher education system.

Sub-indicators

- 20% Strength of institutions (number and performance of QS World Ranked Universities)
- 20% Subject competitiveness across disciplines (QS Subject Rankings)
- QS Subject Rankings
 - 15% AI
 - 15% Digital
 - 15% Green
- 15% Breadth and quality of student cities (QS Best Student Cities)

Talent Demand

Future of Work

Readiness for workforce transformation (25% weighting)

What this measures

How ready a country's job market is for AI, digital and green transformation.

Sub-indicators

- 70% AI Workforce Transformation Index (QS Occupational Augmentation vs Automation analysis)
- Job market exposure indicators (3-year rolling)
 - 10% AI skills penetration
 - 10% Digital skills penetration
 - 10% Green skills penetration

Economic Transformation

Capacity to absorb and deploy skills (25% weighting)

What this measures

The economic enablers to convert skills into productivity, innovation, and growth.

Sub-indicators

- 55% Economic Capacity (3-year GDP Growth, Gross Fixed Capital Formation (USD and % of GDP), Labour Productivity Rate)
- 20% Workforce Readiness (Unemployment rate, Labour Force Participation, Tertiary Enrolment)
- 25% Future Oriented Innovation and Sustainability (R&D expenditure (% of GDP), Youth Population (%), Environmental Performance Index)

Key Findings

A labour market's AI risk-reward ratio – the balance of AI-augmented vs AI-automated jobs – will shape long-term economic competitiveness.

No economy is insulated from AI-driven disruption, but advanced economies are better positioned to capture its benefits and mitigate labour-market displacement. Although early forecasts often predicted mass layoffs and widespread labour-market collapse, these results indicate that AI could generate net-positive economic outcomes, at least in the foreseeable future. Demand for higher-skilled, knowledge-intensive roles is expected to grow, while low-skilled and repetitive occupations remain most exposed to automation. The UK, US, Australia, and Germany lead globally in AI workforce transformation not because they are adopting AI more rapidly, but because their economies are more concentrated in occupations where AI augments human capability rather than replacing it.

As labour-market demand shifts towards roles where human expertise remains central, the competitive advantage of economies and higher education institutions will depend on how effectively they prepare learners for AI-enabled work. Without intervention and investment in upskilling and reskilling, there is a significant risk that AI will exacerbate inequality, concentrating opportunities among workers with the skills to leverage AI while increasing displacement among those in lower skilled roles.

Critical skills gaps persist, yet several countries have demonstrated that targeted interventions can narrow these gaps and strengthen workforce readiness.

Human skills remain the most sought-after capabilities among employers globally, according to the QS Global Employer Survey. Yet the QS World Future Skills Index shows that higher education systems are struggling to equip graduates for a rapidly changing labour market, with employer demand for AI, digital, and green-intensive skills often moving faster than universities can respond. This is not a challenge which universities can solve alone; it requires a broader reset across higher education policy, funding, curriculum governance, institutional agility, and employer investment in workforce development and lifelong learning. India represents one of the most significant opportunities for higher education globally. It ranks fifth for Future of Work readiness (96.0), but eighteenth for Skills Alignment (82.7), highlighting a gap between labour-market transformation and the ability to produce job-ready graduates. As one of the world's largest economies and higher education systems, India's success in closing this gap will shape both its national growth trajectory and the global supply of skilled talent. Encouragingly, India's National Education Policy 2020 is an ambitious attempt to address this challenge, with reforms focused on curriculum flexibility, industry alignment, future-focused skills, and graduate employability at scale. TNE partnerships including branch campuses, and collaborative delivery models can help high-growth economies close skills gaps faster while strengthening global talent pipelines for countries facing persistent skills shortages.

The most competitive economies will be those that successfully align higher education, industry, and public policy.

The depth, quality, and future-skills orientation of a higher education system are not enough on their own to drive economic transformation. Without the investment, infrastructure, and incentives needed to support R&D and technology transfer, academic excellence will fail to translate into significant industrial growth. The UK illustrates this challenge. Despite achieving the highest Academic Readiness score (100), it records an Economic Transformation score of 90.2, representing the largest conversion gap among the top ten economies. The findings suggest that world-class research is a necessary condition for economic success but the ability to convert talent and research into economic value depends on the symbiosis between government, industry, and higher education. Where these links are strong, universities increase the impact and commercial value of their research, while industry gains access to more market-ready innovations, clearer intellectual property frameworks, and stronger collaboration opportunities. Governments that fail to attract investment or incentivise R&D in emerging sectors limit their ability to translate research excellence into productivity, competitiveness, and long-term growth.

Key Findings

The seismic nature of AI-driven transformation in industry is not being matched in scale or pace by change in higher education – and employers are frustrated.

Employers increasingly perceive that higher education is not changing quickly enough to keep pace with the scale of workplace transformation. As Anthropic CEO Dario Amodei has argued, AI is entering a phase with societal and economic consequences comparable to the Industrial Revolution that will “test who we are as a species”. Our findings suggest that economic transformation is accelerating faster than talent development, as AI-driven shifts in labour-market demand outpace the evolution of higher education systems.

Leading economies on Future of Work readiness include the UK, US, Australia, Switzerland, and Germany. Yet the weak relationship between AI workforce readiness and graduate skills supply points to a gap that will require rapid, coordinated action from higher education leaders, policymakers, and employers. Higher education institutions will need to undergo significant transformation to keep pace with AI-driven shifts in workforce demand. This will require faster adaptation of programme portfolios, curriculum content, and institutional operating models. Of course, universities must balance responsiveness with the academic quality, rigour, and governance standards that ensure long-term value for students and society. However, universities must balance responsiveness with the academic quality, rigour, and governance standards that ensure long-term value for students and society. Yet the pace of technological change means that maintaining the status quo is not an option. To remain relevant and sustain their central role in talent development, research, and innovation, universities must embrace transformation with greater urgency. At the same time, governments pursuing AI, digital, and industrial transformation risk constraining growth if higher education systems cannot produce the required talent.

Smaller economies can achieve outsized growth by aligning education, policy, and industry around specialist strengths.

For smaller economies, scale has never been the primary route to competitiveness, a pattern clearly reflected in the QS World Future Skills Index 2027. The Netherlands ranks eighth, Switzerland 10th, and Singapore 12th despite having much smaller higher education systems than the US, UK, or Germany. Rather than competing across every discipline, they typically concentrate investment in areas aligned with existing and emerging economic strengths. Faculty and subject-level reputation will become increasingly important. As students focus more on course-to-career outcomes than institution-to-career outcomes, the strength of individual disciplines and programmes will play a greater role in attracting talent. Institutions with recognised excellence in high-demand fields will be best positioned to maintain relevance and competitiveness.

Singapore is a strong example. With an economy centred on financial services, advanced technology, and AI, its higher education system has evolved in close alignment with labour-market demand, supported by a policy environment that combines long-term vision with institutional agility. This is reflected in both workforce outcomes and institutional performance. Nanyang Technological University, for example, has risen from 74th in the QS World University Rankings in 2010 to 12th in 2027. For smaller economies then, strategic focus and agility matter more than scale.

The Global Top 25

Rank	Economy	Region	Income Group	Final Score	SA	AR	FW	ET	Balance Index	Top Strength
1	United States	NA	HI	99.2	100.0	99.3	100.0	97.4	1.2	SA
2	Australia	APAC	HI	97.5	96.9	98.6	98.0	96.4	1.0	AR
3	United Kingdom	ECA	HI	96.6	99.0	100.0	97.0	90.2	4.4	AR
4	Germany	ECA	HI	95.5	93.9	98.0	99.0	91.2	3.6	FW
5	Canada	NA	HI	93.7	94.9	95.9	94.1	89.7	2.7	AR
6	South Korea	APAC	HI	93.4	95.9	93.2	86.1	98.4	5.3	ET
7	China	APAC	UP	92.5	98.0	91.8	80.2	100.0	8.9	ET
8	Netherlands	ECA	HI	91.9	89.8	95.2	88.1	94.3	3.4	AR
9	Spain	ECA	HI	91.7	90.8	93.9	89.1	92.8	2.1	AR
10	Switzerland	ECA	HI	91.6	84.8	96.6	90.1	94.8	5.3	AR
11	France	ECA	HI	91.2	87.8	97.3	95.0	84.6	6.0	AR
12	Singapore	APAC	HI	91.1	86.8	88.4	91.1	97.9	4.9	ET
13	India	SA	LM	89.4	82.7	85.7	96.0	93.3	6.3	FW
14	Sweden	ECA	HI	89.2	79.7	91.2	92.0	93.8	6.4	ET
15	Japan	APAC	HI	89.0	92.9	87.1	84.1	91.7	4.1	SA
16	Taiwan	APAC	HI	88.7	77.7	89.1		99.4	10.9	ET
17	United Arab Emirates	MENA	HI	86.5	83.8	85.0	78.2	98.9	8.8	ET
18	Hong Kong SAR	APAC	HI	85.1	88.9	90.5		75.8	8.1	AR
19	Denmark	ECA	HI	84.9	69.6	87.8	85.1	96.9	11.4	ET
20	Poland	ECA	HI	83.5	71.6	84.4	82.2	95.8	9.9	ET
21	Ireland	ECA	HI	82.3	85.8	83.0	76.2	84.1	4.2	SA
22	Italy	ECA	HI	81.0	75.7	94.6	75.3	78.4	9.2	AR
23	Israel	MENA	HI	80.4	72.6	66.7	93.0	89.2	12.7	FW
24	Türkiye	ECA	UP	79.2	81.7	78.9	65.4	90.7	10.5	ET
25	Austria	ECA	HI	79.0	68.6	89.8	69.3	88.2	11.6	AR

Regions:

NA – North America

APAC – East Asia & Pacific

ECA – Europe & Central Asia

SA – South Asia

MENA – Middle East & North Africa

Income Groups:

HI – High-income countries

UP – Upper-middle-income countries

LM – Lower-middle-income countries

Indicators:

SA – Skills Alignment

AR – Academic Readiness

FW – Future of Work

ET – Economic Transformation

Balance index:

Lower score:
well balanced

Higher score:
imbalanced

Australia | Economy Benchmark

97.5

Final score

#2

Overall rank

Indicator performance & peer benchmark

Indicator insight – what the four indicator scores tell us about this economy

The Australia profile shows a highly balanced performance across the four indicators (spread of 2.2 points). Its strongest contribution comes from **Academic Readiness (98.6, rank #3)**, while Economic Transformation is the relative weak spot (96.4, rank #8).

The profile suggests the economy has built **strong human-capital and academic foundations**, but underlying economic conditions may constrain its ability to fully translate those foundations into realised workforce transformation.

Rival economy comparison

Peer positioning insight – comparison against regional and income-group cohorts

In its regional cohort (East Asia & Pacific), Australia ranks **#1 of 14 eligible economies**. Its Final Score of 97.5 compares to a regional median of 81.2 (+16.2 vs regional median).

In its income-group cohort (High-income countries), it ranks **#2 of 47 eligible economies**, with its Final Score +18.8 vs the income group median of 78.7.

The closest regional rival is South Korea; the closest income-group rival is United Kingdom.

Indicator	Score	Rank	Peer Median	vs Peer
Skills Alignment	96.9	#4	86.8	▲ +10.1
Academic Readiness	98.6	#3	91.2	▲ +7.4
Future of Work	98.0	#3	89.1	▲ +8.9
Economic Transformation	96.4	#8	93.3	▲ +3.1
→ FINAL	97.5	#2	89.4	▲ +8.1

PROFILE ANALYSIS – Top Strength & Biggest Gap

Top strength: Academic Readiness (98.6)

Biggest gap: Economic Transformation (96.4)

Indicator spread: 2.2 points (Highly balanced)

Cohort percentile: 98.9% of eligible economies score lower (i.e. economy is in top 1.1%)

Benchmark cohort: Top 25 globally (median used in comparison column)

Above peer median: 4 of 4 indicator exceed top-25 median

Regional peers – East Asia & Pacific

closest 5 by Final Score within selected economy's region

Rank	Economy	SA	AR	FW	ET	Final
2	Australia	96.9	98.6	98.0	96.4	97.5
6	South Korea	95.9	93.2	86.1	98.4	93.4
7	China	98.0	91.8	80.2	100.0	92.5
12	Singapore	86.8	88.4	91.1	97.9	91.1
15	Japan	92.9	87.1	84.1	91.7	89.0
16	Taiwan	77.7	89.1		99.4	88.7

Income-group peers – High-income countries

closest 5 by Final Score within selected economy's income group

Rank	Economy	SA	AR	FW	ET	Final
2	Australia	96.9	98.6	98.0	96.4	97.5
3	United Kingdom	99.0	100.0	97.0	90.2	96.6
1	United States	100.0	99.3	100.0	97.4	99.2
4	Germany	93.9	98.0	99.0	91.2	95.5
5	Canada	94.9	95.9	94.1	89.7	93.7
6	South Korea	95.9	93.2	86.1	98.4	93.4

Australia | Index Context & Diagnostic

Where this economy sits in the global Top 25 + index-level diagnostic insights

Strategic Narrative

Australia ranks #2 in the Index, underpinned by world-class higher education, a services-led labour market, and nine QS World University Rankings top 100 universities. The country demonstrates particular strength in Skills Alignment, Academic Readiness, and Future of Work, supported by globally recognised capabilities in mining, earth sciences, agriculture, and sustainability. Recent reforms, including the establishment of the Australian Tertiary Education Commission (ATEC) – the most significant sector overhaul in two decades – aim to better align domestic workforce needs with continued international growth.

However, persistent challenges remain, including dependence on international student funding, relatively low R&D investment, and ongoing skills shortages across healthcare, trades, and regional occupations. Overall, Australia has built strong human-capital and academic foundations, though broader economic constraints may limit the pace at which these strengths translate into workforce transformation.

Headline – Key takeaway from QS World Future Skills Index 2027

Australia ranks **#2 globally** in the QS World Future Skills Index 2027 with a **final score of 97.5** – a top-tier performer.

- **Strongest indicator:** Academic Readiness (98.6)
- **Weakest indicator:** Economic Transformation (96.4)
- Indicator spread **2.2 points** – highly balanced.

Top Three Strengths

Indicator	Sub-Indicator	Score	Global Rank	Interpretation
ET	Workforce Readiness	98.9	#2 globally	World-leading position
SA	HCI+	90.7	#3 globally	World-leading position
AR	BSC – City Count	96.5	#4 globally	World-leading position

Bottom Three Weaknesses

Indicator	Sub-Indicator	Score	Global Rank	Interpretation
FW	AI Skills Penetration	52.7	#44 globally	Material drag on overall score
FW	Green Skills Penetration	73.6	#25 globally	Relative weak spot
ET	Economic Capacity	85.6	#24 globally	Relative weak spot