World Future Skills Index 2027

Mapping the global alignment between higher education systems and workforce needs

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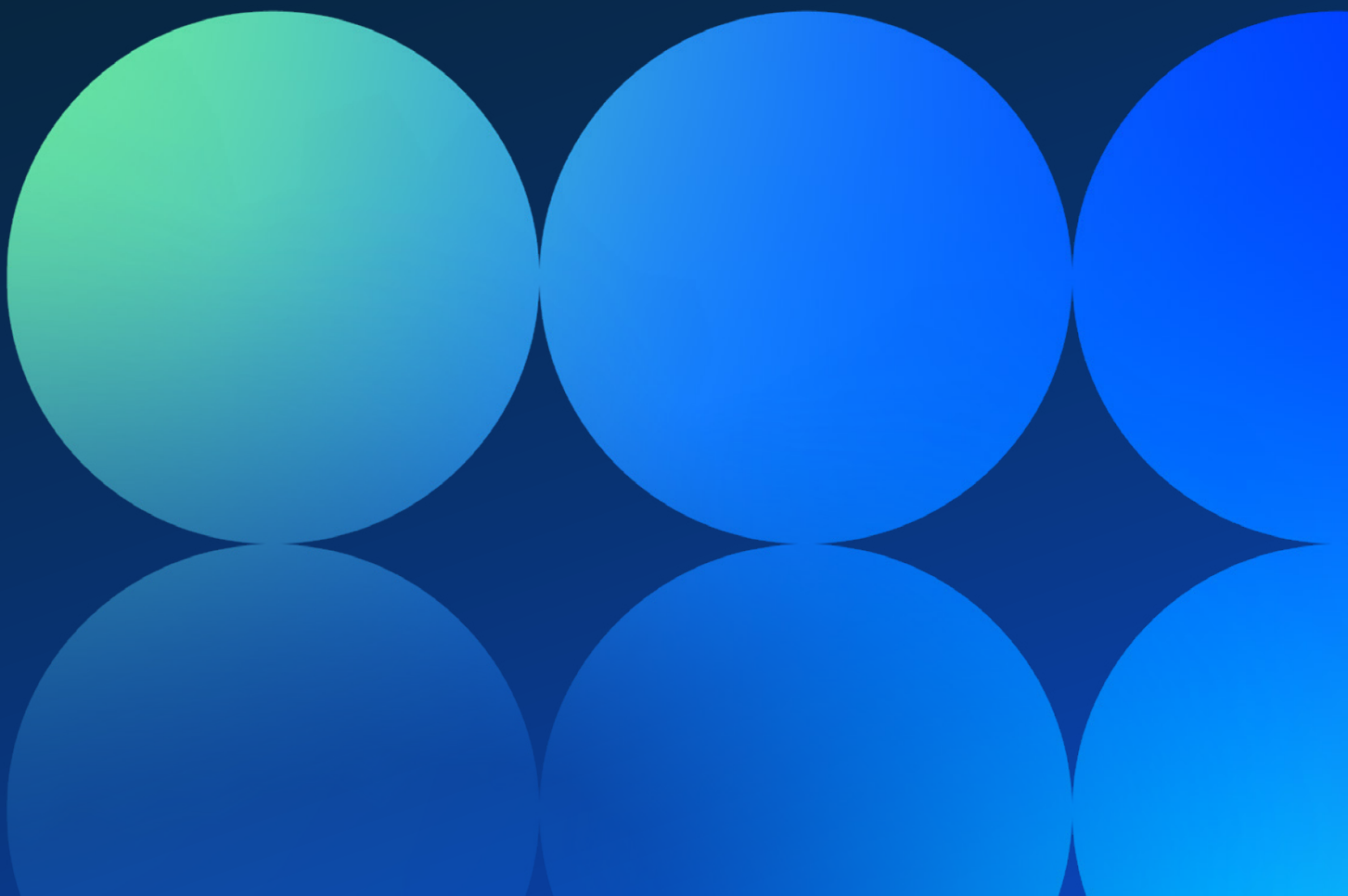


Foreword

Three years into the rapid spread of AI, labour markets are already restructuring. Now, we must ask whether higher education systems, employers and policymakers are moving quickly enough, in synchronicity, to avoid mass unemployment, especially amongst youth, and those not yet eligible for retirement.

The QS World Future Skills Index 2027 is designed to help answer this question. It examines how effectively higher education systems are aligned with labour-market demand, and whether economies are creating the conditions needed to turn talent into productivity, innovation and growth.

Covering 89 economies, the Index brings together indicators of skills supply and skills demand to provide a clearer picture of future readiness. Its purpose is to help policymakers, university leaders and investors understand where systems are well aligned, where pressures are building, and where action is most needed to align demand created by AI-enhanced economic growth with the potential supply of an aligned and well-educated labour force.

The message from this year's results is clear: Strong universities, responsive labour markets and long-term economic strategy must work in concert to prepare graduates for an AI-augmented workforce. Where they do, economies will be better placed to compete and grow in the AI era. Where they do not, skills gaps will widen, underemployment and lost opportunity will deepen.

Encouragingly, the data also points to a more balanced and adaptive global workforce than early narratives on AI disruption might suggest. Across many economies, a substantial share of roles exist where AI is more likely to enhance human capability than replace it, particularly in knowledge-intensive and service-led sectors. While exposure varies across economies and industries, the overall picture is not one of widespread displacement; with the right alignment between education, skills and employment, AI can act as a catalyst for higher productivity, more dynamic labour markets and new forms of work, rather than simply a source of disruption.

This report is intended as a basis for action. In an economy being reshaped by AI, the ability to align education, skills and growth has never been more important.

Nunzio Quacquarelli
President and Chair of the Board
QS Quacquarelli Symonds

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 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 skills supply and two indicators of skills 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 2021–2025, QS World University Rankings 2027, QS World University Rankings by Subject 2026, QS Best Student Cities 2026, World Bank – Human Capital Index, International Labour Organization – employment data, and UN, UNESCO & IMF – economic data.

More detailed information on the methodology can be found in the Appendix.

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% QS 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)

Executive summary

Headlines

Economies indexed
89

Global #1
United States

Skills Alignment #1
United States

Academic Readiness #1
United Kingdom

Future of Work #1
United States

Economic Transformation #1
China

Overall assessment

The global job market is facing disruption unlike any economic event since the industrial revolution. AI is set to fundamentally transform the global economy, human occupational and skills priorities and, ultimately, world-class talent into labour markets. The QS World Future Skills Index 2027 shows that AI is not creating a uniform disruption. Instead, it is amplifying existing differences between economies. Those with strong alignment between higher education, workforce demand and economic strategy are pulling further ahead. Others are seeing skills gaps widen, even where overall investment remains high.

The United States sits at #1 in this year's Index with the leading Skills Alignment score, yet American employers still report critical gaps in the human skills necessary to maximise the gains from AI, and graduate underemployment is rising. A strong supply of technical skills is no guarantee of demand for them.

This report identifies where economies are investing effectively in skills development, where the AI-augmentable vs automatable labour market composition can have the greatest impact on the future of work, and where there is alignment, or misalignment between industrial demand and higher education capabilities and skills supply.

Key findings

1.

Critical skills gaps persist, yet several economies 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; however, gaps exist in human skills as much, or, in many cases, more than technical skills. 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 human skills and AI, digital and green-intensive skills often moving faster than universities can respond. This is not a challenge which universities can solve without a broader reset across higher education policy, funding, curriculum governance, institutional agility, and employer investment in workforce development and lifelong learning.

For example, 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), evidencing 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.

Government policy can play a pivotal role. 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 economies facing persistent skills shortages.

2.

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 United Kingdom, United States, Australia, and Germany lead globally in the new QS AI Workforce Transformation Index, not necessarily 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.

3.

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

Strong higher education systems do not automatically translate into economic growth; impact depends on how effectively research, investment and industry are connected. The United Kingdom illustrates this clearly. It leads globally on Academic Readiness (100.0), yet its Economic Transformation score (90.2) lags behind, creating the widest gap among the top 10 economies.

This reflects a broader pattern, where academic excellence provides the foundation, but translating talent and research into economic value depends on close coordination between government, industry and higher education. Where these links are strong, universities increase the commercial impact of their research, while industry gains access to more market-ready innovation, clearer intellectual property pathways and stronger collaboration.

Governments need to make long term, data-led strategic bets on the sectors where their economies and higher education systems have a competitive advantage. They also need to support both the supply of talent and the creation of demand for talent simultaneously. Failing to attract investment or incentivise R&D in emerging sectors limits an economy's ability to translate research excellence into productivity, competitiveness, and long-term growth.

4.

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 United Kingdom, United States, 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. 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.

5.

Smaller economies can achieve outsized growth by utilising their agility and 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 8th, Switzerland 10th, and Singapore 12th, despite having much smaller higher education systems than the United States, United Kingdom, 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 skills landscape

The top 25: Numerous paths to excellence

The top 25 economies in the QS World Future Skills Index are diverse in size, income levels and economic structure. They are not uniformly small, nor uniformly high-income, nor uniformly service oriented. The Balance Index (Figure 1), calculated as the standard deviation of indicator scores, assesses the extent to which future skills ecosystems are balanced, with lower scores reflecting stronger alignment between skills readiness and market demand, and higher scores indicating an imbalance across the system.

Balance, rather than performance alone, may be the stronger predictor of an economy's ability to adapt to future disruption. Economies with the lowest Balance Index scores – Australia, the United States and Spain – combine strong overall performance with consistent results across all four indicators. This suggests that their talent systems are well-aligned with labour market demand and broader economic transformation needs. By contrast, less balanced economies are more vulnerable to disruption, as weaknesses in one part of the system can constrain performance elsewhere. In these cases, additional investment alone is unlikely to be sufficient. The greater challenge is achieving stronger alignment between demand-side requirements and supply-side capabilities, ensuring that workforce development keeps pace with evolving economic needs.

See the full table

Figure 1. QS World Future Skills Index 2027: The top 25

Rank	Economy	Region	Income group	Final score	Skills Alignment	Academic Readiness	Future of Work	Economic Transformation	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
UP – Upper-middle-income
LM – Lower-middle-income

Indicators:

SA – Skills Alignment
AR – Academic Readiness
FW – Future of Work
ET – Economic Transformation

Balance Index:

Lower score: **well balanced**
Higher score: **imbalanced**

Analysis: Structural strengths and vulnerabilities among the top 10

Hidden strength: Australia – Balance Index 1.0 (most balanced of the top 10)

Australia presents the most structurally balanced system in the top 10, with all four indicators tightly clustered near the top of the Index. This near-perfect symmetry suggests that skills supply and demand are aligned. Unlike many advanced economies, Australia avoids both an oversupply of talent, where universities produce more highly skilled graduates than the labour market requires, and talent shortages, where demand outstrips supply. Marginal improvements in any single indicator are therefore more likely to translate directly into gains in productivity and employability outcomes.

"Australia's high placement is directly linked to the strong performance of our world class Go8 universities and depth of our research base, but the next decade will be defined by how quickly the system can align skills, industry and policy around fast-changing workforce needs.

"We have built the knowledge base – but we are not yet investing enough, or connecting the system well enough, to turn it into economic outcomes at speed. Stronger alignment between research, industry and government is fundamental to Australia's economic future and building sovereign capability."

Vicki Thomson
Chief Executive & Director
Group of Eight Australia

Hidden vulnerability: China – Balance Index 8.9 (largest dispersion among top 10)

China's challenge is not technological adoption, but workforce transition. There is growing disconnect between Economic Transformation and workforce readiness. Though it has the highest Balance Index score among the top 10 economies, China's strengths are concentrated in Economic Transformation (100.0) and Skills Alignment (98.0), while Academic Readiness (91.8) and Future of Work (80.2) lag behind. This matters because China combines world-leading AI adoption with a large workforce employed in sectors vulnerable to automation including agriculture and manufacturing. As AI reshapes labour demand, the economy's ability to retrain and redeploy workers at scale will be critical. Without stronger alignment between technological progress and workforce development, labour market disruption could increasingly offset the productivity gains generated by AI.

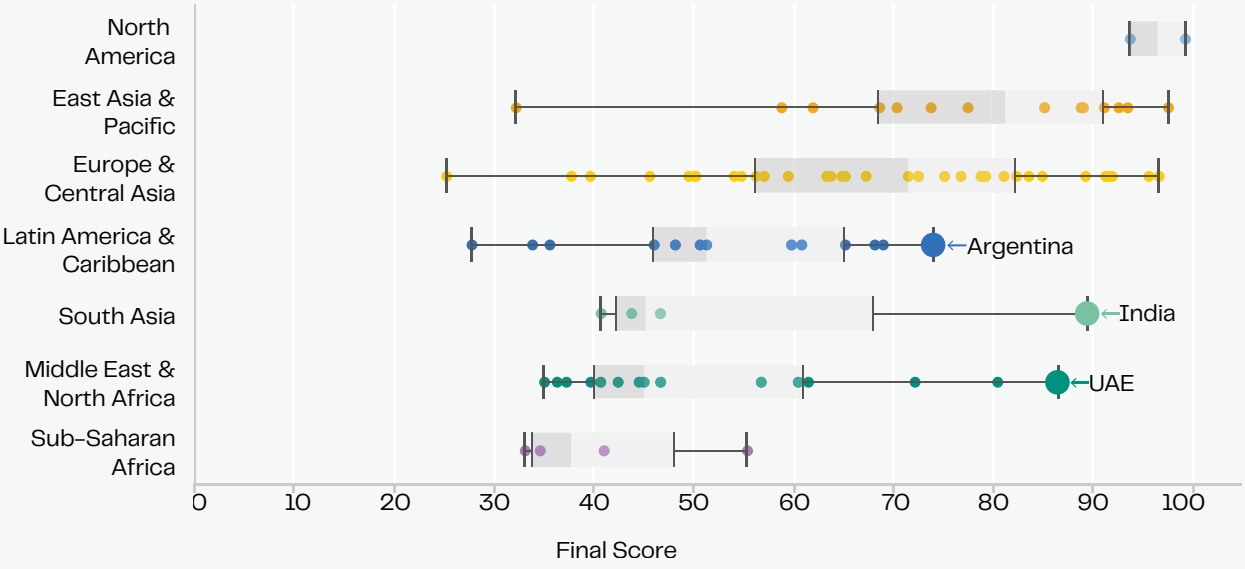
Analysis: The geography of readiness

The headline rankings mask important differences. Once the 89 economies are broken down by region and by income group, two patterns become clear. First, regions reach similar overall scores through very different strengths. Europe leads on the quality of its universities and the strength of its economic foundations; while the he Asia Pacific (APAC) leads on how well its skills supply is matched to what employers actually demand (Figure 2).

Europe and APAC dominate the top quartile but reach similar headline outcomes via different means (Figure 2.2). Europe leans on its institutional indicators (Academic Readiness 75.9, Economic Transformation 80.5), reflecting a deep research-university base and large industrial capacity; Asia Pacific leans instead on Skills Alignment (78.8) and Economic Transformation (88.9), reflecting tighter alignment between employer demand and graduate output, particularly in East and South Asia. The two regions are achieving similar outcomes through different approaches: one driven by institutional strength and the other by market alignment.

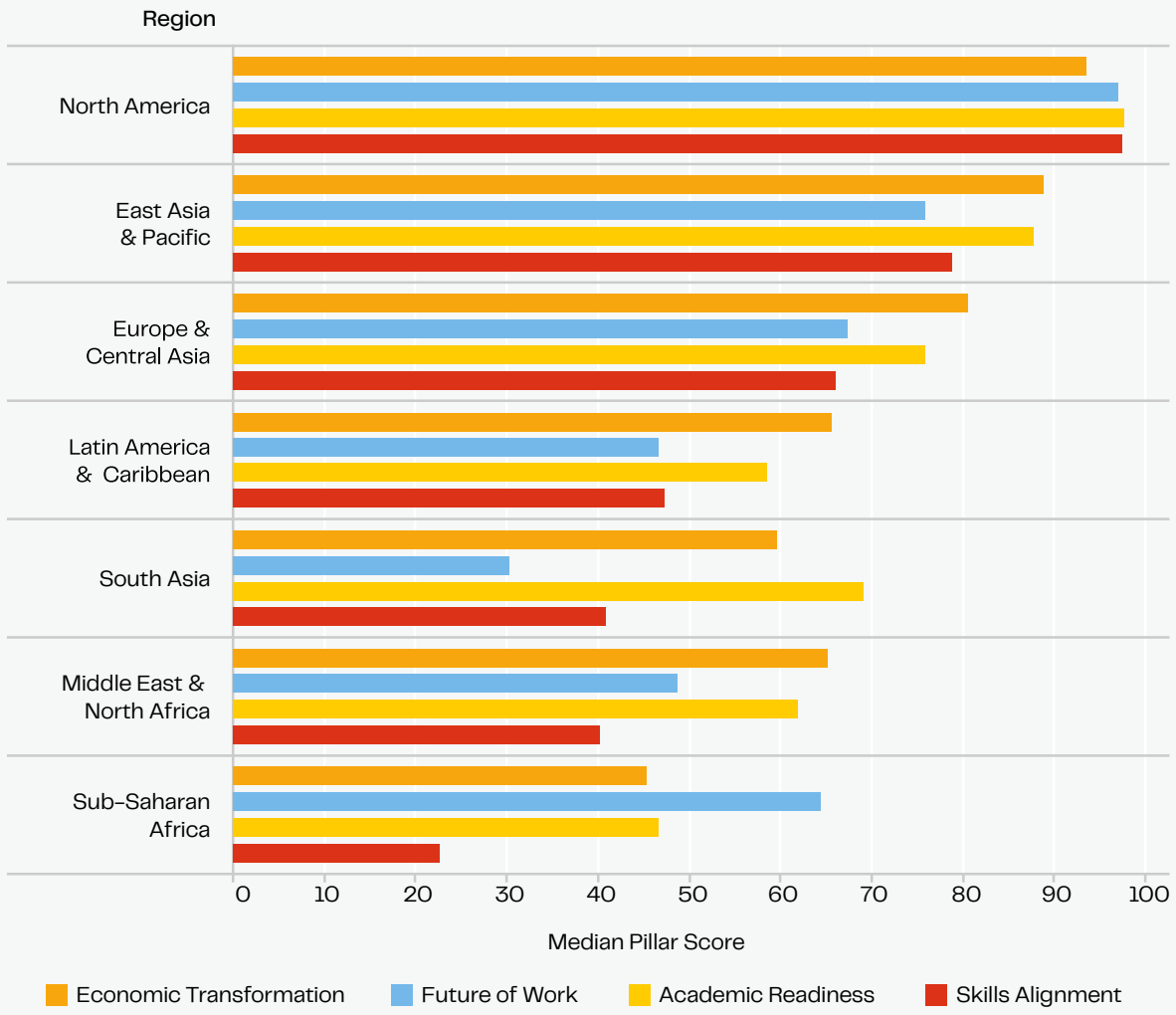
A similar trend appears when looking at Latin America and the Caribbean (LATAM), South Asia, and the Middle East and North Africa (MENA). In these regions, median final scores are similar, but each region has unique strengths. LATAM and MENA's highest median scores are in Economic Transformation, while South Asia's strongest indicator is Academic Readiness. Different strengths can deliver similar outcomes, but each region still needs to fix its weakest link to stay competitive and achieve alignment between skills supply and demand.

Figure 2.1. Composite final score by region



Source: QS World Future Skills Index 2027

Figure 2.2. Median indicator decomposition

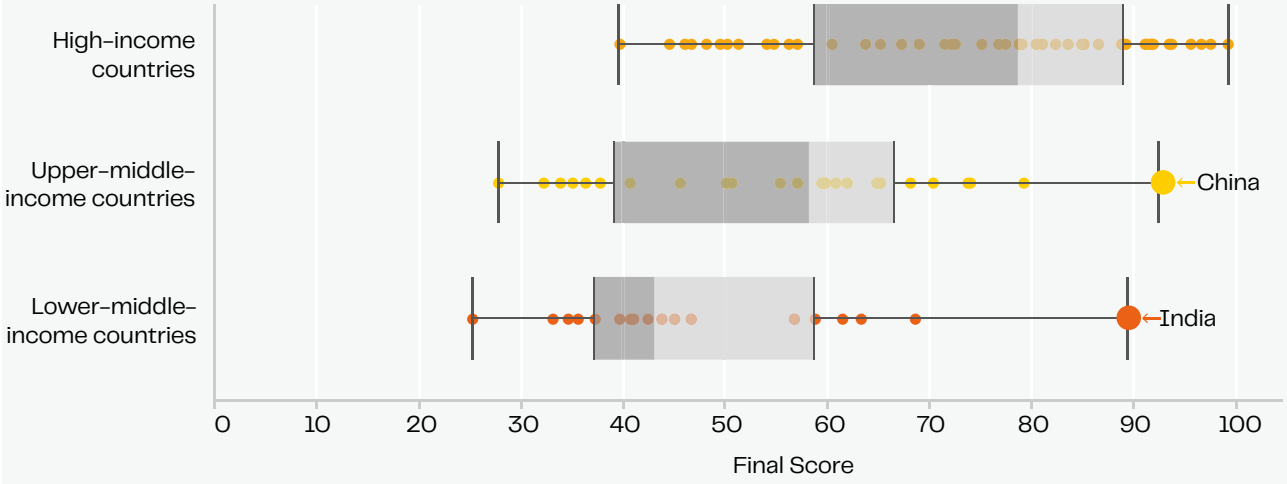


Source: QS World Future Skills Index 2027

Final score is heavily influenced by income group. (Figure 3.1). Becoming a future-ready economy requires several conditions to come together at once; strong infrastructure, sustained investment, and a large pool of highly educated workers must all work in tandem to stop economic performance plateauing.

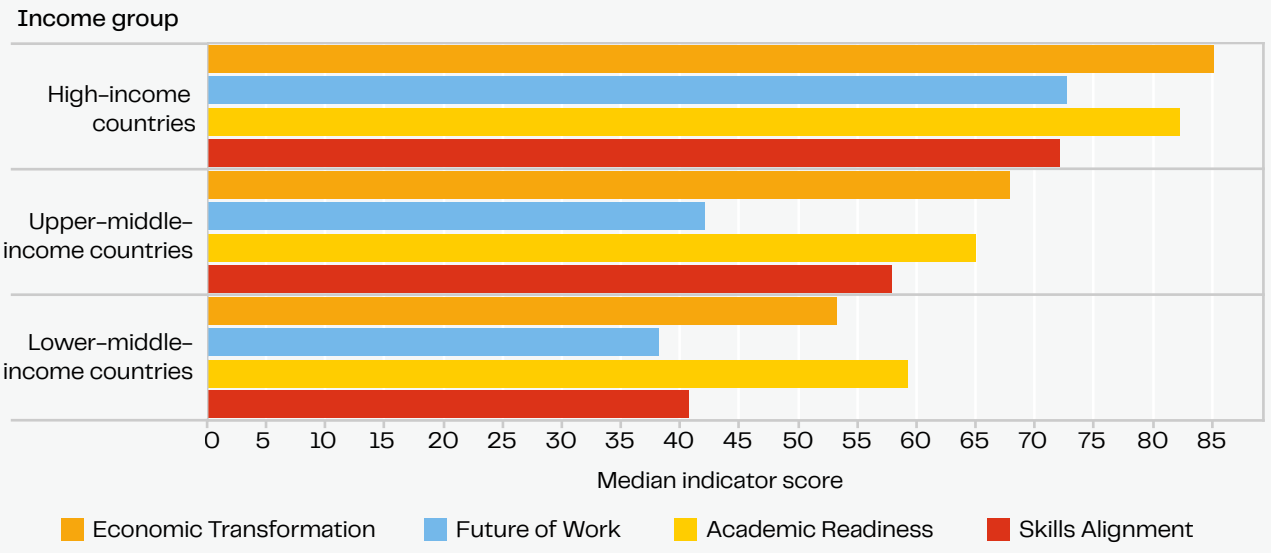
High-income economies cluster tightly at the top, while most lower-middle-income economies sit well below, with very few bridging the gap. The divide is particularly pronounced in Future of Work readiness, where advanced economies have already shifted toward roles that benefit from AI, while others remain more exposed to automation. India stands out as a rare exception, highlighting both the scale of the opportunity, and the difficulty of sustaining it.

Figure 3.1. Composite final score by income group



Source: QS World Future Skills Index 2027

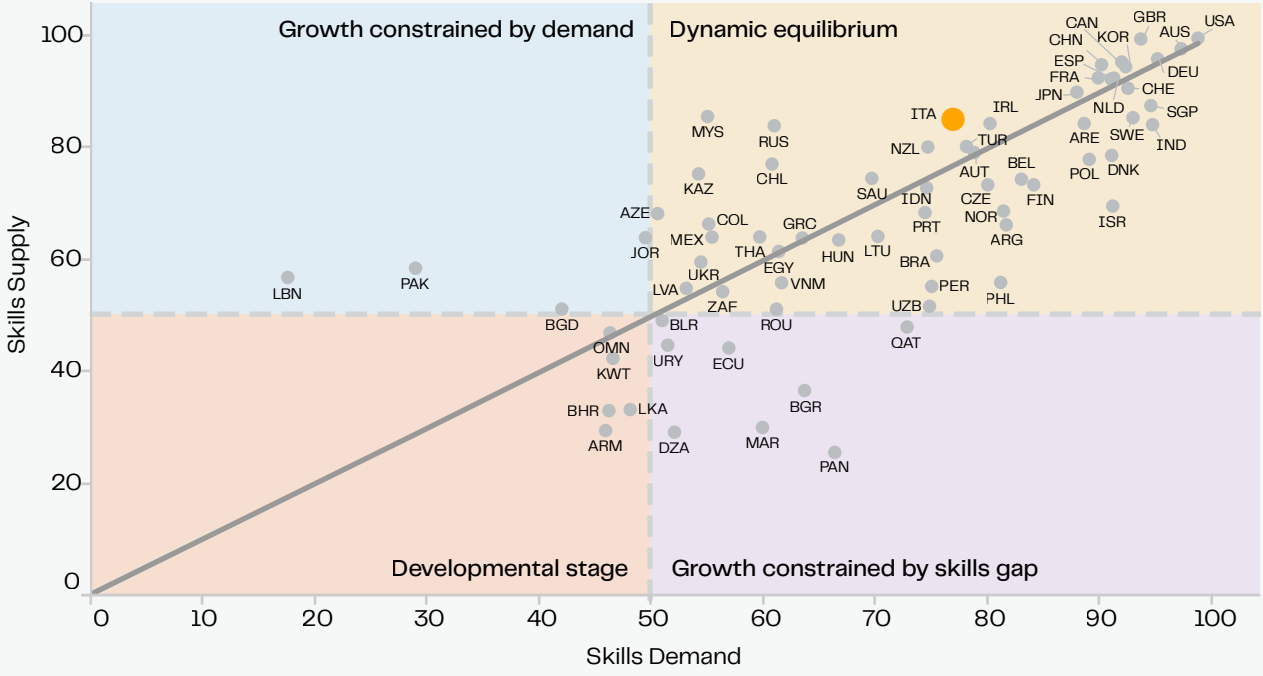
Figure 3.2. Median indicator decomposition



Source: QS World Future Skills Index 2027

Skills supply vs skills demand

Figure 4. Skills supply vs skills demand



Source: QS World Future Skills Index 2027

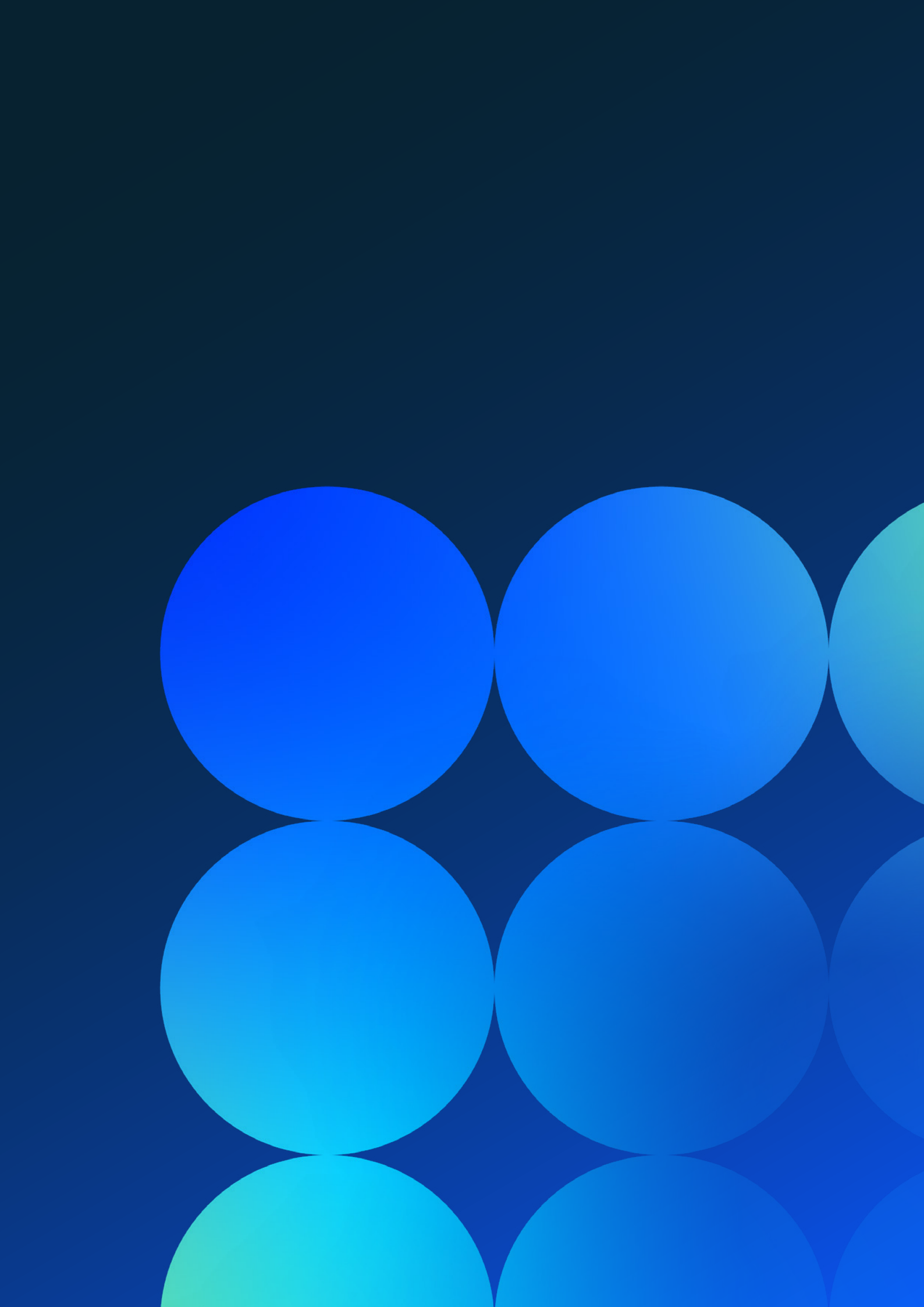
Economies above the equilibrium line, which represents the point where skills supply matches demand, tend to invest heavily in skills, universities and future industries, even where the wider economy is not yet able to absorb that talent. Italy illustrates this clearly, with the largest skills supply surplus among the top 25 economies, with strong graduate pipelines but a shortage of high value roles. The result is talent outflows, graduate underemployment and weaker productivity growth. While Italy's higher education system retains significant research strength, the challenge now is to convert this into industrial innovation and economic value.

When the number of graduates exceeds what the domestic economy can support, outward migration and weaker entry-level wages may result, as has been the case in Italy, other Southern European countries and parts of Latin America. By contrast, the most competitive systems combine high levels of talent supply with strong demand, enabling employer needs to keep pace with graduate output and reinforcing continued investment in education. Elsewhere, some systems remain in a developmental stage, with both talent supply and demand limited, while others face acute skills shortages as employers hire for emerging roles faster than education systems can adapt.

A focus on the supply of skills

Skills Alignment

Academic Readiness



Deep dive: Skills Alignment

Skills Alignment draws on the QS Employer Reputation Survey, in which 92,000+ employers across the 89 economies are asked, in effect, whether the graduates they hire from an economy's universities can do the job. Employers are questioned on the relative importance and satisfaction they place on a set of skills from graduates who they recruit from specific universities. We observe persistent Skills Alignment shortfalls, whilst simultaneously graduate underemployment is increasing. This is becoming more pronounced in the AI era and, as a result, the misalignment is growing.

The Skills Alignment indicator is informed by two sub-indicators: Skills Gap and Human Capital Index. The Skills Gap sub-indicator consists of four clusters: Human Cognitive Skills, Human-Centred Leadership, Entrepreneurial & Innovative, Sustainable & Ethical Workforce. These clusters show skills gaps in the skills needed for the future workforce. Overall, Skills Alignment comprises 25% of an economy's final score. Employer responses are scaled by the economy's Human Capital Index to control for differences in the underlying skill base of the workforce.

Skills Alignment

Figure 5. Skills Alignment: The top 10

Skills Alignment rank	Economy	Skills Alignment score	HCI+	Overall rank	Academic Readiness rank	Sub indicators: Cluster gap: Cognitive	Cluster gap: Leadership	Cluster gap: Entrepre-neurial	Cluster gap: Sustainable & Ethical	Mean cluster gap	Profile
1	United States	100.0	252	1	2	-13.0	-12.2	+3.6	-5.5	-6.8	Moderate gap
2	United Kingdom	99.0	261	3	1	-11.0	-13.0	+3.6	+2.0	-4.6	Near balance
3	China	98.0	220	7	13	-5.2	-7.0	-2.6	-5.5	-5.1	Moderate gap
4	Australia	96.9	270	2	3	-15.8	-16.6	-1.6	-6.0	-10.0	Moderate gap
5	South Korea	95.9	267	6	11	-23.2	-19.2	-14.2	-17.5	-18.5	Acute gap
6	Canada	94.9	257	5	7	-9.6	-9.0	+1.8	-4.5	-5.3	Moderate gap
7	Germany	93.9	256	4	4	-11.6	-11.4	-3.0	+2.0	-6.0	Moderate gap
8	Japan	92.9	284	15	20	-41.2	-36.6	-37.0	-18.0	-33.2	Acute gap
9	Russian Federation	91.8	249	33	36	-12.4	-7.8	+4.4	-4.5	-5.1	Moderate gap
10	Spain	90.8	240	9	10	-20.2	-19.4	-11.2	-0.5	-12.8	Moderate gap

There is no single model of system design that explains why these economies all appear in the top 10. From a reputational perspective, the higher education systems represented here are all regarded as world-class. Since 2018, the United States' Ivy League institutions have steadily improved their Employer Reputation performance, with the median rank rising from 33.5 in 2017 to 16.5 in 2027. The United Kingdom's Russell Group has also strengthened its Academic Reputation, improving from a median rank of 100 in 2017 to 93 in 2027, while China's C9 League has improved across both Academic Reputation and Employer Reputation metrics. Yet despite these gains, the cluster analysis shows that skills gaps continue to persist across all economies in the eyes of employers. Some higher education systems such as the United Kingdom, United States, Canada and Germany, have optimised well for skills clusters around entrepreneurialism and sustainable and ethical mindsets, whilst under-delivering on human-cognitive and leadership skills. There is no identifiable constraint on the supply of skilled talent, but there is misalignment between graduate skills and employer skills demand.

Meanwhile, China sits third in Skills Alignment and has the tightest cluster-gap profile in the top 10 – all four cluster gaps between -2.6 and -7.0. This profile suggests a system where labour demand and graduate skills are aligning more closely than in the larger Anglo-American economies. China's success combines scale and strategic coordination, with China producing millions of STEM graduates each year, many of whom move directly into state-supported industries, helping to keep entry-level skill mismatches relatively low.

Skills Alignment

The geography of Skills Alignment

Skills Alignment shows pronounced differences across geographies and income groups, reflecting varying levels of alignment between employers and universities, which tend to diverge more across economies than research capacity. It is perhaps unsurprising that economies with the most mature higher education systems perform strongest on our Skills Alignment indicator. These economies typically benefit from a stable and growing middle class, favourable study-age population dynamics, and sustained employer demand for a diverse, highly skilled graduate workforce.

Performance becomes far more variable as these underlying conditions become less consistent across income groups. Among lower-middle-income economies, for example, India ranks in the global top 20, supported by a rapidly expanding middle class, a large study-age population, and a dynamic higher education sector. However, the median score for the income group sits 41.9 points below India, highlighting the significant variation within the category. A similar pattern, though to a lesser extent, can be observed among both upper-middle-income and high-income economies.

Figure 6.

Income group	Number of economies	Skills Alignment (median)	Skills Alignment (top in group)	Leader
High-income	47	72.1	100	United States
Upper-middle-income	24	58	98	China
Lower-middle-income	18	40.8	82.7	India

The data shows the Asia Pacific region as a consistently excellent performer, suggesting a strong feedback loop between employers and universities (Figure 7). Europe also performs well, given the number of ranked economies. In Africa and Central Asia there is significant opportunity to improve by actively fostering relationships with regional and global employers and embedding their requirements within curricula.

Figure 7.

Income group	Number of economies	Skills Alignment (median)	Skills Alignment (top in group)	Leader
Europe & Central Asia	37	66.1	99	United Kingdom
East Asia & Pacific	14	78.8	98	China
Latin America & Caribbean	13	47.3	74.7	Chile
Middle East & North Africa	15	40.3	83.8	United Arab Emirates
South Asia	4	40.8	82.7	India
Sub-Saharan Africa	4	22.6	35.2	South Africa
North America	2	97.5	100	United States

Skills Alignment

Key themes

Misalignment between higher education and industry is a global challenge

"We see widespread misalignment, but its intensity varies. The strongest-performing systems, including Germany, Singapore and the United States, embed employers directly into how higher education operates. This is reflected in stronger Skills Alignment performance and more effective talent deployment. In systems where engagement remains advisory or fragmented, academic strength does not translate as clearly into labour-market relevance. The difference lies in how closely education systems and labour markets operate together in practice.

"The involvement of business in defining skill needs is critical and some governments do this better than others. We are impressed with the way Singapore engages business in the assessment of skills maps and the creation of training programmes and training subsidies."

Alex Boome, Hinrich Foundation

Human capabilities are in demand but skills gaps persist, even in leading systems

In the age of AI, human skills will be the valued currency by employers. Closing the skills alignment gap among the world's leading higher education systems will therefore require focus on building the experiential, judgement forming and leadership-development infrastructure that employers cannot find at scale. Employer dissatisfaction is most consistent in Human Cognitive Skills and Human-Centred Leadership. The United States (-13.0/-12.2), United Kingdom (-11.0/-13.0) and Australia (-15.8/-16.6) all show double-digit gaps in these areas. These deficits sit alongside strong technical outputs, suggesting that higher education has expanded technical capability faster than experiential and judgement-based skills. As AI adoption increases, this imbalance becomes more visible across advanced systems.

Faster-moving systems outperform their size or maturity

The UAE, Türkiye and Ireland all achieve stronger Skills Alignment outcomes than their overall Index positions would suggest. Their performance is shaped by how quickly education, investment and employer demand respond to one another. The UAE has aligned skills development with priority sectors such as AI and digital infrastructure. Türkiye draws on a large engineering pipeline linked to industrial demand. Ireland benefits from sustained integration with multinational employers. In each case, timing and coordination drive these nations to outperform expectations.

Skills Alignment

A focus on India

Skills Alignment under structural-mismatch pressure

India produces talent at vast scale, but employer satisfaction remains comparatively low relative to the pace of labour market transformation. This imbalance manifests in India's Skills Alignment score of 82.7 (#18 globally in Skills Alignment), which sits in stark contrast to its Future of Work performance (96.0, #5 globally). To some extent, India's education system still produces at scale for legacy sectors while labour demand has shifted toward AI, renewables and advanced manufacturing. One example of increasing dissatisfaction is in Engineering and Technology, where the median Employer Reputation score of Indian institutions has declined from 997 in 2017 to 2,132 in 2026.

Policy reform is under way. India's National Education Policy 2020 mandates multidisciplinary curricula, vocational integration, and employer partnerships. However, achieving a 50% gross enrolment rate by 2035 will require sustained implementation at pace, given the scale and complexity of a higher education system that includes more than 1,000 universities and over 40,000 colleges. As a result, India is increasingly turning to foreign higher education ecosystems to support with greater capacity and education quality through branch campus models, enabled by an easing of regulatory requirements. In the last 24 months, leading United Kingdom and Australian universities have been granted approval to open campuses in India, with the University of Southampton (United Kingdom), Deakin University (Australia) and University of Wollongong (Australia) the first to move.

Figure 8. Sub-Index profile | India vs top 10 average

Measure	India	Top 10 average	Gap
Skills Alignment	82.7	95.4	-12.7
Academic Readiness	85.7	96.9	-11.2
Future of Work	96.0	95.5	+0.5
Economic Transformation	93.3	97.6	-4.3
Final Score	89.4	94.3	-4.9

Skills Alignment

Commentary from

Dr Ashwin Fernandes, Vice President, Strategic and International Engagement, QS

India's 13th-place ranking in the QS World Future Skills Index 2027 reflects the rapid pace of AI and digital transformation across its economy. It also reflects strong performance across the Index's demand-side indicators. indicators. Can India's higher education system produce the highly skilled graduates needed by industry at scale? To some extent, India's education system remains oriented towards legacy sectors, while labour demand has shifted towards AI, renewables and advanced manufacturing.

The elite tier of institutions (IITs, IIMs, AIIMS) are globally competitive, with six in the top 250 of the QS World University Rankings 2026. Most Indian institutions produce graduates at volume but with far lower employability rates; this employer dissatisfaction materialises in India's comparatively low Skills Alignment score.

The NEP 2020 sets a clear direction for reform, but implementation is uneven across states and institution types.

India produces the largest outbound flow of international students globally, with almost 1 million students projected to study overseas by 2030 (QS Global Student Flows). As a result, the country faces the twin challenge of retaining top talent while improving employment outcomes for graduates who remain. The headline findings are that India scores well on system scale, demographic potential, and outbound mobility, but poorly on skills alignment and quality consistency. A core part of the solution is TNE. India is well positioned for sustained economic growth over the next decade, but constraints in higher education capacity risk limiting the supply of future-ready talent. Expanding partnerships with international institutions could help accelerate the development of a high-quality graduate workforce.

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Deep dive: Academic Readiness

Academic Readiness measures the strength of an economy's higher education system in producing future-ready talent. It captures domestic institutional quality, subject-level competitiveness, and the scale of provision in key future skills areas including AI, digital and green subjects.

Academic Readiness determines whether an economy has the higher education capacity to generate a labour market fit for the future workforce. It is a necessary condition for long-term workforce competitiveness, providing the foundation on which skills alignment and economic transformation depend.

The indicator draws on a combination of QS metrics, including the QS World University Rankings, QS World University Rankings by Subject, and QS Best Student Cities. Seven sub-indicators collectively assess both the depth of institutional excellence and the breadth of disciplinary coverage in fields where labour-market demand is shifting most rapidly. Strong Institutions and Subject Competitiveness carry the largest weightings (20% each), with the remaining weighting distributed across future skills provision and student city metrics.

Academic Readiness performance is highly concentrated in advanced economies with long-standing investment in research infrastructure, particularly the United Kingdom and United States, which lead globally on institutional density and subject competitiveness. Several high-performing academic systems display weaker Skills Alignment and Economic Transformation scores, reinforcing that institutional strength must be complemented by effective connections to industry and broader economic structures to translate into workforce impact.

Academic Readiness

Figure 9. Academic Readiness: The top 10

			Sub indicators									
Academic Readiness rank	Economy	Academic Readiness score	Strong Institutions	Subject Competitive	AI Education	Digital Education	Green Education	Best Student Cities: Top City	Best Student Cities: City Count Overall Rank	Overall Rank	Skills Alignment rank	Economic Transformation rank
1	United Kingdom	100.0	99.0	99.0	99.2	99.0	99.0	96.5	100.0	3	2	20
2	United States	99.3	100.0	100.0	100.0	100.0	100.0	80.7	98.2	1	1	6
3	Australia	98.6	97.1	94.9	97.5	96.9	93.9	93.0	96.5	2	4	8
4	Germany	98.0	96.1	98.0	94.3	92.9	96.9	94.7	75.4	4	7	18
5	France	97.3	92.2	92.9	96.7	95.9	95.9	91.2	89.5	11	13	31
6	Switzerland	96.6	84.5	95.9	95.9	93.9	98.0	89.5	70.2	10	16	11
7	Canada	95.9	95.1	90.8	93.4	90.8	88.8	77.2	91.2	5	6	21
8	Netherlands	95.2	89.3	96.9	98.4	98.0	94.9	75.4	24.6	8	11	12
9	Italy	94.6	93.2	93.9	95.1	94.9	92.9	57.9	78.9	22	25	41
10	Spain	93.9	91.3	91.8	92.6	91.8	91.8	68.4	80.7	9	10	15

The Academic Readiness top 10 is dominated by advanced, research-intensive economies. These systems are characterised by a high number of globally competitive institutions, highly sought-after study locations, and strong subject-level performance across AI, digital and green disciplines, reflected in consistently high scores across both institutional and subject competitiveness sub-indicators. In the QS World University Rankings 2027, institutions from the Academic Readiness top 10 occupy 42% of the top 100 ranked institutions, a testament to the sheer volume of highly skilled graduates entering the workforce.

What differentiates the top 10 is the variation in how effectively this institutional capacity translates into labour-market outcomes. While the United States, Germany and Australia maintain relatively strong alignment with Skills Alignment and Economic Transformation, others exhibit clear gaps, where world-class institutional depth does not fully translate into economic or employer satisfaction. Academic Readiness is a necessary but incomplete condition for economic performance. While it reflects a system's capacity to respond to changing demands, it does not determine whether that response is aligned with labour-market needs.

Academic Readiness

Regional and income group analysis

Academic Readiness shows the most concentrated regional distribution of the four indicators. The QS World University Rankings 2027, the dominant influencer in this indicator, reflects multi-decade investment in research infrastructure. As such, Europe (median 81.0) and Asia Pacific (77.9) capture the bulk of top-ranked institutional capacity. Where higher education systems are still maturing, for example in Sub-Saharan Africa, the Middle East and Latin America , we see a lower Academic Readiness score. The regional pattern is reinforced by income, with high-income economies (median 82.3) more than 17 points above the upper-middle-income group (65.0).

Figure 10.

Region	Number of economies	Academic Readiness (median)	Academic Readiness (top in region)	Leader
Europe & Central Asia	37	75.9	100	United Kingdom
East Asia & Pacific	14	87.8	98.6	Australia
Latin America & Caribbean	13	58.5	79.6	Chile
Middle East & North Africa	15	61.9	85	United Arab Emirates
South Asia	4	69.1	85.7	India
Sub-Saharan Africa	4	46.6	73.5	South Africa
North America	2	97.6	99.3	United States

Figure 11.

Income group	Number of economies	Academic Readiness (median)	Academic Readiness (top in group)	Leader
High-income	47	82.3	100	United Kingdom
Upper-middle-income	24	65	92.5	Malaysia
Lower-middle-income	18	59.2	85.7	India

Academic Readiness

Key themes

Academic strength does not convert evenly into economic output

The relationship between Academic Readiness and Economic Transformation is uneven (Figure 9).The United Kingdom, France and Italy all score above 94 on Academic Readiness, yet comparatively underperform on Economic Transformation. This reflects differences in how research, talent and capital connect. Applied research intensity, technology transfer and employer integration all shape how effectively academic capacity translates into productivity and growth.

Economic value is increasingly created at the subject level

Institutional reputation continues to play a central role in attracting students and research partnerships. However, outcomes in employment and earnings are more strongly linked to performance at the subject level. Strengths in fields such as AI, digital and green technologies carry a higher labour-market premium. Systems that focus only on overall institutional standing may underinvest in the areas where demand is most concentrated, or where opportunity for their economy lies. Saudi Arabia illustrates this clearly, moving beyond its traditional oil and gas base by leveraging the research strengths of its universities to build industrial advantage in renewables, nuclear, mining and space technology.

International research collaboration is a differentiating factor

Countries such as Switzerland (96.6), the Netherlands (95.2) and Singapore (88.4) outperform expectations on Academic Readiness given their size. Their performance reflects strong participation in international research networks. Connectivity across institutions is increasingly important in determining academic strength, alongside research volume and institutional scale.

“The ‘secret sauce’ of Singapore’s success is the ability to tightly coordinate and align economic development priorities with labour market policies and educational provision.”

Dr Michael Fung, Institute for the Future of Education, Tecnológico de Monterrey

Academic Readiness

A focus on the United Kingdom

The Academic Readiness to Economic Transformation gap is the largest among top five Academic Readiness economies

Despite having the highest Academic Readiness per capita in the Index, the United Kingdom is failing to realise the economic benefits of this strength. Closing this gap is critical. As Universities UK acknowledge in their Industrial Strategy case study, "To fully support national renewal, universities must evolve their thinking to work in new ways that directly address future challenges." This challenge is reinforced by findings from a recent QS–University of York–Public First report, which identified that more than 80% of the United Kingdom's occupations of very high strategic importance, including those in advanced manufacturing and clean energy, require a bachelor's degree or above. Ensuring that higher education capacity is aligned with the needs of these sectors will therefore be critical to delivering long-term economic growth.

The policy environment remains weak in turning world-class research and high-quality graduates into productivity gains through spin-outs, patent generation and R&D, and universities themselves could be doing more to integrate directly with industry. Labour Force Participation, one of the data sources informing Economic Transformation, reiterates this point. The United Kingdom underperforms several European peers, including Germany, Switzerland and Sweden, with a lower proportion of its working-age population in employment. By contrast, systems such as Germany's Fraunhofer Institutes create clear, coordinated bridges between research and industrial application. The United Kingdom's landscape, though rich in research capacity, is more fragmented across agencies, funding streams and regional ecosystems.

In June 2026, the United Kingdom's Chancellor, Rachel Reeves, said she planned to "double down on investment, drive growth and back the industries of tomorrow" and "[turn] our world-class research into businesses that grow, scale and stay in the UK." This signals clear recognition of the structural challenge identified in the Index: without faster and more coordinated mechanisms, even sustained investment risks reinforcing existing inefficiencies rather than delivering the productivity gains required for long-term competitiveness.

Figure 12.

Indicator	United Kingdom score	United Kingdom rank	Top five average
Skills Alignment	99.0	2	98.0
Academic Readiness	100.0	1	98.6
Future of Work	97.0	4	98.0
Economic Transformation	90.2	20	98.9
United Kingdom Academic Readiness / Economic Transformation gap		9.8 points	

Expert commentary from

Andrew Plant, Executive Director, Europe, QS

The United Kingdom's system is globally competitive on institutional quality and research output but has a broken financial model. The international talent pipeline that sustains both fee income and research capacity will only reach the volume of 2023 in 2029 (QS Global Student Flows), following policy changes to student visas and dependents. The domestic funding model has been eroding in real terms; and the economy's ability to actually utilise highly skilled graduates at scale remains a challenge.

The system's greatest strength, its research base, remains underutilised, limiting its economic impact. Despite strong subject-level excellence aligned to priority sectors such as business and life sciences, declining median rankings across high-employment fields, business (385 in 2016 to 637 in 2026), health (421 to 625), and education (315 to 523) may indicate weakening reputation and industry alignment. This translates into a system-level imbalance: the United Kingdom ranks highly for Future of Work and AI-augmentation potential yet lags in Economic Transformation. The economy is well-positioned for AI augmentation but constrained in its ability to translate talent into productivity.

Radical models of transformation are required to sustain the level of funding which universities in the United Kingdom need. Diversification of funding models, be that transnational education or innovative lifelong learning approaches, are necessary to open up new revenue streams. Accelerated strengthening of the link between research excellence and industry through commercialisation, deeper partnerships, and tighter subject-to-sector alignment is essential.

Explore the UK outlook

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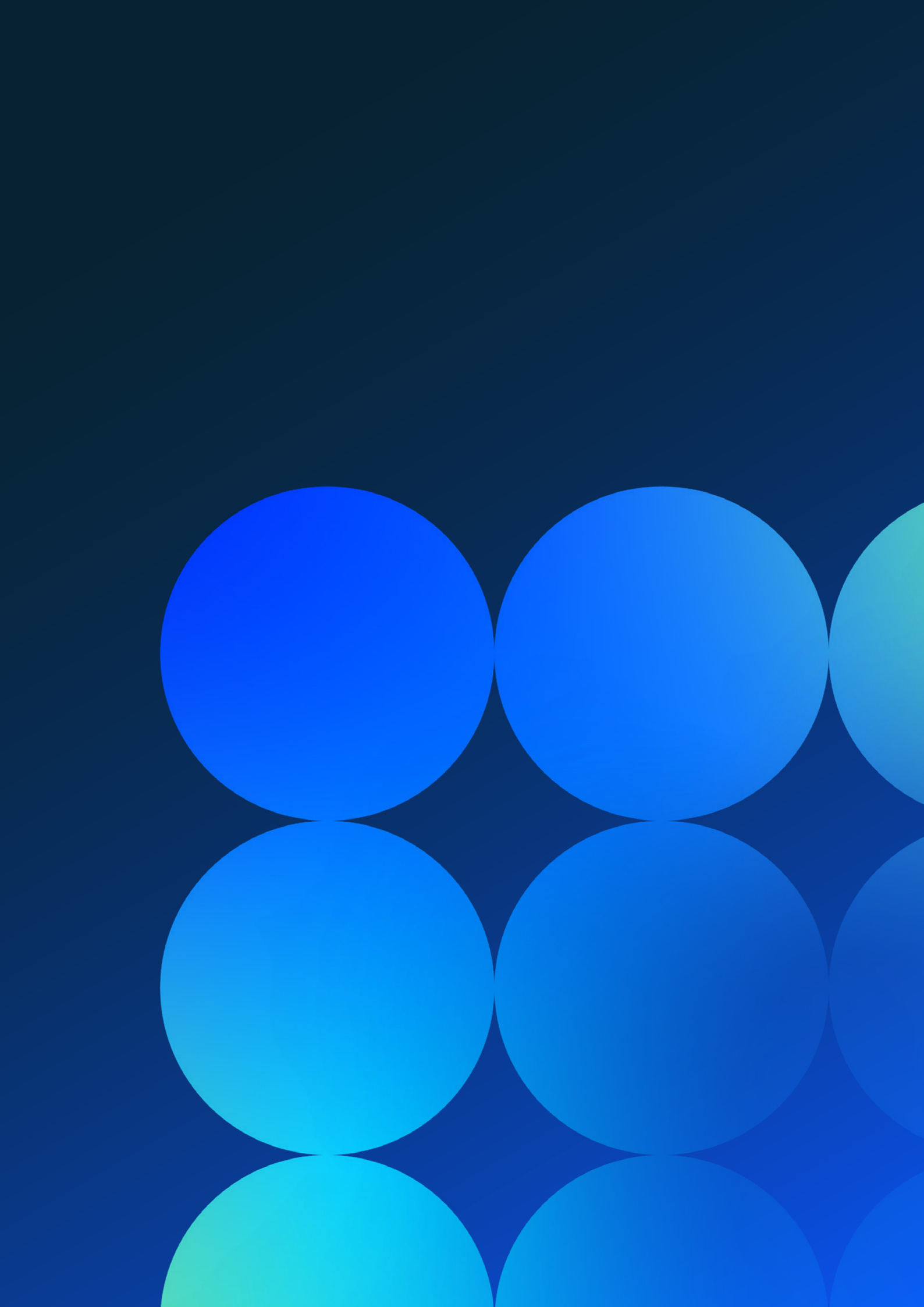
The demand for future skills

Future of Work

Economic Transformation



Deep dive: Future of Work

Future of Work assesses how quickly and in what direction an economy's labour market is changing. It captures the structure of employment, and the intensity of employer demand for future-oriented skills.

As AI reshapes work, competitiveness will depend more on whether their workforce is positioned to benefit from its potential. Economies with a higher share of augmentation-aligned roles stand to capture productivity gains, while those concentrated in automatable work face greater disruption risk.

The QS AI Workforce Transformation Index carries 70% of the weight in Future of Work. This proprietary taxonomy classifies 1,869 occupations into AI augmented roles, where AI enhances productivity, and AI automated roles, which include routine cognitive or manual tasks. Each economy's score reflects the weighted proportion of its workforce in each category, cross-referenced against employer demand signals from QS's 750 million global jobs dataset. The remaining 30% reflects current employer demand, combining QS Labour Market Intelligence sub-indicators for AI, digital and green skills. Together, these components balance an economy's potential with real-time hiring signals.

Future of Work is forward-looking by design. It identifies where economies are positioned for the next phase of labour-market transformation, rather than reflecting current employment or wage outcomes.

In the data, the highest-performing economies are those where occupational structures are already aligned with AI augmentation, and where employer demand reinforces this direction. When an economy's readiness and demand become misaligned, pressure builds, either through unmet hiring needs or underutilised workforce potential.

Future of Work

Figure 13. Future of Work: The top 10

Future of Work rank	Economy	Future of Work score	AI Workforce Transformation Index (Sub indicators)	AI-Demand sub-indicator (Sub indicators)	Digital-Demand sub-indicator (Sub indicators)	Green-Demand sub-indicator (Sub indicators)	Skills Demand (Sub indicators)	Overall rank	Skills Alignment rank	Future of Work – Skills Alignment gap	AI Workforce Transformation Index tier	Future of Work profile
1	United States	100.0	99.4	94.5	100.0	95.6	96.7	1	1	0	Augmentation-led	Balanced
2	Germany	99.0	95.7	100.0	89.0	97.8	95.6	4	7	+5	Augmentation-led	Balanced
3	Australia	98.0	98.8	52.7	92.3	73.6	72.9	2	4	+1	Augmentation-led	Balanced
4	United Kingdom	97.0	100.0	36.3	96.7	76.9	70.0	3	2	-2	Augmentation-led	Balanced
5	India	96.0	89.5	92.3	98.9	91.2	94.1	13	18	+13	Balanced	Future of Work ahead of Skills Alignment
6	France	95.0	93.2	80.2	73.6	94.5	82.8	11	13	+7	Balanced	Balanced
7	Canada	94.1	95.1	58.2	95.6	75.8	76.6	5	6	-1	Augmentation-led	Balanced
8	Israel	93.0	98.1	87.9	67.0	44.0	66.3	23	28	+20	Augmentation-led	Future of Work ahead of Skills Alignment
9	Sweden	92.0	93.8	84.6	68.1	71.4	74.7	14	21	+12	Balanced	Future of Work ahead of Skills Alignment
10	Singapore	91.1	97.5	50.5	86.8	60.4	65.9	12	14	+4	Augmentation-led	Balanced

The United Kingdom, United States, Australia, and Germany lead because their occupational structures are augmentation-dominant: large shares of the workforce sit in roles where AI amplifies judgement, creativity and complex problem-solving rather than replacing them.

The gap between Future of Work rank and Skills Alignment rank identifies where pressure is building between labour markets and education systems. Large positive gaps signal where labour markets have the potential to transform faster than education systems can adapt. Economies with large positive gaps, such as India (+13) and Israel (+20), signal strong potential for rapid labour-market transformation without matched skills supply. Without adjustment, this risks turning future opportunity into friction, where demand for advanced skills rises faster than systems can respond.

Future of Work

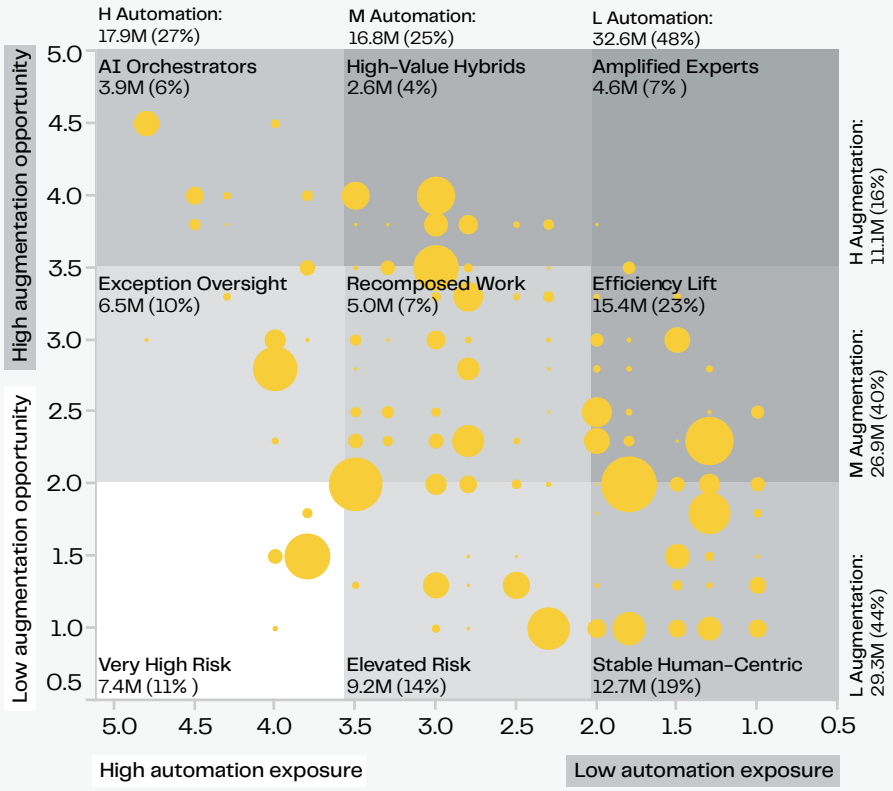
The augmentation–automation divide

Figure 14. The augmentation–automation divide

Source: QS World Future Skills Index 2027

QS Labour Market Intelligence provides a useful broader mapping of AI augmentation versus automation. The United States' workforce of 162.2 million people is in an optimistic position (Figure 14). A high density of the workforce is at low risk of automation, meaning their roles will not be replaced by AI. For those in the lower left quadrant, however, there is real peril that their role will not be required in the future.

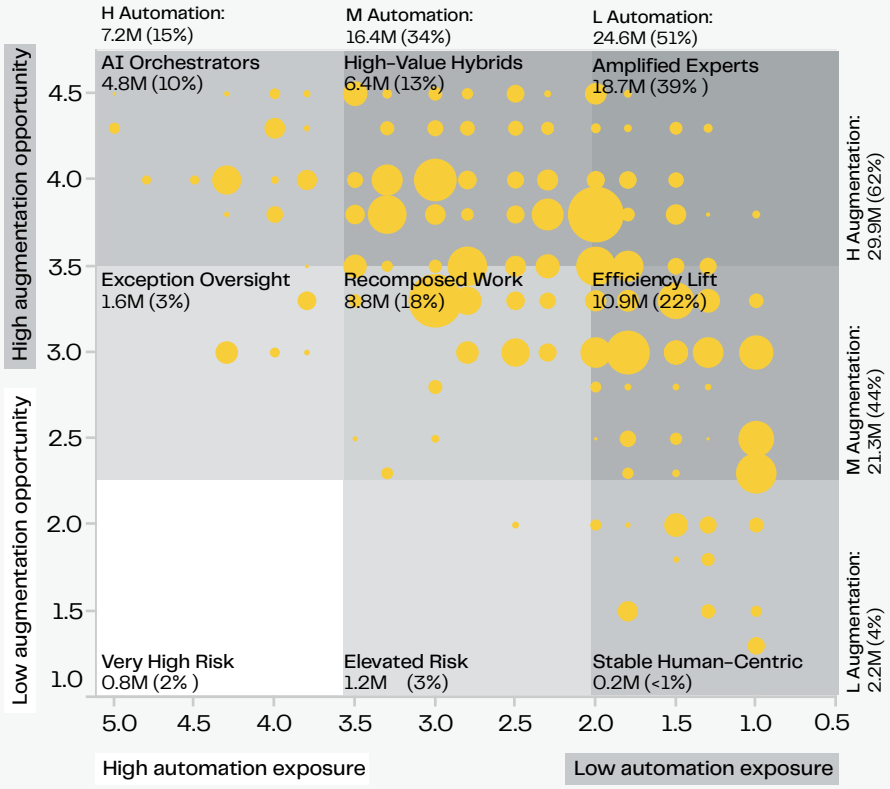
Figure 15. AI automation vs augmentation impact by education level- high school diploma



Source: QS World Future Skills Index 2027

In the United States, exposure to automation and the potential for augmentation varies significantly by level of education (Figure 15 & 16). Overall, the outlook remains relatively positive, with most roles concentrated in areas of low automation risk. However, differences by education level are pronounced. Around 27% of roles held by those with a high school diploma are at risk of automation, compared to 15% of those with a bachelor's and master's degree. The gap is even wider when looking at augmentation: 62% of graduate-level roles are positioned to benefit from AI, compared to just 16% of diploma-level roles.

Figure 16. AI automation vs augmentation impact by education level–Bachelors/Masters



Source: QS World Future Skills Index 2027

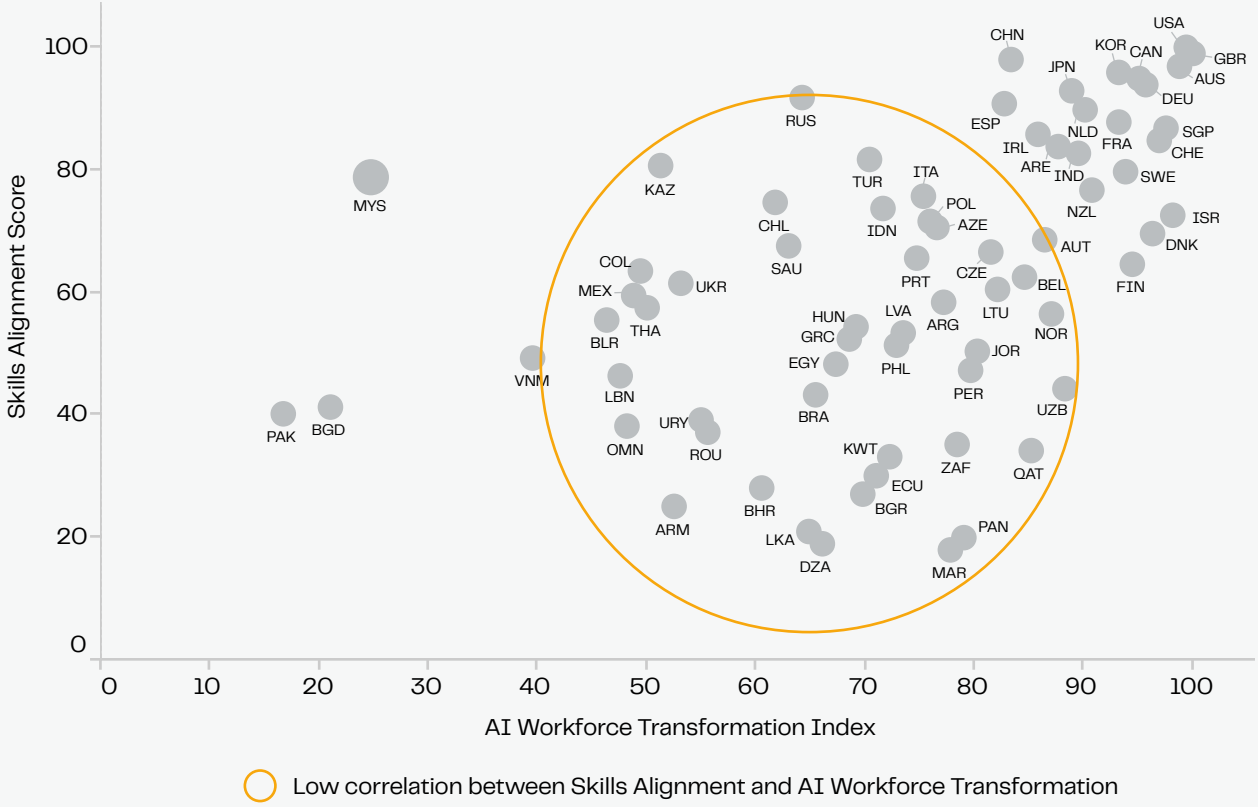
This masks a more uneven distribution of opportunity:

- Workers in roles with low augmentation potential, where tasks are neither easily automated nor significantly enhanced by AI, face a risk of stagnation. Such roles include farmers, childcare providers and hospitality. These roles are less likely to benefit from productivity gains or wage growth, and may become progressively less competitive as higher-augmentation occupations pull ahead.
- Roles with a low augmentation but high automation potential, such as telemarketers and bookkeepers, risk being made redundant as AI can complete the job role at a similar or lower cost.
- The biggest winners from an AI-enhanced future are those whose roles are augmented by AI, and cannot be automated. These roles are often strategy-level positions, engineers, or scientists.

Avoiding automation exposure is one avenue to be explored, but greater emphasis should be placed on enabling workers to move into roles where AI augments human capability. This places a premium on continuous skill development, particularly in capabilities that AI complements, such as problem-solving, judgement, communication and domain expertise. At the same time, economies must continue to support and value roles with low augmentation potential that remain essential to economic and social functioning, including agriculture, care, healthcare and hospitality. For individuals in these roles, access to upskilling and reskilling opportunities should be expanded, enabling greater flexibility and choice over how they adapt to changing labour-market conditions.

Does the supply of skills match AI augmentation potential?

Figure 17. QS AI Workforce Transformation Index vs Skills Alignment
Occupational positioning to capture AI gains against supply of employer-relevant skills from higher education



Source: QS World Future Skills Index 2027

For many economies, the relationship between skills supply and AI augmentation potential is weak (Figure 17). Several economies are producing graduates with strong employer-relevant skills, yet their workforce structures and occupations are not especially well positioned to capture the productivity gains from AI. Malaysia is one of the clearest examples. The country scores strongly for Skills Alignment, reflecting years of investment in higher education, technical training and digital capability, but its AI Workforce Transformation Index remains comparatively low; parts of the labour market are still concentrated in occupations less exposed to high-value AI augmentation. Kazakhstan shows a similar pattern. Universities and skills systems have developed quickly, particularly around STEM and technical disciplines, but the structure of the economy has not yet shifted at the same pace towards AI-intensive sectors and occupations.

Producing digitally capable graduates does not automatically translate into AI readiness. Economic structure, occupational mix, business adoption and innovation capacity increasingly determine whether those skills can actually generate productivity gains.

Future of Work

The geography of the augmentation–automation divide

An economy's exposure to AI augmentation versus automation depends largely on the occupational make-up of its workforce, which reflects its underlying industrial structure. High-income, service-led economies tend to be concentrated in roles where AI enhances human capability, while upper- and lower-middle-income economies, with larger shares of routine cognitive and manual work, are more exposed to automation risk.

North America and East Asia & Pacific show high median Future of Work scores, while South Asia and LATAM lag substantially, reflecting more automation-exposed labour markets. The scale of this gap is clear in the data, with a 30.7-point difference between high- and upper-middle-income economies — the largest observed across any indicator in the Index.

Figure 18.

Region	Number of economies	Future of Work (median)	Future of Work (top in region)	Leader
Europe & Central Asia	37	67.4	98	Germany
East Asia & Pacific	14	75.8	98	Australia
Latin America & Caribbean	13	46.6	83.2	Argentina
Middle East & North Africa	15	48.6	93	Israel
South Asia	4	30.3	96	India
Sub-Saharan Africa	4	64.4	64.4	South Africa
North America	2	97.1	100	United States

Figure 19.

Income Group	Number of economies	Future of Work (median)	Future of Work (top in group)	Leader
High-income	47	72.8	100	United States
Upper-middle-income	24	42.1	83.2	Argentina
Lower-middle-income	18	38.2	96	India

Future of Work

Key themes

Future of Work readiness reflects deep structural differences

The Future of Work indicator shows the widest variation across the Index. Economies such as the United States (100.0), Germany (99.0), Australia (98.0) and the United Kingdom (97.0) have workforces concentrated in roles where AI enhances productivity. Others remain more exposed to automation risk. These differences are shaped by long-standing industrial structures and occupational mixes, and are slow to change.

Gaps between AI potential and demand signal emerging pressure points

AI readiness and employer demand are not moving in step, and the gap between them is a forward signal of where pressure is building. Comparing the AI Workforce Transformation Index with employer demand for AI skills identifies where adjustment is lagging: the United Kingdom (100.0 vs 36.3) and Australia (98.8 vs 52.7) combine high readiness with lower demand, while economies such as Argentina and the Philippines show the opposite pattern.

In a balanced system, readiness and demand would align. Where readiness runs ahead of hiring, the overall structure of a labour market and, therefore, its propensity for augmentation is not yet reflected in the skills employers are demanding; where demand runs ahead, employers are responding to scarcity before the workforce has adjusted. Smaller advanced systems tend to show larger positive gaps, middle-income economies more often show negative gaps, and larger economies sit closer to alignment. The gap therefore provides an early indication of where adjustment is needed.

Future of Work

A focus on the United States

Market-driven occupational restructuring and the augmentation pathway

Figure 20. United States Future of Work profile

Metric	United States performance	Top 10 average	Status
Future of Work Score	100.0	95.5	▲ +4.5
AI Workforce Transformation Index	99.4	96.1	▲ +3.3
AI-Demand sub-indicator	94.5	73.7	▲ +20.8
Digital-Demand sub-indicator	100.0	86.8	▲ +13.2
Green-Demand sub-indicator	95.6	78.1	▲ + 17.5
Skills Demand	96.7	79.6	▲ +17.1

The United States achieves the second-highest AI Workforce Transformation Index score globally because of its market-driven occupational structure. Its economy is dominated by services sectors where AI augments rather than automates. Finance, technology, healthcare, professional services and creative industries all generate roles that require judgement, interpersonal capability and domain expertise.

The education system is broadly aligned to that structure. United States higher education supplies a large share of graduates into AI-augmentation-aligned fields such as STEM, analytics, healthcare, design and communications. 493 institutions in the United States are ranked for Life Sciences and Medicine in the QS World University Rankings by Subject; 291 for Data Science; 455 for Communication & Media Studies. This incredibly high capacity is the result of a decentralised response to employer demand: institutions expand high-demand programmes and contract fields with weakening labour-market returns.

The hidden vulnerability is that augmentation is not permanent. As AI capabilities deepen, some roles currently augmented may become more heavily automated. Identifying the workers that need reskilling ahead of time is key for governments, while universities need to utilise their capacity to enable lifelong learning opportunities.

Future of Work

Expert commentary from

Ben Webb, Executive Director, Americas, QS

The United States placing first globally is testament to the nation's higher education and economic leadership. American employers report the highest levels of satisfaction globally with the skills graduates have. The United States also benefits from a highly balanced performance across indicators, meaning that both supply of graduates and demand from employers is aligned.

However, there remain key areas for improvement. Despite their Skills Alignment score, higher education needs to strengthen the development of Human Cognitive Skills and Human-Centered Leadership skills, as there is a -13.0 and -12.2 gap respectively when measuring employer satisfaction relative to importance. One path forward is to place a greater emphasis on experiential learning models within traditional degree programmes.

Looking ahead, the United States also faces a challenge in Academic Readiness. As the international reputation and research quality of universities across the world continues to improve, the United States' position as the global leader in the QS World University Rankings is likely to see further decline. In the last 10 years, the median rank position for American institutions has shifted downwards from 391 in 2017 to 760 in 2027. QS Global Student Flows data forecasts a reduction in international student numbers to 840,000 in 2030. When coupled with tightening federal and state-level research budgets, this performance may well continue to decline.

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Deep dive: Economic Transformation

Economic Transformation measures the macroeconomic foundation of a territory. It captures an economy's capacity to convert human capital into productivity, innovation and growth, combining indicators of economic strength, workforce participation and future-oriented investment. Without the economic infrastructure needed to create high-skilled jobs and support innovation, talent cannot be converted into meaningful economic value.

The indicator aggregates 10 measures across three components: Economic Capacity (55%), including GDP growth, capital formation and infrastructure; Workforce Readiness (20%), including employment, labour-force participation and tertiary enrolment; and Future-Oriented Innovation and Sustainability (25%), including R&D intensity, demographics and environmental performance. By design, it is the slowest moving of the four indicators, capturing holistic economic conditions rather than short-term shifts.

Some economies can translate relatively modest academic capacity into strong economic output, while others with world-class institutions struggle to do so. The gap between these groups reflects the effectiveness of the systems that connect education, industry and investment, rather than the quality of higher education alone.

Economic Transformation

Figure 21. Economic Transformation: The top 10

Sub indicators

Economic Transformation rank	Economy	Economic Transformation score	Economic Capacity	Workforce Readiness	Future-Oriented Innovation	Academic Readiness score	Academic Readiness rank	Academic Readiness - Economic Transformation Gap	Overall Rank	Skills Alignment rank	Future of Work rank	Conversion Profile
1	China	100.0	99.4	83.5	85.1	91.8	13	-8.2	7	3	21	Over-converter
2	Taiwan	99.4	96.9	83.0	99.4	89.1	17	-10.3	16	23		Over-converter
3	United Arab Emirates	98.9	95.3	94.3	93.8	85.0	23	-13.9	17	17	23	Over-converter
4	South Korea	98.4	87.1	97.4	100.0	93.2	11	-5.2	6	5	15	Over-converter
5	Singapore	97.9	90.2	96.9	97.9	88.4	18	-9.5	12	14	10	Over-converter
6	United States	97.4	91.7	86.1	96.9	99.3	2	+1.9	1	1	1	Balanced
7	Denmark	96.9	92.3	91.2	93.3	87.8	19	-9.1	19	31	16	Over-converter
8	Australia	96.4	85.6	98.9	90.2	98.6	3	+2.2	2	4	3	Under-converter
9	Poland	95.8	88.7	94.8	85.6	84.4	24	-11.4	20	29	19	Over-converter
10	Norway	95.3	78.9	97.9	92.3	81.0	29	-14.3	30	44	33	Over-converter

Over-converters, such as China, Singapore and Saudi Arabia, are turning a weaker academic base into stronger economic output, typically through coordinated industrial policy, foreign-talent integration or technology transfer. Under-converting economies, including the United Kingdom, Italy and Greece, have strong universities but fail to translate research and talent excellence into economic output.

Economic Transformation reflects an economy's ability to convert educational capacity into measurable economic outcomes. This depends on a range of intermediary mechanisms, including industrial policy, university–enterprise laboratories, technology transfer infrastructure, venture capital availability, and export sophistication.

Economic Transformation

The geography of Economic Transformation: Where the conversion mechanism works

Economic Transformation shows the flattest regional and income-group distribution of the four indicators. China and the UAE demonstrate that Economic Transformation scores in the top decile are accessible to upper-middle-income economies when supported by coordinated policies that align capital investment, skills development and economic priorities (Figure 22). The narrower regional gradient also means Economic Transformation is the indicator where the gap between leading and lagging economies can be reduced most rapidly through effective policy reforms, achievable within a single electoral cycle.

Figure 22.

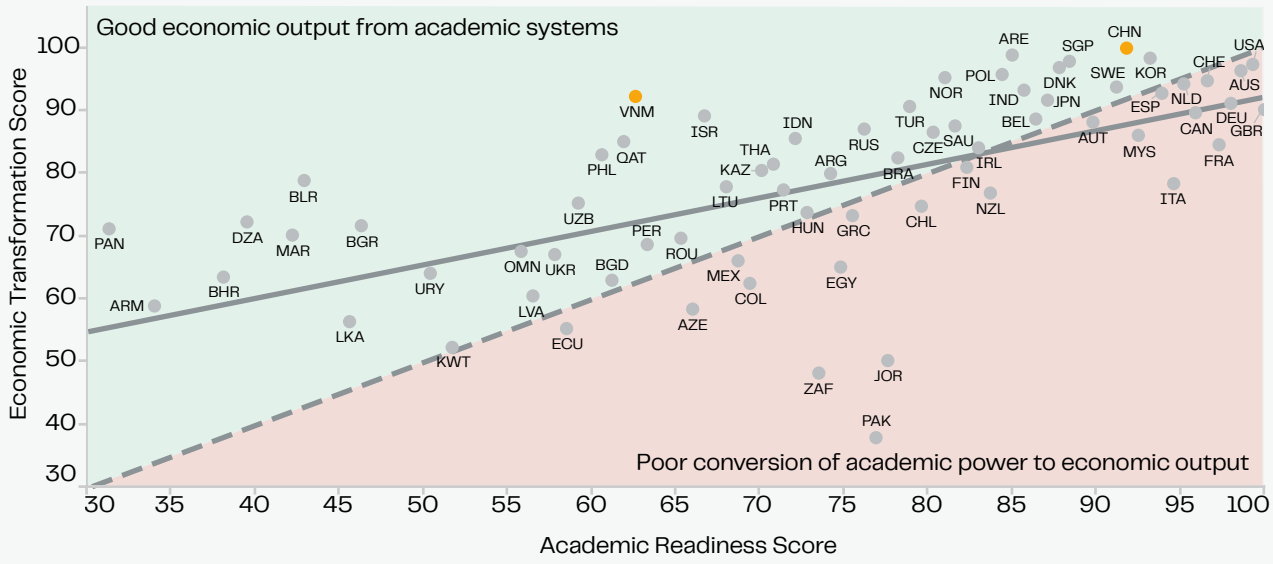
Region	Number of economies	Economic Transformation (median)	Economic Transformation (top in region)	Leader
Europe & Central Asia	37	80.5	96.9	Denmark
East Asia & Pacific	14	88.9	100	China
Latin America & Caribbean	13	65.6	82.5	Brazil
Middle East & North Africa	15	65.1	98.9	United Arab Emirates
South Asia	4	59.7	93.3	India
Sub-Saharan Africa	4	45.4	62	Kenya
North America	2	93.6	97.4	United States

Figure 23.

Income group	Number of economies	Economic Transformation (median)	Economic Transformation (top in group)	Leader
High-income	47	85.1	99.4	Taiwan
Upper-middle-income	24	67.9	100	China
Lower-middle-income	18	53.3	93.3	India

The conversion efficiency map: Turning academic capacity into economic transformation

Figure 24. Academic Readiness score vs Economic Transformation score



Source: QS World Future Skills Index 2027

China is the most effective economy in the Index at converting Academic Readiness into Economic Transformation (Figure 24). Vietnam also performs well above expectations for its income group, highlighting that transformation is not solely a function of economic size or wealth. France, meanwhile, sits below the trendline, reasserting that strong academic foundations alone do not guarantee corresponding economic outcomes.

Key themes

Conversion infrastructure, not academic strength, determines economic return

China, South Korea and the UAE lead on Economic Transformation despite lower Academic Readiness scores than some European economies. Their performance reflects how higher education, industrial policy and capital investment work together. In contrast, systems with strong universities but weaker coordination see lower economic returns from similar academic capacity.

Over- and under-conversion reflect different structural constraints

Countries such as China (100.0 vs 91.8) and South Korea (98.4 vs 93.2) convert skills into economic output more efficiently, supported by sustained investment and policy alignment. The United Kingdom (gap 9.8), Italy (16.2) and France (12.7) show the opposite pattern. These gaps point to differences in how talent connects to industry and capital, rather than differences in educational quality.

Economic Transformation

A focus on China

Industrial-policy-led conversion and the limits of state-directed transformation

Figure 25. China Economic Transformation profile

Metric	China	Top 10 average	Status
Economic Transformation Score	100.0	97.6	▲ +2.4
Economic Capacity	99.4	90.6	▲ +8.8
Workforce Readiness	83.5	92.4	▼ -8.9
Future-Oriented Innovation & Sustainability	85.1	93.5	▼ -8.3
Academic Readiness Score	91.8	89.9	▲ +1.9
QS AI Workforce Transformation Index	83.3	91.0	▼ -7.7

China demonstrates how academic and research excellence can be effectively translated into economic value through coordinated industrial policy. While China ranks 13th globally on Academic Readiness with a score of 91.8, it achieves a perfect score on Economic Transformation. The resulting 8.2-point gap is the largest among the top 10 economies and stands in stark contrast to countries such as the United Kingdom, Italy and France, where strong academic foundations are not matched by equivalent economic outcomes.

Sustained gross fixed capital formation as a share of GDP, state-directed infrastructure investment, and the deliberate alignment of higher-education subject mix with declared industrial-policy priorities under 'Made in China 2025' filters through into a near-perfect Economic Capacity score. However, Workforce Readiness and Future-Oriented Innovation & Sustainability are the two sub-indicators where China sits materially below its peer cohort.

China's growth model is being driven by capital and industrial coordination, rather than by workforce depth or innovation maturity. While this supports strong short-term performance, it also creates a potential imbalance, where without parallel gains in workforce capability and innovation systems, China may struggle to sustain productivity growth as the economy moves further up the value chain.

The AI Workforce Transformation Index score of 83.3 (-7.7 vs top 10) points to a deeper constraint, whereby China's workforce remains heavily concentrated in routine cognitive and manual roles, limiting the share of workers positioned to benefit from AI augmentation. This uneven exposure to technological change will see a smaller segment of the workforce in high-skill, knowledge-intensive roles capturing significant productivity and wage gains, while a much larger share faces displacement risk or limited upside. This creates the conditions for widening labour-market inequality, where the benefits of AI-driven growth accrue unevenly across the workforce.

Expert commentary from

Alice Wei,
Lead Consultant, QS

Buoyed by an excellent Economic Transformation score, China's economy has the requisite investment capability and economic momentum to make full use of highly skilled graduates, however its domestic workforce is at risk of AI automation (Future of Work 80.2) as a result of its industrial mix – nearly 25% work in agriculture, and a further ~20% work in manufacturing, two industries at high risk of automation.

China has executed the most rapid expansion of higher education capacity in human history, moving from mass access to approaching universal participation in two decades. The Education Blueprint 2035, released in January 2025, signals a strategic shift from quantity to quality, with curriculum realignment removing programmes misaligned with economic needs and adding programmes in AI, advanced materials, and interdisciplinary engineering. The system's strength is scale, STEM orientation, and the world's highest volume of research publications. Its weaknesses are consistency across the mass tier, graduate oversupply in non-technical fields, and a pedagogical culture that rewards conformity over originality.

QS data indicates a shift in the relative positioning of Chinese institutions within global rankings over time, with the median Employer Reputation rank improving from 1,291 in the QS World University Rankings 2022 to 791 in 2027, and median Citations per Faculty rank from 258 to 140 since 2016. These movements reflect both changes within the Chinese system and broader dynamics across global higher education, including the performance of peer institutions and methodological evolution. Together, they point to a system gaining greater visibility and recognition among employers and academic peers, even as underlying structural challenges remain.

China's Index profile is distinctive: very high on Academic Readiness and Economic Transformation, more variable on Skills Fit (reflecting critical skills shortages), and complex on Future of Work (reflecting simultaneous AI leadership and domestic labour market disruption). China has ample opportunities to succeed in the future global economy. In the short-term, China can capitalise on political headwinds facing the 'Big Four' to redirect global talent flows into industries with significant skills gaps. QS Global Student Flows data highlights Thailand, Pakistan and Vietnam as key sources of talent supply into China through to 2030, with over 120,000 students from these countries expected to study in China. Longer term, China must maximise its global standing and strong higher education sector to build coordinated research-industry hubs across the country and wider Asia Pacific region.

Explore China's performance in more detail

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Conclusion

The global trajectory

An economy's future readiness is a product of how effectively higher education, labour markets and economic policy reinforce one another. Across the 89 economies analysed, the most persistent constraints on future readiness arise when institutional capacity, talent and economic opportunity evolve at different speeds. Where that alignment breaks down, the result shows up as skills shortages, graduate underemployment and missed economic potential.

As technological change accelerates, the ability to align supply-side capability with demand-side requirements will become an increasingly important source of competitive advantage. In this context, future readiness is not simply about developing stronger education systems or more dynamic economies. It is about ensuring that talent, jobs and economic strategy evolve together.

The economies best positioned for long-term success will be those that can translate skills into productivity, innovation and growth through a coherent and connected future skills ecosystem. For others, the challenge is unlikely to be a lack of investment alone, but the ability to create stronger alignment across the system as a whole.

Key recommendations

Governments and policy makers

- Design and deliver higher education and industrial policy as a single, coordinated agenda, with international student and talent flows viewed as a short-term lever to close critical skills gaps and drive economic growth. Aligning mobility with skills provision and workforce demand in priority sectors will help address critical skills shortages and support long-term economic growth and competitiveness.

- Prioritise investment and international positioning in the faculties and subject areas most closely aligned with national growth sectors. Singapore (AI, financial services), the UAE (advanced energy, AI), South Korea (semiconductors, advanced manufacturing) and Switzerland (precision manufacturing, life sciences) deliver top 25 economic outcomes on substantially smaller higher education bases than the United States, United Kingdom or Germany.

- Develop proactive workforce transition pathways for occupations at risk of displacement. In the United States, approximately 27% of lower-skilled roles are exposed to automation, compared with 15% of graduate-level occupations. Without targeted intervention, this disparity is likely to increase.

Employers

- Engage with higher education and government policy leaders through established networks to build connectivity across the research and talent value chains. Enhanced coordination can accelerate the translation of research into economic impact, strengthen talent pipelines, and support long-term competitiveness in priority growth sectors.

- Align workforce transformation with AI investment by redesigning jobs and workflows in step with technology deployment. Tracking task-level change within job roles will enable organisations to identify where augmentation is giving way to automation and take timely action on workforce planning, skills development, and talent redeployment.

Universities

- Strengthen the alignment between programme portfolios and priority industries. This includes expanding applied research partnerships, embedding employer input into curriculum design and governance, and ensuring programmes evolve in line with labour-market demand.

- Build faculty- and subject-level reputation deliberately, in the disciplines where your domestic economy holds industrial advantage. Institutional brand attracts global talent and research collaborations, but hiring and investment decisions are driven by recognised strengths in strategically important fields, notably AI, digital technologies and the green transition.

- Prioritise human-cognitive and leadership skills when updating curricula and designing courses. This requires a shift towards experiential learning, applied projects, interdisciplinary collaboration and industry-embedded delivery. Expanding placements, live industry briefs and leadership development programmes can help students build the judgement, communication and decision-making capabilities employers report as lacking. All top seven economies show double-digit employer satisfaction gaps in these areas. This also creates an opportunity for humanities disciplines to play a greater role in workforce development, particularly when combined with adjacent technical, digital or sector-specific expertise.

- For advanced higher education systems, there is clear opportunity to extend your model through TNE partnerships. Economies constrained by the capacity of their higher education systems should view TNE as a key lever for expanding talent supply and supporting economic diversification.

Students and learners

- Prioritise subject-level outcomes, not just overall institutional reputation. In a shifting labour market, programme quality and alignment to high-demand sectors increasingly determine employment prospects and long-term earnings.

- Develop adaptable capabilities alongside technical expertise. Employers increasingly value human, cognitive and leadership skills, making continuous learning, adaptability and effective communication essential for long-term career success. Students should consider how their study choices balance specialist expertise with the development of these capabilities. Arts and humanities disciplines may become increasingly valuable in this regard, particularly when complemented by technical, digital or professional skills.

The QS integrated diagnostic assessment

From insight to execution:
Aligning skills, workforce and growth

Request a consultation with our team

Diagnose the gap

The QS World Future Skills Index 2027 identifies where education supply and labour-market demand are misaligned – powered by the QS AI Workforce Transformation Index, QS skills demand data and the QS Employer Reputation Survey.

Pinpoint advantage

QS World University Rankings by Subject and the QS World University Rankings define national and institutional strength. QS Stars validates programme-level performance, where employability is won.

Design transformation

QS Consulting turns data into delivery. We conduct national reviews, portfolio and curricula optimisation, TNE strategy and workforce-transition design for governments, institutions and employers.

Attract talent

QS supports governments and institutions to understand global student demand and talent flows, enabling them to attract the international students and skilled graduates needed to address critical skills gaps. Drawing on QS Global Student Flows and recruitment insights, we help markets position themselves competitively and build sustainable talent pipelines.

Align the system

QS conferences convene ministers, universities and employers to act on a shared evidence base.

Deliver outcomes

A single, integrated pathway:

Diagnose Position Design Attract Convene Transform

From mismatch to augmentation-led growth

Methodology

The QS World Future Skills Index 2027 measures the structural alignment between higher education systems and labour market needs across 89 eligible economies. The framework rests on four equally-weighted indicators, each scored from 0 to 100 and aggregated to a composite Final Score. Source data is drawn from QS proprietary datasets (Employer Reputation Survey, World University Rankings, Best Student Cities, AI Workforce Transformation Index) and authoritative external datasets (World Bank, UNESCO UIS, ILO, OECD, Yale EPI).

Figure 26. Indicator framework – weights, components, source mapping

Indicator	Weight	What it measures	Primary sources
Skills Alignment	25%	Gap between supply of skills produced by higher education and demand expressed by employers, adjusted by Human Capital Index. Indexes the four QS Employer Reputation Survey skills clusters: cognitive, leadership, entrepreneurial and sustainability.	QS Employer Reputation Survey (proprietary); World Bank Human Capital Index
Academic Readiness	25%	Strength of higher education institutions, subject competitiveness, future skills provision and student city attractiveness. Composed of seven sub-indicators: institutional strength, subject competitiveness, AI / Digital / Green education output, top student city, student-city count.	QS World University Rankings 2027; QS World University Rankings by Subject 2026; QS Best Student Cities 2026
Future of Work	25%	Potential for the economy to be augmented or disrupted by AI, plus current employer demand for AI, Digital and Green skills. The proprietary QS AI Workforce Transformation Index carries 70% of the indicator weight; the AI / Digital / Green demand sub-indices carry 10% each.	QS AI Workforce Transformation Index (proprietary, ISCO-08 occupational taxonomy); QS Jobs Demand Index (proprietary)
Economic Transfor-mation	25%	Macroeconomic capacity, workforce readiness and future-oriented innovation & sustainability. 10 sub-indicators across GDP growth, capital formation, labour productivity, unemployment, labour force participation, tertiary enrolment, R&D intensity, youth share and environmental performance.	World Bank (GDP, GFCF, labour); ILOSTAT (employment, productivity); UNESCO UIS (tertiary enrolment, R&D); Yale EPI

Methodology notes

1. Eligibility

89 economies meet the eligibility criteria for the full 2027 Index: at least one ranked university in the QS World University Rankings 2027, a minimum employer-reputation sample threshold, and complete macro-data coverage for all 10 Economic Transformation indicators.

2. Normalisation

Each sub-indicator is converted to a 0–100 scale using either rank-based percentile normalisation (for ranked datasets such as QS World University Rankings) or min–max scaling against the global eligible set (for continuous macro indicators). Z-score adjustment is applied where outlier influence requires bounding. Inverted indicators (e.g. unemployment) are reversed so that higher = better in all cases.

3. Aggregation

Indicator scores are computed as weighted means of their sub-indicators, then rescaled 0–100 against the eligible cohort. The composite Final Score is the equally-weighted (25% / 25% / 25% / 25%) average of the four indicator scores, again rescaled so that the top economy = 100.

Data sources & citations

All analytical findings in this report are sourced from QS proprietary datasets and authoritative third-party datasets listed below. URLs are provided for verification.

Indicator	Weight	What it measures	Primary sources
QS Employer Reputation Survey 2021–2025	Proprietary primary research	Skills Alignment	92,950 employer responses globally. Published annually as part of the QS World University Rankings methodology. topuniversities.com/world-university-rankings/methodology
QS AI Workforce Transformation Index 2026	Proprietary analytical product	Future of Work	1,890 occupations from the QS occupation taxonomy mapped to O*NET, ISCO-08 and others, cross-referenced with employer demand. qs.com/insights
QS World University Rankings 2027	Proprietary ranking	Academic Readiness	1,500+ ranked institutions across 100+ locations. topuniversities.com/world-university-rankings
QS World University Rankings by Subject 2026	Proprietary ranking	Academic Readiness	1,500+ ranked institutions across 55 discipline subject areas. **topuniversities.com/university-subject-rankings**
QS Best Student Cities 2026	Proprietary ranking	Academic Readiness	150+ cities ranked across affordability, desirability, employer activity, student mix. topuniversities.com/best-student-cities
QS Jobs Demand Index	Proprietary labour-market signal	Future of Work	Real-time aggregation of employer-posted vacancies across AI, Digital and Green occupational categories.

Indicator	Weight	What it measures	Primary sources
World Bank Human Capital Index (HCI+)	External benchmark	Skills Alignment Economic Transformation	Composite measure of expected productivity per worker. **datatopics.worldbank.org/world-development-indicators**
World Bank Open Data	External benchmark	Economic Transformation	GDP growth, gross fixed capital formation, labour force statistics. data.worldbank.org
UNESCO Institute for Statistics (UIS)	External benchmark	Economic Transformation	Tertiary enrolment ratios, R&D expenditure as % of GDP. data.uis.unesco.org
ILOSTAT	External benchmark	Economic Transformation	Employment, unemployment, labour productivity, labour force participation. ilostat.ilo.org
Yale Environmental Performance Index (EPI) 2024	External benchmark	Economic Transformation (Green Readiness sub-indicator)	epi.yale.edu

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