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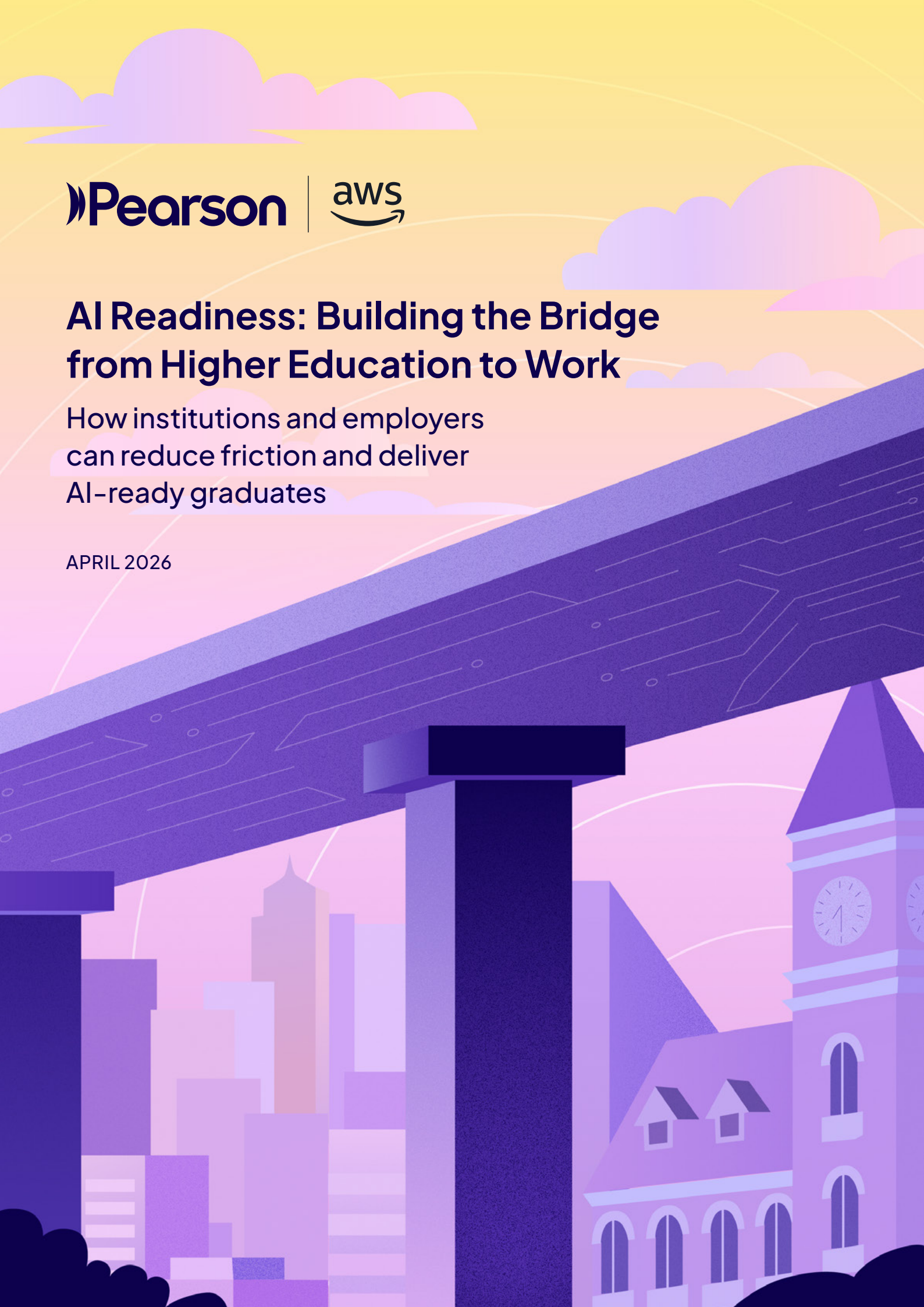
AI Readiness: Building the Bridge from Higher Education to Work

How institutions and employers can reduce friction and deliver AI-ready graduates

APRIL 2026



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Foreword

The transition from higher education into work has never been easy. But the rapid adoption of AI across industries is reshaping entry-level roles and raising the stakes for graduates, institutions, and employers alike. Two-thirds of learners, higher education leaders, and employers across six countries describe AI-driven workplace change as very fast or extremely fast. Only a quarter believe universities are keeping pace.

The challenge of ensuring learning translates into real-world capability is not new. But AI has amplified it, accelerated it, and made the cost of getting it wrong much more visible. What was once a familiar structural challenge is now an urgent one — where speed, alignment, and execution determine life outcomes, the competitiveness of economies, and whether universities remain the essential infrastructure through which both are built.

As the world's lifelong learning company, Pearson operates across the full learning-to-work continuum. We help learners build knowledge, skills, and confidence at every stage, but readiness is only proven when learning translates into capability at work. Today, graduates enter AI-shaped workplaces faster than curriculum cycles or governance models were designed to serve. Too often, what education signals as readiness does not align with what employers need — because access to AI tools does not equal applied readiness.

> **"There is no positive future AI scenario without a strong foundation in human learning."**

This research sets out to understand why the bridge between higher education and work is under such strain. If institutions and employers do not act now, the ability to deliver AI-ready graduates at pace will further erode. This report provides a clear diagnostic and a framework for action.

Tom ap Simon
President, Higher Education and Virtual Learning
Pearson

Foreword

The transition from higher education to the workplace has always been a critical juncture in a student's journey. Artificial intelligence is fundamentally reshaping how organizations operate and the skills they expect from new hires, making this transition more complex than ever before.

At AWS, we help educational institutions—from K-12 through higher education and the EdTech companies that support them—provide the education and experience lifelong learners need to thrive in the future workforce. We hear from higher education leaders around the globe that they are eager to collaborate with industry and ensure their students have the fluency to operate in an economy driven by AI. This shared vision is why AWS and Pearson partnered on this research. AWS brings insight into how AI is deployed across industries and institutions. Pearson brings expertise in learning science and curriculum design. Together, we're building bridges between classroom learning and workplace needs.

The data reveals an important opportunity: employers are seeking graduates with communication, collaboration, and adaptability skills alongside technical AI capabilities. Faculty are actively building AI expertise to create more consistent student experiences. With structured opportunities to apply AI tools critically, students can develop the judgment that both education and industry value.

This research presents frictions that higher education leaders and employers reported they face as they seek to move forward with their AI plans. By addressing these barriers across the learning-to-work pathway, education institutions, and industry partners can empower graduates and professionals to apply AI strategically, evaluate it critically, use it responsibly, and drive innovation confidently, and in so doing, be better positioned to lead this transformation together.

Kim Majerus
Vice President, Global Education and
U.S. State and Local Government
Amazon Web Services

Introduction

The global economy is at a critical inflection point, characterized by a restructuring of the relationship between human capital, technological capabilities, and institutional preparedness.

At the sharp end of this transformation is a graduate's transition from higher education into the professional workforce, a process long recognized as a source of significant systemic friction. Yet, this rite of passage is being revolutionized by the rapid adoption and maturation of artificial intelligence (AI) technologies. This technological paradigm shift is more than an incremental improvement in productivity tools; it represents a disruption that is redefining the nature of work, skill acquisition, and the role of universities.

Recent economic analyses underscore the magnitude of the stakes involved, indicating that inefficient career transitions and learning gaps contribute to annual losses of approximately $1.1 trillion in the United States alone, representing roughly 5% of its 2023 gross domestic product.[1] What researchers have referred to as a 'skills chasm' threatens to widen if systemic interventions are not implemented to synchronize the pathway from university-level education to entry-level employment given the requirements of an increasingly AI-driven economy.

AI is already impacting entry-level roles by automating what traditionally served as professional stepping stones. In fields most exposed to AI, such as software development and data analysis, the share of job postings requiring fewer than three years of experience has dropped significantly as employers hesitate to hire workers needing a learning curve.[2] Simultaneously, AI is disrupting the ways in which graduates navigate the hiring process. While the majority of students report using AI to craft cover letters, they also worry about their candidacy being lost in an increasingly automated labor market. There is growing evidence that learners today see the role of AI as having made it more, rather than less, difficult to transition into the workplace.

The demand for a workforce capable of orchestrating these tools is reaching new heights as AI systems move from laboratory environments into daily professional life.[3] The challenge, however, is not a lack of potential employment; the World Economic Forum (WEF) projects that while AI may displace 92 million jobs by 2030, it will simultaneously create 170 million new roles, yielding a net gain of 78 million positions.[5] The realization of this economic potential is dependent on the ability of the education-to-work pipeline to resolve not only the perception gaps, but also the operational misalignment in AI readiness capability across learners, educators, and employers. Additionally, experts have reported that the 'skills half-life' is dropping to 2–3 years,[4] which they argue has the potential to lessen the relevance of a university long-term degree program in favor of more narrow skill certifications.[5]

[1] Pearson (2025) Lost in Transition: Fixing the "Learn to Earn" Skills Gap. London: Pearson. Available at: https://www.pearson.com/en-gb/news-and-policy/reports/lost-in-transition.html [Accessed: 21 March 2026].

[2] Levanon, G., Sigelman, M., Mamertino, M., de Zeeuw, M. and Guilford, G. (2025) No Country for Young Grads. Burning Glass Institute. [Accessed: 21 March 2026].

[3] For example, the FDA's approval of over 200 AI-enabled medical devices, the deployment of autonomous vehicle fleets, retail organizations deploy AI for price optimization, marketing teams deploy AI for customer behavior prediction.

[4] Stanford University Institute for Human-Centered AI (2024) Artificial Intelligence Index Report 2024. Stanford, CA: Stanford HAI. Available at: https://hai.stanford.edu/ai-index/2024-ai-index-report [Accessed: 24 March 2026].

The evidence presented in this report illustrates a counter-trend to this skepticism about the value and role of higher education. Rather than a decline in relevance, we found a paradoxical strengthening of the degree's perceived importance across stakeholders: 63% of today's learners, educators, administrators, and employers view the degree as more essential today than five years ago. The university's role as a provider of durable knowledge and technical skills continues. Yet, as our data shows, this perception of the university's enduring relevance is not an argument for the maintenance of the status quo, rather it is an expectation for institutional evolution.

Collaboration between Pearson and AWS,[6] specifically through this AI Readiness report, seeks to provide a comprehensive framework for understanding and navigating this disruption. The objective is to move beyond a static description of the challenge and toward an evidence-based case for change that aligns the strategic goals of higher education (HE) institutions with the evolving demands of employers. Together, we define AI readiness as the human capability to work effectively alongside intelligent systems: an integration of functional AI proficiency, strategic intelligence, ethical stewardship, and critical human skills such as adaptability, communication, and judgment. **This report argues that AI readiness challenge is not a single skill gap, but a multifaceted transition challenge shaped by distinct friction points between higher education and an increasingly AI-driven workforce.** At its best, AI readiness strengthens the bridge from education to work. At its worst, its absence compounds longstanding weaknesses in that bridge.

The report's findings are drawn from a survey of 2,711 stakeholders comprising undergraduate students, educators, and administrators from across disciplines currently affiliated with public and private universities, as well as employers from small, mid, and larger firms. The respondents are drawn from across six countries, each representing a unique cross-section of educational philosophy, economic maturity, and AI adoption. Additionally, qualitative interviews with HE leaders provided an on-the-ground perspective and personal observations of the dynamics of AI readiness in the HE sector.

By synthesizing primary data with third-party reports from organizations such as the World Economic Forum, Stanford HAI, and UNESCO, this analysis establishes a descriptive, data-driven framework for understanding how diverse educational ecosystems are navigating the global AI transformation. Ultimately, the report provides an objective market comparison of Brazil, Malaysia, Saudi Arabia, the United States, the United Kingdom, and Vietnam by identifying and assessing six core frictions: Pace, Connection, Capability, Governance, Experience, and Skills through what this report refers to as the AI Readiness Friction Framework.

Collectively, the dataset informs an audit of the key friction points which are slowing progress; while the framework is designed to help institutions align on the education-to-work pathway with the speed the moment demands. Whether in the rapid, state-led digital transformations of Saudi Arabia[7] and Vietnam,[8] or, the legacy institutions of the United Kingdom and the United States, variations in approach and status reflect how diverse ecosystems are navigating the global shift catalyzed by AI technologies.

What follows is a diagnosis of contemporary conditions, with guidance to support every university, regardless of its current status, to synchronize its AI readiness pathway with speed.

Chapter 1

examines how fast AI is transforming the education-to-work pathway, where university responses are falling short, and what the most consequential misalignments are between university priorities and employer expectations of a graduate's experience and skills. It concludes with a consolidated portrait of the AI-ready graduate.

Chapter 2

shifts the analysis to four dimensions of the AI readiness divide: the scale and focus of university investment in AI; faculty capability as the primary vehicle for graduate AI readiness; the relationship between institutional behavior and student confidence; and, the governance challenges created when rules and practice are misaligned.

Chapter 3

introduces the AI Readiness Friction Framework consisting of six points at which the education-to-work transition most consistently breaks down. Case studies from across markets and institutional types illustrate how each friction point is being addressed.

The report concludes by integrating practical actions into the friction framework, for both HE leaders and employers. A connected co-creation model is suggested as the most impactful and efficient approach to build the bridge for effective AI readiness. To support leaders in this effort, we provide a set of reflexive questions to prompt diagnosis of where frictions are currently most acute.

[5] Coursera (2025) WEF Future of Jobs Report 2025 reveals a net increase of 78 million jobs by 2030 and unprecedented demand for technology and GenAI skills, 8 February. Available at: https://blog.coursera.org/wef-future-of-jobs-report-2025/ [Accessed: 8 February 2026].

[6] Pearson (2026) Pearson and AWS announce collaboration to unlock AI-powered personalized learning for millions of people globally, 8 February. Available at: https://plc.pearson.com/en-GB/news-and-insights/news/pearson-and-aws-announce-collaboration-unlock-ai-powered-personalized [Accessed: 8 February 2026].

[7] Arab News (2026) Saudi Arabia scales AI in national education, 12 March. Available at: https://www.arabnews.com/node/2633726/saudi-arabia [Accessed: 12 March 2026].

[8] Vietnam Briefing (2026) Breakthroughs in Vietnam's 2026 Education Regulations: Implications for FDI, 12 March. Available at: https://www.vietnam-briefing.com/news/vietnam-education-regulations-2026-implications-for-fdi.html/ [Accessed: 12 March 2026].

Chapter 1

The landscape of AI-driven education-to-work transformation

The accelerating pace of AI-driven change

> **“The biggest barrier is not the technology. It’s the mindset and the governance. Universities are built to be slow, to be reflective. But AI is fast. That friction between the slow institution and the fast technology is where the gap is created.”**

Graça Carvalho, University College London (UCL)

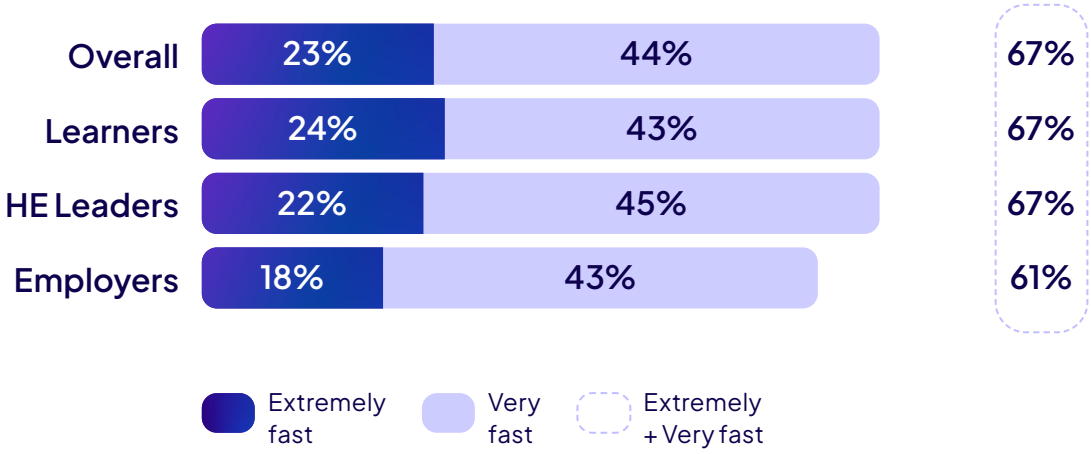
Students, educators, and employers are standing at the epicenter of a high-velocity AI transformation. Across the globe, the rapid integration of AI into workplaces is outpacing the adaptive capacity of higher education. Universities face an existential choice: accelerate the cadence of curriculum transformation, or risk graduating cohorts of students who aren’t properly equipped for the rapidly transforming AI-enabled workforce.

There is little doubt that AI-driven transformation is impacting the full education-to-work talent pipeline, with a heightened expectation of the university system. Approximately 67% of survey respondents categorize the pace of AI-driven change as **“extremely” or “very” fast, with 70% of higher education leaders expecting this pace to accelerate over the next two years.**

The dynamics of AI-driven workplace transformation may be universal, but the intensity of the experience varies by geography.[9] The perception of an "extremely fast" pace is most pronounced in markets where AI investment is understood to be high and where technological adoption is being actively accelerated. In Saudi Arabia, all stakeholder groups report the highest "extremely fast" ratings in the study, peaking among HE leaders, reflecting a national context driven by aggressive, state-led investment in AI infrastructure and a workforce undergoing rapid top-down transformation.

Similarly, elevated ratings across learners and employers in Vietnam and Brazil are consistent with economies where AI is being diffused and adopted more quickly across industry sectors.[10] Conversely, the comparatively lower ratings reported by stakeholders in the US (19%) and UK (20%) do not indicate a lack of transformation; rather, they reflect a more distributed pattern of AI integration across a complex and fragmented employer landscape, where transformation is already underway but experienced unevenly across sectors.

Perceived pace of AI-driven workplace change



Q. Thinking about how AI is impacting the workplace and workforce requirements, how would you describe the pace of AI-driven change you are currently experiencing?

Sample Size: *Overall – 2,711, Learners – 1,955, HE Leaders – 452, Employers – 304*

[9] CBHEF (2025) The AI workforce moment is here: here is how business and higher education are leaning in together, 8 February. Available at: https://www.bhef.com/article/blog/2025/the-ai-workforce-moment-is-here-here-is-how-business-and-higher-education-are [Accessed: 8 February 2026].

[10] Microsoft AI Economy Institute (2025) Global AI Adoption 2025. Redmond, WA: Microsoft Corporation. Available at: https://www.microsoft.com/en-us/corporate-responsibility/topics/ai-economy-institute/reports/global-ai-adoption-2025/ [Accessed: 25 March 2026].

Universities are challenged to keep pace

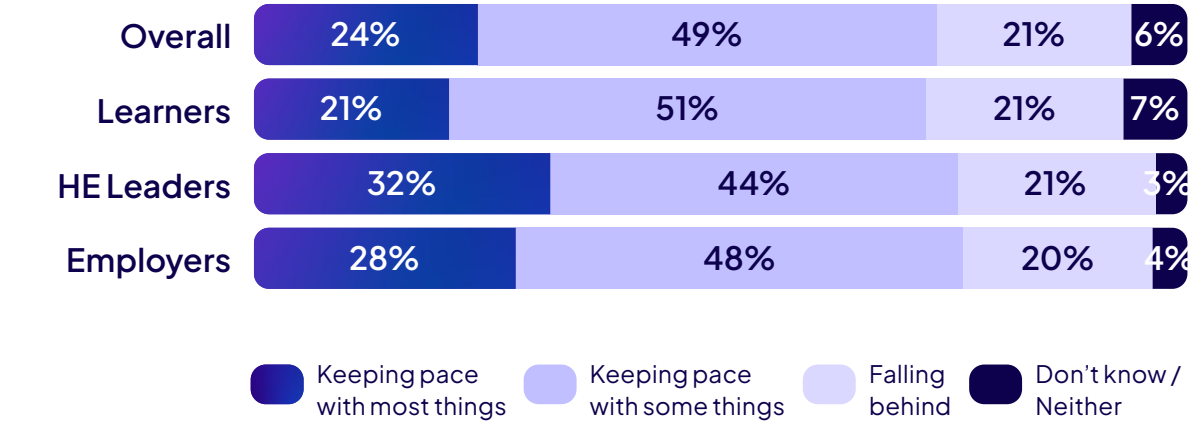
> **“I see things in companies that are maybe one to two years out for higher education and that informs my attempts to make wiser decisions at our university. I try to think about what our students are going to walk into if they go work for any of these types of companies; I think it’s going to be a very different landscape.”**

Joe Yun, University of Pittsburgh

A foundational promise of the modern university is to equip students with the skills required to succeed in the workforce. To fulfill this role, universities must remain aligned with the realities of that workforce. Today, there is a significant disconnect between the pace of market change and the speed of institutional response.

Despite an overwhelming consensus on the fast pace of change, only 24% of stakeholders believe that universities are keeping pace with most or all of these developments. In the UK, a mere 13% of students believe their universities are keeping pace, below the overall survey average for learners (21%). While students and HE leaders in the US and the UK broadly mirror one another in terms of their perception of the university’s readiness, this is not the case for other countries in the survey. For instance, in Saudi Arabia, the perception gap is alarmingly wide, with only 21% of learners believing universities are keeping up, compared to a more confident 62% of HE leaders.

Views on university responsiveness to AI change



Q. Which of the following statements is closest to your view?

Sample Size: *Overall – 2,711, Learners – 1,955, HE Leaders – 452, Employers - 304*

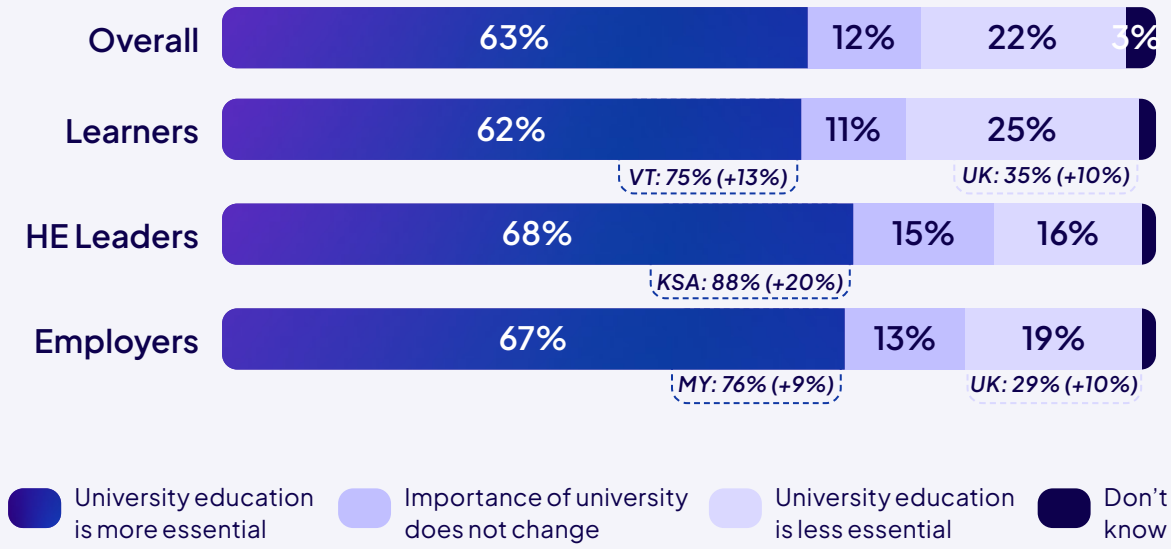
This struggle to keep pace is partially due to the historical design of the university, as Graça Carvalho, from University College London (UCL) told us: "Universities are built to be slow, to be reflective… AI is fast". This misalignment of macro-system velocity and the university preparedness indicates that the linear, multi-year cadence of traditional curriculum development is out of sync with the iterative demands of technological innovation and the rapid diffusion of generative AI in the workplace. Universities are falling behind not because of lack of will, but because the architectural governance of higher education was not designed to deliver at the pace of AI.[11]

The evolving value of higher education

> **"For the first time, universities can scale and personalize at the same time. That has never happened in human history. We know how to scale. We know how to personalize. We have the Oxford Cambridge model.[12] We have the University of Illinois kind of scaling model. So it's going to be great if we learn to use it well."**

Dr. Raj Echambadi, Illinois Institute of Technology

Perceived importance of university education in the AI era



Q. Which of the following statements is closest to your view about higher education in the context of AI?

Sample Size: *Overall – 2,711, Learners – 1,955, HE Leaders – 452, Employers – 304*

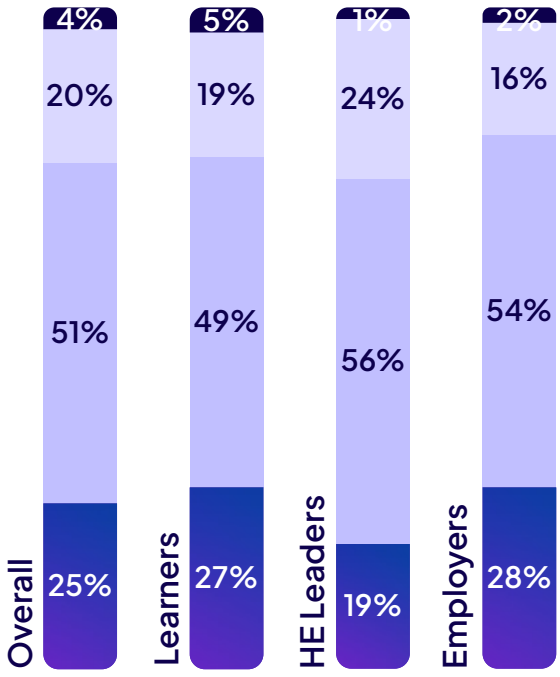
[11] Rosowsky, D. (2026) 'The 60-year degree: why universities must pivot from recruitment to perpetual partnership', Forbes, 21 March. Available at: https://www.forbes.com/sites/davidrosowsky/2026/03/21/the-60-year-degree-why-universities-must-pivot-from-recruitment-to-perpetual-partnership/ [Accessed: 21 March 2026].

Despite the prevailing sense that universities are lagging behind market change, 63% of total survey respondents (68% of HE leaders / 67% of employers) believe that AI developments make a university education more essential, not less. This paradoxical strengthening of the degree's importance is partially explained by the university's role in developing the compound skillset required to navigate a transformed workplace.

As industry deploys AI to automate the routine, repetitive tasks that once characterized the first years of a career, entry-level roles are being redesigned.[13] Graduates must now enter the workforce with a level of evaluative judgment, collaborative skill, and adaptability previously reserved for senior staff. The university's new mandate is to equip today's students with a blend of these critical human skills with the functional proficiency to use new technologies productively in the workforce.[14]

Consequently, employers are shifting how they measure the value of a degree in the context of AI. It is increasingly expected to be an indication of a graduate's formal education as well as their practical experience. Rather than a definitive shift away from formal university education to a narrower vocational experience, the majority of stakeholders advocate for a hybrid approach (51%). HE leaders are the strongest proponents of this approach, peaking amongst US (67%) and Saudi Arabian (72%) leaders. Certainly, a small segment of employers and learners currently view practical work experience alone as the best foundation, but this does not signal a wholesale dismissal of higher education. In fact, for 71% of all survey respondents, access to a university education continues to be crucial for career readiness.

Preferred foundations for AI-enabled careers



Q. Which of the following statements is closest to your view about preparing for AI-enabled workplaces?

Sample Size: *Overall – 2,711, Learners – 1,955, HE Leaders – 452, Employers – 304*

- Don't know
- University education (only) provides the best foundation for AI-enabled careers
- Both university education and practical work experience are equally important for AI-enabled careers
- Practical work experience (only) provides the best foundation for AI-enabled careers

[12] The Oxford Cambridge model features small-group teaching and intense individualized student-tutor interaction with a very high workload. The University of Illinois model focuses on simulation-based learning as well as Universal Design for Learning to create learning environments that address the diverse needs of learners.

[13] World Economic Forum (2025) Educating a future workforce that will match AI disruption, 8 February. Available at: https://www.weforum.org/stories/2025/10/education-disruptive-ai-workforce-opportunities/ [Accessed: 8 February 2026].

[14] Bearman, M., Tai, J., Dawson, P., Boud, D. and Ajjawi, R. (2024) 'Developing evaluative judgement for a time of generative artificial intelligence', Assessment & Evaluation in Higher Education, 10 April. DOI: 10.1080/02602938.2024.2335321.

Connecting the AI-ready graduate with the workforce

The current moment presents universities with a historic opportunity to lead by cultivating graduates with the capability to combine technological fluency with the creative problem-solving, communication, collaboration, adaptability and human-AI judgement skills that employers value, from day one.

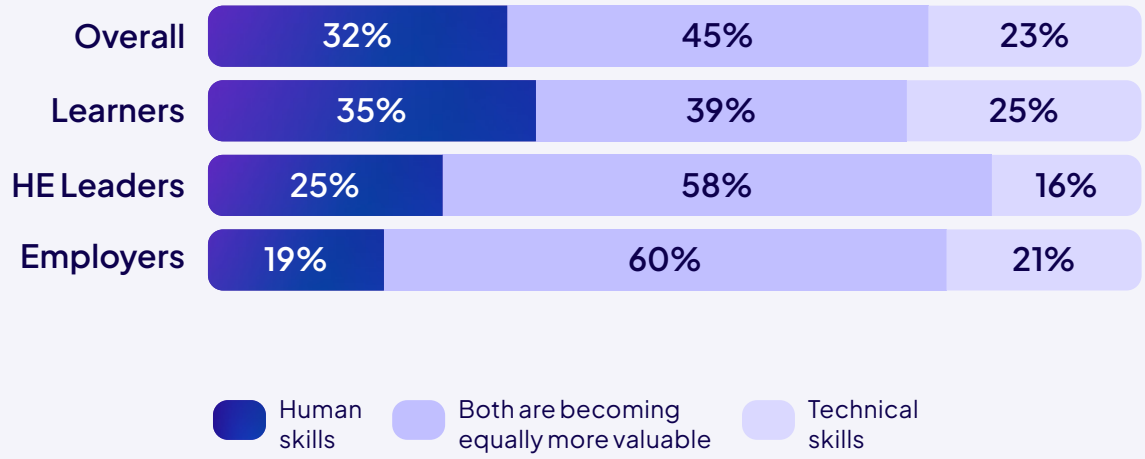
Although the university remains a vital foundation for career readiness, the perception of why it is valuable is shifting. In order to deliver on the university's role in equipping students for the workforce, clarity around employer expectations is imperative. Today, that alignment is not immediately evident.

While HE leaders are highly confident they are preparing graduates well, the data reveals a notable disconnect with what employers value and what students are prioritizing. More than 3 in 4 HE leaders (78%) believe that their graduates meet employer expectations, with 1 in 4 very confident. In fact, university administrators are even more optimistic than frontline educators, more frequently claiming their graduates actually "exceed expectations" (32% vs. 26%).

The employer's reality tells a different story. While stakeholders broadly agree that a balance of human and technical skills is needed, employers recognize that the future of work requires a hybrid approach: they are the most likely to see the value of a balanced skillset (60%) across capabilities and the least likely to expect that human skills alone (i.e., creativity, critical thinking, emotional intelligence, communication) are sufficient for an AI-driven economy.

Today's students, however, are not receiving that message clearly. Across degree programs and markets, students are less convinced that a hybrid skillset of technical and human skills is expected. Instead, they are fractured in their beliefs about which skills will be most valuable to the future workplace. In some markets, like the US and the UK, they are more likely to expect that critical human skills alone will be of most value.

Technical vs. human skills: perceived value in the AI era



Q. Thinking about how AI is changing workplaces, which type of skills do you believe are becoming MORE VALUABLE?

Sample Size: *Overall – 2,711, Learners – 1,955, HE Leaders – 452, Employers - 304*

Expectations of graduate skills competencies are misaligned

> **"We have to align the British model of depth with the American model of a broad core to create a 'T-shaped' graduate. If we aren't asking industry what they need, we are just an ivory tower."**

Dr. Raj Echambadi, Illinois Institute of Technology

The confusion amongst students is a symptom of a more systemic misalignment between higher education and industry. Employers are expecting universities to deliver on what higher education has historically been successful at: cultivating critical human skills, but now optimized for the AI-enabled workforce. Conversely, HE leaders, striving to keep pace with the modern workforce, are prioritizing technical AI proficiency too narrowly. When asked what skills should be prioritized for workforce entry, HE leaders cite a student's technical ability to use AI tools effectively (40%), followed by combining human judgment with AI capabilities (39%) and adaptability (36%).

They increasingly view the primary value of a degree not as a certificate of technical mastery, but as a signal of a graduate's ability to learn and adapt quickly (46%) and their capacity for creativity and innovative thinking (38%). This aligns with broader workforce trends. The McKinsey Global Institute predicts that although 57% of US work hours could theoretically be automated, most skills sought by employers today remain essential because they are the ultimate differentiators for humans-in-the-loop.[15] Indeed, employers rank communication and collaboration (50%) and adaptability (45%) as their highest priorities.

Yet, these are also the areas of greatest divergence: HE leaders undervalue communication and collaboration (-15%) and the need for adaptability (-9%) relative to employer demand. In nearly every market (especially the UK and Malaysia), employers value communication and collaboration skills more than HE leaders realize. Nevertheless, individual regional priorities vary. In the UK, there is a 27–point gap between the university's prioritization of communication and the employer's demand for it. In the US, a similar gap exists regarding adaptability, heavily demanded by employers but undervalued by HE leaders. In Vietnam, employers are searching for creativity and innovation, while for HE leaders this does not even make the top three skill priorities.

Adding further confusion is an internal divide between educators and administrators. Educators prioritize critical thinking (58% vs. 44%), while administrators are more likely to value deep specialist knowledge and expertise (41% vs 32%) suggesting different underlying views of what a degree is fundamentally for. Interestingly, Vietnamese HE leaders are a notable exception, seeing both critical thinking and deep specialist knowledge as equally important resulting in a comprehensive model of theory and practice that likely contributes to the high confidence (84%) reported by learners in that market.[16]

[15] McKinsey Global Institute (2024) Agents, robots, and us: Skill partnerships in the age of AI. Available at: https://www.mckinsey.com/mgi/our-research/agents-robots-and-us-skill-partnerships-in-the-age-of-ai [Accessed: 21 March 2026].

[16] Saudi HE leaders emphasize 'research skills and methodology' highest in the study (56% vs. 40%).

Key competencies for AI-ready graduates: employer vs educator views

AI skills Human skills

Market	Perspective	Priority 1	Priority 2	Priority 3
Overall	HE Leaders	AI tool use	Human judgment + AI capabilities	Adaptability
	Employers	Communication and collaboration skills	Adaptability	Human judgment + AI capabilities
Brazil	HE Leaders	AI tool use	Human judgment + AI capabilities	Critical AI evaluation
	Employers	AI tool use	AI risk awareness	Communication and collaboration skills
Saudi Arabia	HE Leaders	Adaptability	Innovative thinking	AI tool use
	Employers	AI tool use	Communication and collaboration skills	AI risk awareness
Malaysia	HE Leaders	AI tool use	Innovative thinking	Human judgment + AI capabilities
	Employers	Collaboration skills	Human judgment	Adaptability
United Kingdom	HE Leaders	Human judgment + AI capabilities	Adaptability	Communication and collaboration skills
	Employers	Communication and collaboration skills	Human judgment + AI capabilities	Adaptability
United States	HE Leaders	Communication and collaboration skills	AI tool use	Human judgment + AI capabilities
	Employers	Adaptability	Communication and collaboration skills	Human judgment + AI capabilities
Vietnam	HE Leaders	Adaptability	AI tool use	AI risk awareness
	Employers	Adaptability	Innovative thinking	Communication and collaboration skills

Q. HE Leaders: based on your understanding, which THREE of the following are MOST IMPORTANT to employers hiring graduates today?
Q. Employers: Which THREE of the following are MOST IMPORTANT when hiring graduates into your organization today?

Question asked among HE Leaders & Employers

Sample Size: *Overall – 2,711, HE Leaders – 452, Employers – 304*

Employers value theory and practice

“AI readiness is not only about having gone to an engineering or a computer science school. It’s someone with a curious mind who acknowledges the tools that are there, who is fluent in reading contextual business processes, and who can start thinking in innovative terms about how what exists may be adapted to make better decisions. Someone who can build bridges between the more technological fields and their day-to-day contexts.”

Prof. Mateus Canniatti Ponchio, Fundação Getulio Vargas (FGV)

When moving from abstract workforce expectations to actual hiring, employers face a critical roadblock. The primary barrier to hiring or integrating new graduates for AI-enabled roles is a deficit in practical application. Employers cite a lack of hands-on experience with workplace tools (42%) and the gap between theory and practice (41%) as their twinned greatest barriers to hiring. Interestingly, learners are aware of this deficit; reporting that the top way to increase the value of their degree would be to have more practical experience.

Key barriers to hiring and developing AI-ready graduates

Market	Top Ranked Barrier
Employers	Lack of practical experience with workplace AI tools
Vietnam	Gap between academic knowledge and workplace application
Malaysia	Insufficient technical AI skills in graduate candidates
United States	Lack of practical experience with workplace AI tools
United Kingdom	Gap between academic knowledge and workplace application
Brazil	Gap between academic knowledge and workplace application / Lack of practical experience with workplace AI tools
Saudi Arabia	Limited availability of suitable graduate candidates

Q. What, if any, are the main barriers your organization faces in hiring or developing graduates for AI-enabled roles?

Question asked among Employers

Sample Size: *Employers - 304*

Although institutions might be teaching students about AI, they are not substantially teaching students to learn with the specific tools that are used in professional environments. Consequently, universities are effectively deferring a critical component of education to industry. Because graduate hands-on tool experience is limited, employers are forced to absorb the cost and time of training, which protracts the time from hiring until the new hire effectively contributes to full economic productivity.

Ultimately, these gaps in expectation suggest that universities may be relying on theoretical, internal benchmarks to measure success, while employers are struggling with a practical skills deficit. The consequences are tangible: more than half of employers overall, rising to 69% in Malaysia, struggle to find talent with the right skills. Furthermore, one-third of all employers in large companies (2500+ employees) struggle most with the degree of competition in recruiting AI-capable talent, saying that they find it hard to communicate their workforce needs with HE institutions. Even when institutions are moving aggressively, they are struggling to meet the performance demands required by a labor market that is innovating at an extremely fast pace.

A portrait of the optimal AI-ready graduate

> **"The graduate of the future needs to have a mind that is not only disciplinary, but also ethical. They must be able to define the guardrails for the use of technology. If you don't understand the ethical implications of the data you use or the models you build, you risk to become a liability to your employer, but also to a broader society."**

Evgeniya Efremova, NYU Abu Dhabi

As universities struggle to keep pace with the changes driven by the AI-enabled workplace, the readiness of graduates to enter the workforce is at risk. The term **AI Readiness** is increasingly used but rarely defined with consistency across the education-to-workforce spectrum. Drawing on our understanding of the demands of employers, the strategic priorities of HE leaders, and the current behaviors of today's students, we have constructed a portrait of the ideal AI-ready graduate. For a contemporary graduate, readiness is a multifaceted construct that combines the following:

1. Functional Proficiency

From day one, graduates must arrive functionally fluent in workplace specific tools. Currently, 39% of employers say that 'hands-on' experience is the most essential change needed in education today. These graduates enter the workforce with a dossier of completed projects. They are able to take standard AI tools and apply them to a professional workflow, a skill that only 14% of current graduates report that they have achieved to a high level as an outcome of extensive university training.[17]

This set of skills represents the type of human-in-the-lead aptitude that employers demand. While across markets, learners prioritize the "ability to use AI tools effectively" as the top-rated requirement (29%) both employers and learners are increasingly invested in the "ability to evaluate and verify outputs" (22% and 23% respectively)

Key Competencies: *Ability to use AI tools effectively; Skills in prompting or instructing; Understanding of how AI technologies work*

2. Strategic Intelligence

The AI-ready graduate will have successfully cultivated the ability to identify exactly where AI adds value and where it creates risk, a skill that 1 in 3 employers today report is of high importance when hiring into their organizations.[18] They will have an appreciation for how AI can be deployed as something more than a productivity or efficiency shortcut. With a macro-level understanding of how AI impacts an industry vertical, they will be able to assess the value that AI brings above and beyond task execution with the competency to transform workflows.

This set of skills represents a graduate's ability to move beyond being a user of tools to a strategic operator within a business context. This ranges from identifying precisely where AI adds value to an understanding of its potential impact. Only a small fraction of employers today believe that graduates can identify where AI adds value to business processes, although 53% of students frequently use AI for core academic tasks.

Key Competencies: *Ability to identify where AI can create value; Understanding of AI's impact on a specific industry; Critical thinking about AI recommendations/outputs; Ability to work effectively alongside AI systems*

[17] MQ3_4R1: How to use AI tools effectively: To what extent are each of the following covered in your university studies? By this we mean taught in the context of your academic program vs any independent learning you might do separately.

[18] Q3_8EMP: Which THREE of the following are MOST IMPORTANT when hiring graduates into your organization today?

3. Ethical Stewardship

In an era of ubiquitous AI, the AI-ready graduate must be equipped to mitigate risk. They will understand bias, fairness, data privacy, and data integrity. They will be confident in navigating, and complying with, institutional and professional policies.

This set of skills involves a graduate's capability to serve as an ethical filter and a risk mitigation manager for employers, focusing on safety, integrity, and the ethical deployment of technology. While both learners and HE leaders report that ethics is widely covered in curricula, the specific ability to critically verify AI outputs is marked as a significant weakness by employers who rank it as graduates' weakest competency.

Key Competencies: *Critical thinking about AI recommendations/ outputs; Ability to evaluate and verify AI outputs for accuracy; Understanding of AI bias, fairness, and limitations; Data privacy and ethical considerations*

4. Critical Human Skills

The optimal graduate will possess a skillset that is valued for the things that AI cannot replicate. Aware that current models have a finite shelf-life, they will bring an adaptable, agile mindset and value opportunities to learn and ensure they remain relevant as the pace of change accelerates.[19][20]

Nearly two-thirds of employers (61%) state that critical human skills are equally important to functional AI proficiency and half of all employers rank communication and collaboration as their #1 requirement for graduates.

This set of skills represents a graduate's competency to provide what no AI model can: human judgement, creative thinking, collaborative and emotional intelligence. Whereas AI automates execution, the AI-ready graduate possesses the relational and cognitive capabilities to bring purpose and direction.

Key Competencies: *Adaptability and continuous learning mindset; Communication and collaboration skills; Creativity and innovative thinking; Complex problem-solving / Emotional intelligence*

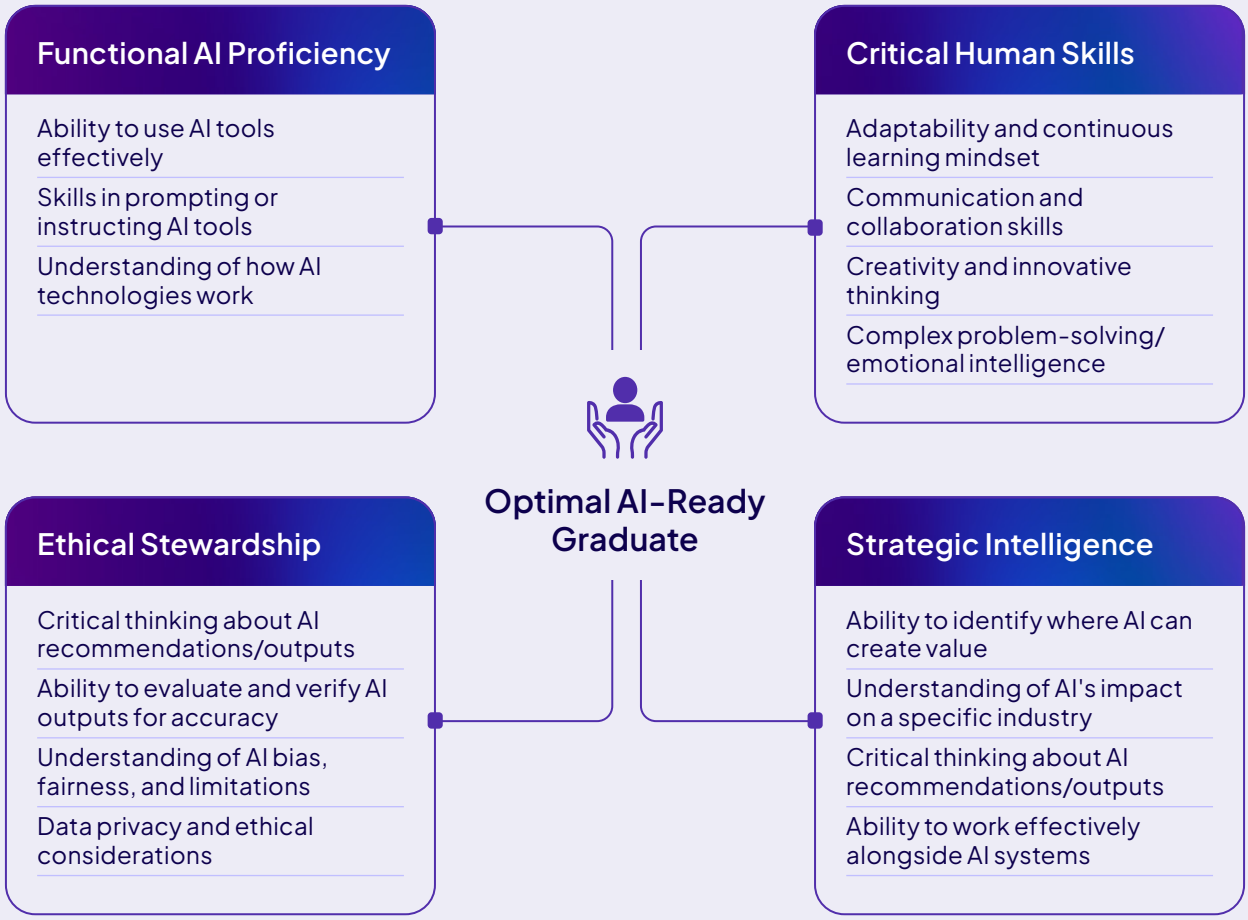
This archetype represents a consolidated vision that runs from matriculated student to workforce-ready graduate. Building a more effective path from the classroom to the workplace requires alignment on the key capabilities and relevant skill competencies. However, the evidence shows that developing the AI-ready graduate is currently at risk due to compounding frictions across the education-to-work ecosystem. Far from rendering university education obsolete, the advent of AI reaffirms its critical role in fostering the technical, strategic, ethical, and adaptable talent the workforce expects.

[19] Stanford University Institute for Human-Centered AI (2026) AI Index 2025: State of AI in 10 Charts, 12 March. Available at: https://hai.stanford.edu/news/ai-index-2025-state-of-ai-in-10-charts [Accessed: 12 March 2026].

[20] OECD (2025) OECD Skills Outlook 2025: Building the Skills of the 21st Century for All. Paris: OECD Publishing. DOI: 10.1787/26163cd3-en. [Accessed: 24 March 2026]

The optimal AI-ready graduate

Key capabilities and skill competencies[21]



[21] N.B. Some key skill competencies are essential across more than one domain of capability. For example, critical thinking about AI recommendations/outputs is a core skill required to generate strategic intelligence as well as to perform as an ethical steward of AI technologies.

Chapter 2

Progress towards institutional AI readiness: investment, faculty capability, and governance

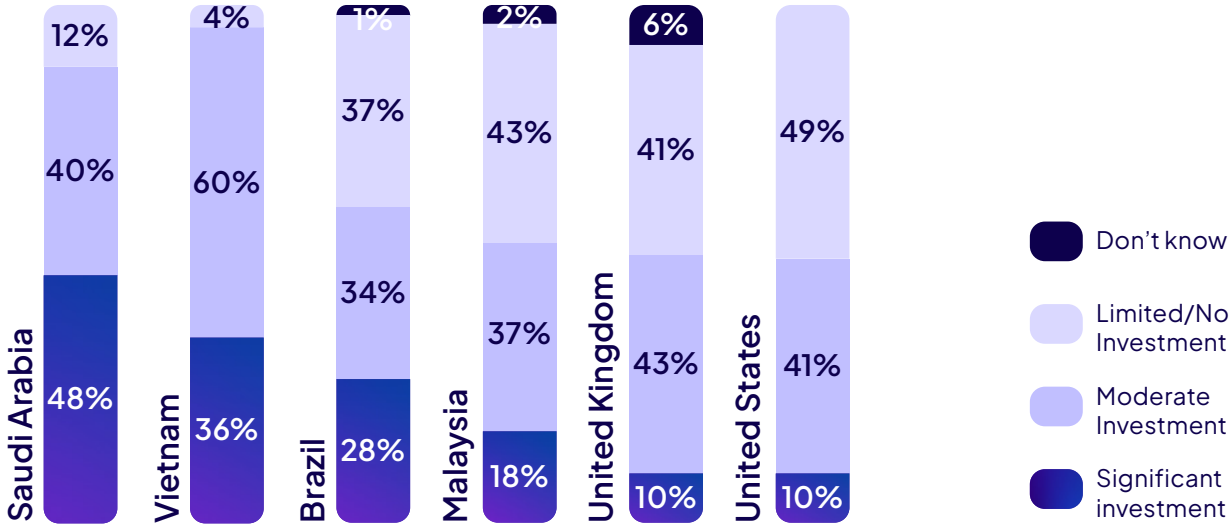
As institutions and learners attempt to adapt to a shifting technological landscape, the reality is characterized by uneven investment, a 'Wild West' of independent tool adoption, and significant regional disparities in perceived institutional preparedness to equip graduates with the experiences and skills that employers expect. Quantitative data reveals a disconnect between the high confidence of HE leaders and the experiences of employers, educators, and learners. The focus of our analysis is on four dimensions of institutional readiness: the scale and focus of AI-investment; the capability of faculty as the primary vehicle for graduate AI readiness; and the challenge of AI governance.

> **"We organize our AI strategy into three buckets: Operational Efficiency, Student Success, and Curricular Innovation. The first is about how we run the business of the university. The second is about how we support the student from recruitment to graduation. The third is the hardest—how do we change what we teach to reflect a world where AI is a co-pilot."**

Dr. Raj Echambadi, Illinois Institute of Technology

Institutional investment: scale, focus, and friction

Reported university AI investment levels



Q. How would you characterize your institution's current level of investment in AI?

Question asked among HE Leaders

Sample Size: *HE Leaders – 452*

The level of institutional commitment to AI varies markedly by market, ostensibly correlating with national AI strategies.[22] Overall, while 41% of HE leaders describe AI as an important priority with moderate investment, only 22% characterize it as a major institutional priority receiving significant resources. This figure is surprisingly low given that 70% of HE leaders say that they expect the pace of AI-driven change to accelerate over the next two years.

The scale of investment tells only part of the story. While every institution faces its own budgetary constraints and no two markets share identical investment strategies and priorities, the data reveals enough consistency across markets to identify distinct groupings, each sharing broad similarities in investment approach and strategic orientation. Equally important to the scale of the investment is where that investment is directed and whether it addresses the frictions that most hinder graduate AI readiness.

These divergences can be clustered into three archetypes, ranging from ambitious ecosystem integration to more inward-facing adaptation.

[22] Microsoft AI Economy Institute (2025) Global AI Adoption 2025. Redmond, WA: Microsoft Corporation. Available at: https://www.microsoft.com/en-us/corporate-responsibility/topics/ai-economy-institute/reports/global-ai-adoption-2025/ [Accessed 25 March 2026]

Three archetypes

High velocity strategists: Saudi Arabia and Vietnam

HE leaders in both Saudi Arabia and Vietnam report that they treat AI as core to their mission. Nearly half (48%) of HE leaders in KSA characterize their institutional investment in AI as significant and a major priority - the highest rate surveyed. Only 4% of HE leaders in Vietnam describe their investment as limited, the rest describe it as either significant (36%) or moderate (60%).

KSA leads all markets in investing in industry partnerships, with 59% of HE leaders citing this as a priority, over double the UK rate. Vietnam prioritizes high levels of investment in faculty training and curriculum design at much higher frequencies than their counterparts, moving rapidly to synchronize their programs with national digital transformation goals.

Incremental pragmatists: United States and United Kingdom

Only 10% of HE leaders in both the US and the UK describe their institution's investment in AI as significant. A substantial share of US and UK HE leaders (47% and 41%) report that AI receives limited or minimal resources, the lowest reported investment rates in the study.

The primary investment priorities for the US and the UK focus more inward on faculty training and academic integrity guidelines, with industry partnerships ranked sixth in both markets, while modern AI tool procurement is comparatively deprioritized. While faculty capability is a crucial contributor to AI readiness, this largely inward orientation may contribute to a lag effect, whereby institutional adaptation fails to keep pace with the rapid innovation cycles of industry.

Fragmented adaptation: Brazil and Malaysia

Unlike the top-down, holistic strategies seen in KSA or the more cautious pragmatism of the UK, Brazilian institutions showcase multi-tiered and bottom-up adoption.[23] Brazil presents the most fragmented AI investment portrait in the study reflecting, at least in part, the nature of HE in the country. HE leaders in Brazil describe their investment as significant at nearly triple the rate of the US and the UK. Simultaneously, another 16% of leaders say that their investment is minimal.

Brazil's HE leaders cite a tool-first approach to investment, emphasizing democratized access to external expertise and technologies in the absence of a national standard. This likely contributes to a two-tier educational system where students are AI-enabled to differing degrees of effectiveness depending on their institution.

Malaysia reports some of the lowest levels of investment with only 18% of leaders reporting significant investment, while 43% characterize their resources as limited or minimal. Unlike other markets, where confidence in current spending is more common, Malaysian leaders report that their investment falls short of what graduate AI readiness requires.

Current investment strategies in Malaysia prioritize faculty training (56%) and curriculum development (58%), with computing infrastructure and tool provision for students as markedly less urgent.

Whether institutions move aggressively or cautiously, they remain challenged by a labor market that is innovating at pace. To fulfill their role in graduate AI readiness, universities must move beyond internal benchmarks and synchronize their investment strategies with a more comprehensively aligned industry-informed approach. The implication is not simply that more investment is needed, though in many markets it clearly is. It is that this investment needs to be more precisely triangulated for greater effectiveness in bridging the education-to-work transition.

[23] Mello Cavalcanti, W. and Tavares, E. M. (2025) 'Artificial intelligence affordances in Brazilian higher education: supporting the sustainable development goals', International Journal of Educational Management, Vol. ahead-of-print. DOI: 10.1108/IJEM-12-2024-0854

Faculty capability is a key determinant of graduate AI readiness

> **It was very interesting to see how a professor, who had been successfully delivering a master's module for five years, stepped outside of their comfort zone, re-design the content, and is essentially co-designing it with the students to see what works best for them. Of course, with the maturity, the experience and the years of knowledge that our educators have, we can guide the process in a much more efficient way. But it requires a level of openness and a level of both humility, and curiosity to explore these opportunities alongside our students."**

Graça Carvalho, UCL

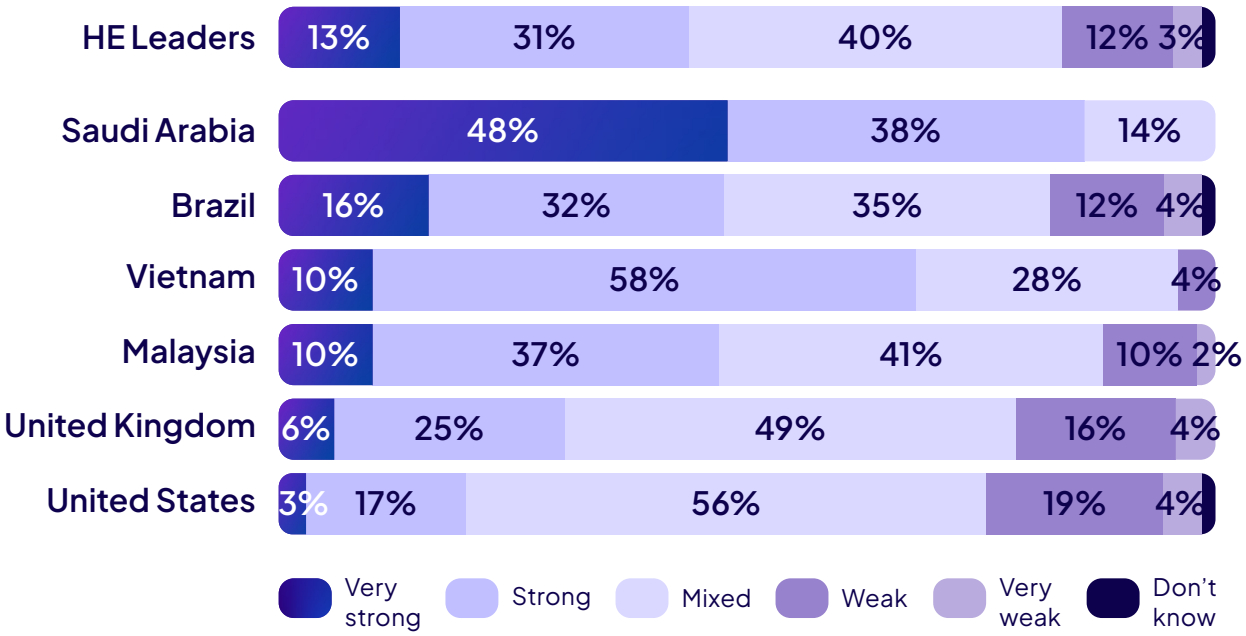
Investment in tools and infrastructure is undeniably important, but the primary driving force of graduate AI readiness is faculty capability. What Carvalho describes as a willingness to step outside established practice and learn alongside students captures something the data cannot fully quantify. Faculty AI capability depends on technical as well as cultural conditions for achievement.

Across all markets, **only 1 in 8 (13%) of HE leaders characterize their faculty's AI knowledge and skills as 'very strong'**. The most common assessment is a 'mixed' (40%) capability, meaning that even within a single institution, the student experience is contingent on a lottery of educator proficiency.

This disparity is not accidental; it is traceable to institutional investment in training. Saudi Arabia leads, with 86% of HE leaders reporting comprehensive, ongoing professional development. Vietnam follows at 80%. In contrast, HE leaders in the US and the UK report the lowest levels: only 5% of leaders in both countries describe faculty access to training as extensive, and nearly a third say faculty receive little or no training at all. The consequence is notable in the capability ratings: US HE leaders report the lowest faculty AI capability in the study, with only 3% qualifying that capability as 'very strong'; and nearly quarter describe it as 'weak' or 'very weak'. The UK is similarly challenged, with only 6% rating faculty capability as 'very strong'.

Faculty AI readiness is not a fixed asset. It is a product of sustained and comprehensive institutional commitment. In those markets and institutions where that commitment has been made, the most confident graduates are educated by the most extensively trained faculty.

Perceived faculty AI knowledge and capability



Q. Overall, how would you assess the AI knowledge and capability of faculty at your institution?

Question asked among HE Leaders

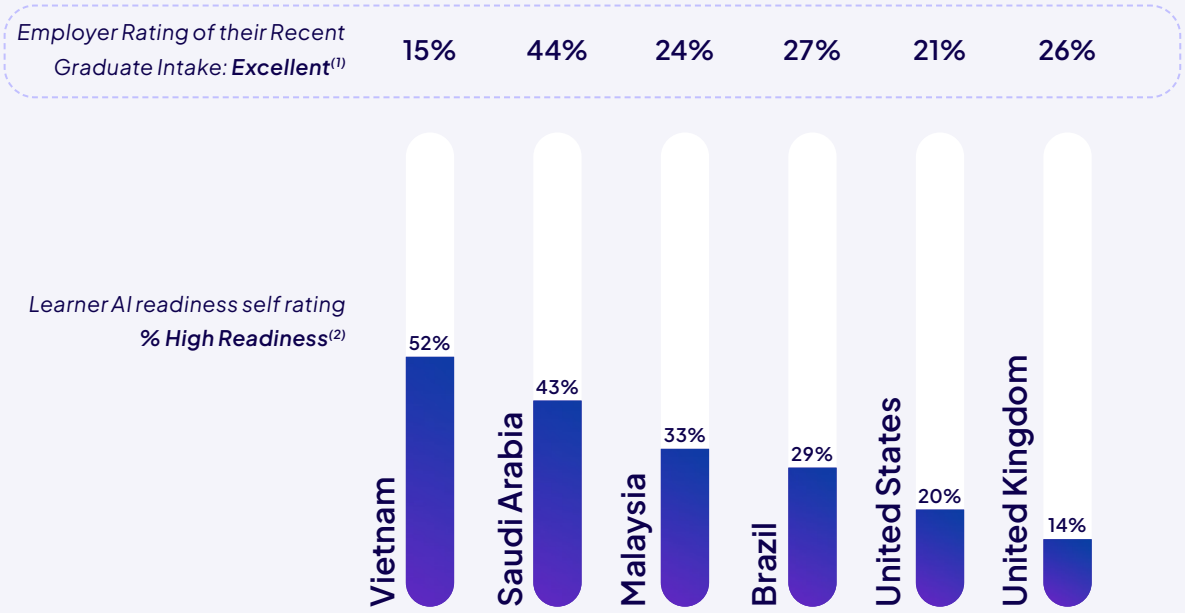
Sample Size: *HE Leaders – 452*

Institutional capability and graduate confidence

Student confidence is emerging as a reflection of institutional AI capability and behavior. Where faculty adoption of AI is highest, course coverage is deepest, and where AI is treated as a transdisciplinary capability rather than an elective, student confidence ratings peak.

While nearly half of Vietnamese learners state their instructors regularly use AI, a quarter of UK students and 1 in 5 US students report that they do not observe faculty using AI at all. **Overall, more than a third of students (37%) report that their instructors use AI only a little or not at all, rising to 51% for students in liberal arts and humanities programs.** In those markets where faculty adoption is highest, workforce entry confidence peaks, and students are the most likely to say their universities have prepared them 'very well'.

Graduate AI readiness: self-reported vs. employer-rated



Q. Please imagine a ladder, with steps numbered from 0 at the bottom to 10 at the top. The top of the ladder (10) represents being completely ready and prepared to enter AI-enabled workplaces - having all the knowledge, skills, and capabilities you need. The bottom of the ladder (0) represents being not at all ready and prepared to enter an AI-enabled workplace On which step of the ladder would you say you personally stand right now?

Q. Thinking about the recent university graduates your organization has hired in the past 2 years, how would you rate their capabilities in each of the following areas? By 'recent' we mean those that have graduated in the past 2 years?

Questions asked among Learners and Employers

Sample Size: *Learners – 1,955, Employers – 304*

(1) This is an average score of 'Excellent' across 8 metrics Employers rate graduates on

(2) 'High readiness' represents those answering '10', '9', '8' on 0–10 scale

However, the data also reveals a counterintuitive pattern. Vietnam leads on learner self-reported graduate preparedness, but receives the lowest employer excellence ratings in the study. The UK sits at the opposite end with the fewest learners rating themselves as highly prepared, yet receiving some of the higher employer ratings. Saudi Arabia is the only market where high learner confidence aligns with high employer satisfaction.

What the data demonstrates is that high learner self-confidence and strong employer ratings do not always coincide. This divergence in graduate confidence and course exposure likely reflects the complex interplay between national AI policy, cultural attitudes toward AI, and the dynamics of local job markets. In markets with more established AI ecosystems, exposure to the complexity of the AI-enabled workforce appears to be a contributing factor in a more measured self-assessment among graduates. This type of calibrated self-awareness, while it may read as lower confidence, may also translate into the kind of strategic judgment and intellectual acuity that employers are looking for.[10]

The governance challenge: shadow AI and the ungoverned student experience

> **“We are seeing a ‘trust gap’ where we can’t always tell if an improved grade is a result of learning or simply leaning more towards external sources… Readiness is about moving past pretending like they’re not using AI in take-home assignments. It’s simply a way for academics to redefine what assessments mean to them and to the students in the age of generative AI.”**

Assoc. Prof. Mike Perkins, British University Vietnam

Despite the rapid integration of AI in the global economy, formal academic coverage remains superficial. Across markets, only 1 in 3 learners (30%) report that AI is covered ‘extensively’ or ‘quite a lot’ in their curriculum. In the US and the UK, formal integration is particularly limited: 43% and 38% of learners respectively say AI is not covered at all, or only in passing, with only 3% in both markets saying that AI is a major focus across multiple courses. It appears that the markets with the most diffuse AI adoption are also among the least likely to have formally integrated it into coursework and the learning experience.

Where formal provision is absent, learners are navigating the AI landscape independently. The majority rely on tools they have found on their own, rather than those they have access to through their universities. This has created a shadow AI environment where students are developing localized skills outside any institutional framework, without guidance on transparency, ethics, data security, or strategic application. The risk is not merely quality control, but a governance problem. Learners are potentially forming habits around AI usage that institutions have limited visibility of and no influence over.

One factor of this individualized adaptation is driven by a perceived lack of practical application in the formal curriculum. While learners are generally satisfied with the quality of teaching, they report the lowest satisfaction levels regarding opportunities for hands-on practice with AI and access to modern AI tools. This is particularly evident in the US and UK, where significant minorities of learners (23% and 27% respectively) rate themselves as having low readiness to enter an AI-enabled workforce.

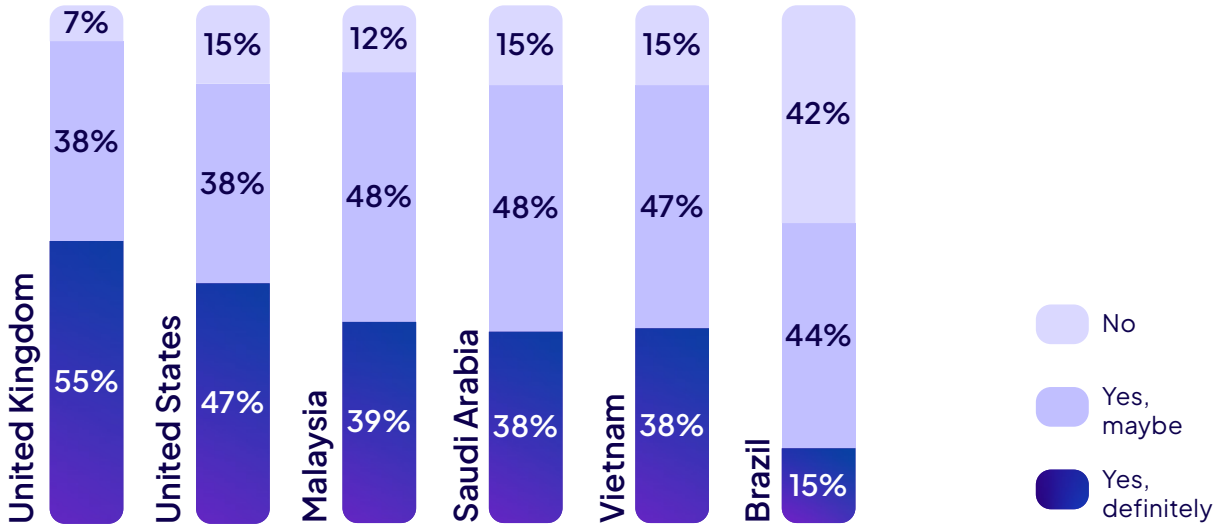
Simply establishing rules is not enough to foster a culture of transparent AI collaboration.

The data reveals three distinct governance conditions, each with different implications for how responsible AI use is fostered in students. In the UK, where awareness of university guidance is at its highest, students remain surprisingly guarded, with only 1 in 3 (35%) comfortable sharing their AI usage with staff. While the regulatory context might be evident, it may be perceived as punitive rather than supportive.

Conversely, Vietnam showcases a greater degree of trust. With 38% of students aware of the rules and 39% fully comfortable being transparent about their usage, it is the only market where comfort actually exceeds rule awareness. Here, governance is functioning as a foundation for trust, rather than a constraint.

Brazil provides a cautionary example about what happens when policy is absent. With 42% of students reporting no university guidance, they are also the most likely to want to keep their AI use entirely secret (30% vs.18% cross-market average). The risk for stakeholders in Brazil is that without formal guardrails, AI usage will go underground, increasing the potential for violations of academic integrity.[24]

Learner awareness of university AI guidelines



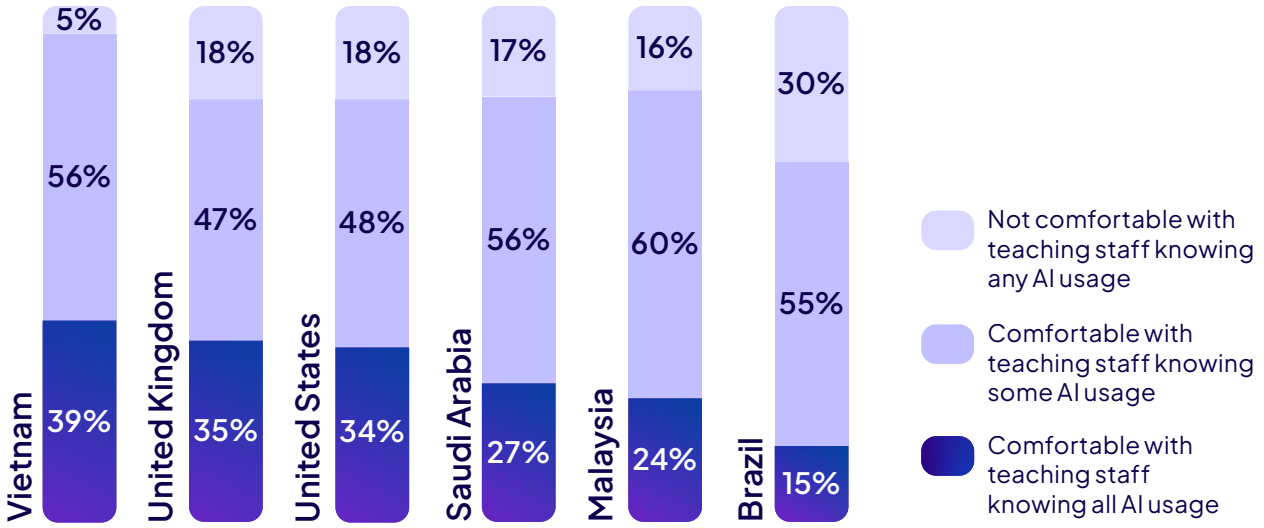
Q. Are you aware of any university guidance, directives or 'rules' on how to appropriately and effectively use AI to support your studies?

Question asked among Learners

Sample Size: *Learners – 1,888*

[24] Science Arena (2026) Only 12 Brazilian universities regulate the use of AI, 12 March. Available at: https://www.sciencearena.org/en/interviews/only-12-brazilian-universities-regulate-the-use-of-ai/ [Accessed: 12 March 2026]

Learner comfort with disclosing AI use



Q. When you use AI for your university studies, which of the following is closest to your view?

Question asked among Learners

Sample Size: *Learners – 1,888*

Ultimately, the goal of institutional governance should be to close this trust gap, not through rule awareness alone, but through behavioral change. When rules move from being formulaic or punitive boundaries to becoming integral to the development of ethical stewardship, universities can foster the conditions for students to engage with AI openly, critically, and with the confidence that will shape their professional lives in an AI-powered economy.[25]

The data shows that the common thread in optimizing institutional capability is alignment. Markets where investment, strategic priorities, faculty capability, curriculum, and governance are pulling in the same direction produce graduates who are more confident and better prepared. Where there is friction (e.g., policies vs. experience, tools vs. training, ambition vs. ethics), the learners bear the cost as they transition from education-to-work.

[25] World Economic Forum (2025) 'Responsible AI in higher education: Building skills, trust and integrity', World Economic Forum, 4 September. Available at: https://www.weforum.org/stories/2025/09/responsible-ai-in-higher-education-building-skills-trust-and-integrity/ [Accessed 24 March 2026]; Legatt, A. (2026) 'Here's how college leaders can close the AI governance gap in 90 days', Forbes, 19 March. Available at: https://www.forbes.com/sites/avivalegatt/2026/03/19/heres-how-college-leaders-can-close-the-ai-governance-gap-in-90-days/ [Accessed: 19 March 2026].

Chapter 3

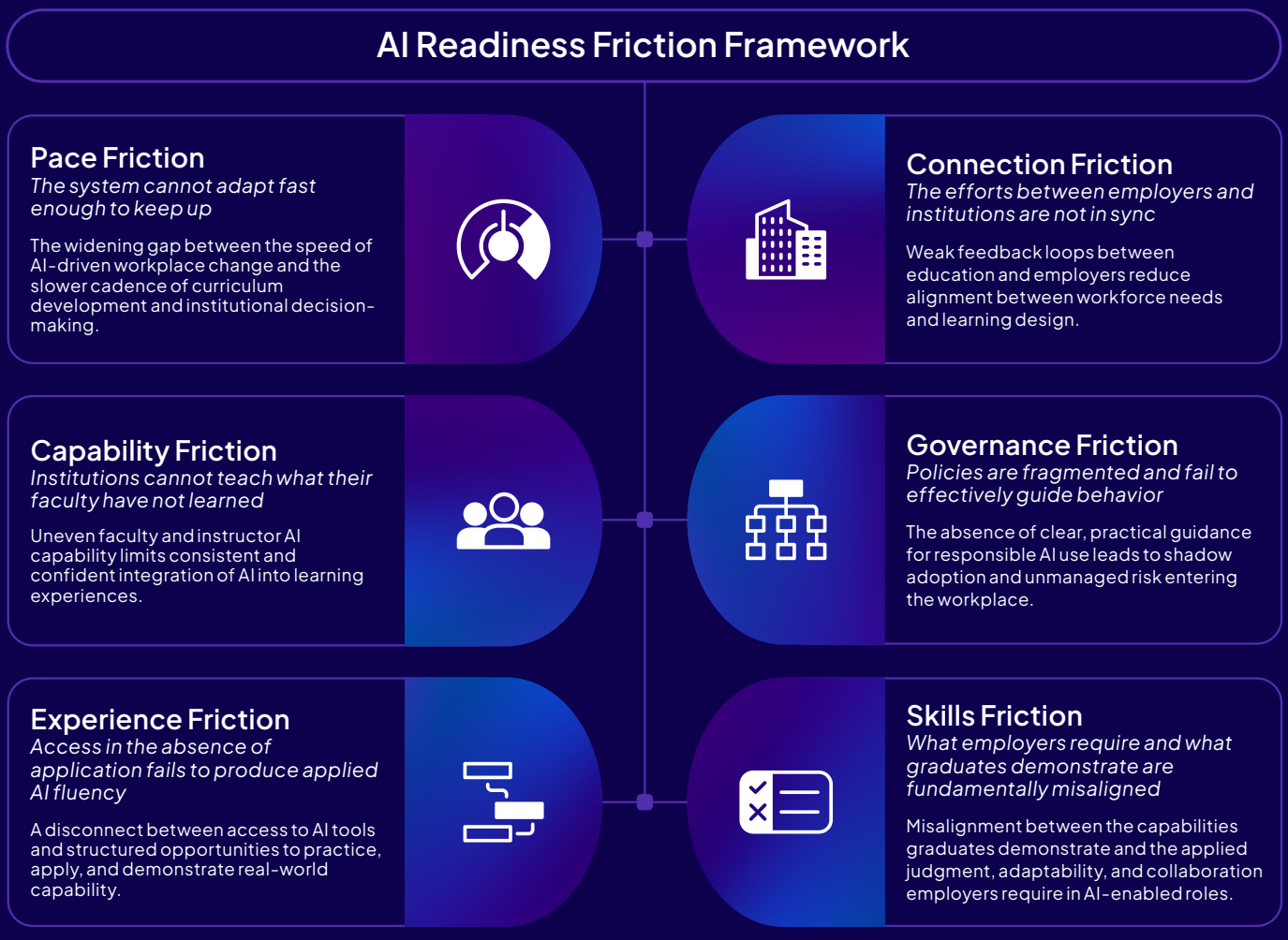
A framework for a shared direction

The AI Readiness Friction Framework

> **“It takes courage to make deep changes. Academic institutions carry a long, secular tradition of how things are done. But now we’re facing disruptive technology – or really, a group of technologies. The world is changing much faster than we are, and I don’t know… maybe we will be swallowed by a different order of things, where the university as we know it no longer exists. That’s why I’m encouraged to make deep changes.”**

Prof. Mateus Canniatti Ponchio, FGV

Bridging the distance between higher education and work, from institutional intent to graduate AI readiness is real, measurable, and widening. The AI Readiness Friction Framework is a tool for identifying where the most consequential interventions lie. It illustrates where the education-to-work transition most consistently breaks down. These frictions reinforce one another but are not fully dependent on one another. This report has outlined how the dynamics that underpin the six frictions operate in compounding procedural relationships impact graduate AI readiness. The framework illustrates a hierarchy that moves from macro-systemic drivers to institutional implementation and finally to individual learner outcomes.



Faculty capability defines the extent of a student's applied experience, while the pace of institutional investment and transformation informs the development of effective governance. The frequency and quality of employer engagement determines how well the curriculum and educational experience reflects workforce reality. Ultimately, high friction in any single area will result in bottlenecks elsewhere in the education-to-workforce ecosystem that begins with global technological shifts and concludes with a deficit in individual graduate AI readiness. But these frictions are also discrete and addressable. Reducing friction at any single point has the potential to generate benefits across the ecosystem.

Contributors to this report have provided useful case studies of how their institutions are overcoming AI readiness frictions. These innovative bright spots demonstrate that when institutions and employers embrace shared data, shared uncertainty, and shared accountability, the AI readiness gap begins to close. What follows is an examination of each friction point with supporting data and illustrative case studies. A cross-market synthesis showing an overview of how the six frictions cluster differently across the six markets surveyed follows.

Pace friction: the distance between innovation and accreditation

This friction reveals the structural misalignment between the exponential speed of AI innovation and the linear, multi-year cadence characteristic of institutional curriculum design and accreditation cycles. The distance between Higher Education institutions and the workforce begins here. AI is altering workforce requirements faster than institutions can iterate on their curricula.

- 67% of overall respondents describe AI-driven change as fast, yet only 24% believe universities are keeping pace, with 70% of HE leaders expecting this pace to accelerate over the next two years.
- Speed is the primary barrier to curriculum adaptation cited by 42% of HE leaders
- 53% of employers report that finding graduates with the right skills is their primary challenge, a figure that rises to 69% in Malaysia

The challenge is heightened by the shrinking shelf-life of AI models. Estimates suggest that generative AI models have a functional shelf-life of no more than 24 months, while standard curriculum cycles often extend to three to five years, or more. The result is a system where graduates enter the workforce with knowledge that may already be obsolete relative to the tools currently deployed by industry.

CASE STUDY

Immersion week and executive-in-residence, Fundação Getulio Vargas (FGV), Brazil

The challenge

As AI technologies evolve on cycles that outpace curriculum development, there is a widening gap between what is taught and what the market demands. For business school educators, the risk is compounded: students who perceive their instruction as outdated disengage quickly, and a professor who is seen as out of touch loses credibility fast.

What they did

Rather than relying on curriculum reform alone, FGV built structural mechanisms for continuous, real-time connection between classroom and industry. A semesterly **Immersion Week** suspends regular coursework in favor of company-hosted learning experiences with major industry players, including multinational technology firms and financial institutions. Students participate in multiple immersion cycles across their degree, building cumulative exposure. An **Executive-in-Residence** initiative brings successful alumni, many serving as board members or senior executives, to review curriculum, critique course design, and surface gaps between what is taught and what the market demands. Participants contribute without financial compensation. Underpinning both is a faculty model in which a significant share of FGV's 38 Technology and Data Science professors are actively embedded in industry, bringing live operational context into the classroom. Ten designated course leaders are tasked with ongoing benchmarking.

> **"If we don't give students concrete examples of what's really going on in the market, they'll say that professor is outdated, don't listen to what he's saying, once you get hired, you'll learn how things really are. We want an honest learning environment: one where students learn the fundamentals but also have real contact with what they will most likely experience once they leave."**

Mateus Canniatti Ponchio, Doctor of Business Administration, Head of Department of Technology and Data Science, Fundação Getulio Vargas (FGV), Brazil

Connection friction: fragmentation within the ecosystem

This area of friction refers to the absence or underdevelopment of feedback loops and partnership infrastructure between industry and academia leading to misaligned views on graduate AI readiness. Institutions operate without sufficiently reliable, timely mechanisms for translating workforce signals into curricular and strategic prioritization. Where connection infrastructure is insufficient, curriculum decisions are necessarily made with partial or delayed labor-market information.

- Despite 53% of employers stating they cannot find graduates with the right skills, industry partnerships rank last among HE investment priorities
- Only 25% of HE leaders say that they have formal systematic processes to gather workforce needs
- 31% of employers report difficulty in communicating their specific workforce needs to HE institutions, a problem that is more acute for employers in mid-to-large companies (37%)

  Countries where the university operates as an extension of the workforce report the highest levels of employer engagement. In markets which report minimal interactions with employers, the university operates as a siloed academic entity. The lack of connectivity results in institutional decisions being made with incomplete, outdated, or irrelevant information concerning the specific capabilities and skills sets required by industry.

CASE STUDY

The Industry Exchange Network (IXN), University College London, UK

The challenge

Across higher education, universities typically act as interpreters of employer needs — gathering signals from industry and translating them into curriculum design. In a rapidly shifting AI landscape, however, that model creates a structural lag: by the time workforce priorities are absorbed, codified, and taught, the demands of the market have moved on.

What they did

UCL's engineering and computer science departments launched the Industry Exchange Network (IXN): a formalized program through which companies submit live technical challenges that become the actual briefs students work on. Many of these are increasingly centered on AI application, data systems, and emerging technologies. Employers arrive with their own priorities and problems. UCL's role is to match those challenges to the right level of academic rigor, pair students with both an industry mentor and an academic supervisor, and create the conditions for a genuinely collaborative outcome. The program now delivers approximately 1,500 projects per year, with 40 to 45 percent of participating students subsequently recruited by their industry partners.

> **"It's a triangular relationship. You have the industry partner that provides the mentor and the problem. You have the academic supervisor that provides the rigor. And then you have the student that provides the talent and the fresh eyes. That magic triangle is what makes it work."**

Graça Carvalho, Director, UCL Centre for Digital Innovation, Office of the Vice Provost Research, Innovation & Global Engagement, University College London

Capability friction: the deficit in educator AI readiness

Capability friction highlights the uneven distribution of AI knowledge and skills among faculty, which prevents the consistent integration of AI into the student learning experience. Faculty expertise and implementation on the frontline is foundational to equipping students. Constraints caused by the training deficit among staff results in a type of 'curriculum lottery' rather than a systematic standard.

- Faculty AI expertise is the #1 barrier to readiness (40% of HE leaders cite this). Only 5% of students see 'most or all' faculty integrating AI, while 16% of HE leaders describe their institutions as offering comprehensive ongoing training
- Only 13% of HE leaders characterize their faculty's AI capability as 'very strong', while the plurality assessment is 'mixed' (40%), which limits exposure to AI-enabled pedagogy to those individual instructors with initiative and/or specialized training
- The disparity between markets is notable. In Saudi Arabia, where 86% of faculty are qualified as very strong/strong, in the US, that figure is 20%. These assessments can be linked to the systematic provision of professional training: 86% of HE leaders in Saudi Arabia report extensive/quite a lot of ongoing training; while in the US and the UK, HE leaders report the lowest levels of comprehensive training, with nearly a third stating they receive little to no training

UNESCO reports that limited faculty AI readiness is driven by concerns linked to academic integrity and a fear of technology replacing educator roles. Capability friction won't be resolved with training alone but will require a concordant shift in institutional culture.[26]

[26] UNESCO IESALC (2026) The challenges of AI in higher education and the imperative for competency frameworks, 12 March. Available at: https://www.iesalc.unesco.org/en/articles/challenges-ai-higher-education-and-imperative-competency-frameworks [Accessed: 12 March 2026].

CASE STUDY

AI Across Disciplines and PASTA Network, University of Pittsburgh, US

The challenge

Across higher education, faculty capability remains one of the most significant constraints on graduate AI readiness. Guidance published one semester is often redundant the next, and the knowledge that genuinely helps educators integrate AI effectively is difficult to systematize, leaving institutions struggling to build faculty capability consistently.

What they did

The University of Pittsburgh developed two complementary initiatives to build faculty capability from the ground up. The **AI Across the Disciplines** program, led by Assoc. Prof. Annette Vee and Prof. Scott Nelson, through the School of Arts and Sciences, has trained 36 faculty members to thoughtfully integrate AI into their teaching across subjects as varied as neuroscience, biology, sculpture and Swahili. The program encourages AI adoption in courses, starting from each educator's learning goals and disciplinary priorities. Alongside this, some faculty members established **PASTA – the Pitt AI Scholars and Teachers Alliance** – a cross-institutional, informal peer network drawing together faculty and staff from medicine, engineering, law, the humanities, and beyond, to share knowledge, exchange experiences, and build a common understanding of what responsible AI integration looks like in practice.

> **"So much of the knowledge of AI isn't going to be found where we traditionally look — in published papers or training sessions. It's in exchanging and sharing practical experience within local contexts. For that reason, having spaces where people connect for that reason is crucial."**

Dr. Annette Vee, Associate Professor and Faculty Liaison for AI Enablement, University of Pittsburgh

Governance friction: the foundation required for ethical AI stewardship

This friction is driven by limitations in translating AI tool access into governed, equitable infrastructure and usable guardrails. This results in shadow AI use, unclear policies, equity gaps, and compliance risks that extend from campus into the workplace. When formal university provision fails to keep pace with technological innovation, students turn to independent tool stacks. This underground tool usage can foster habits that undermine professional guardrails or compliance.

- 49% of students use independent tools for writing vs 20% who use university tools
- 42% of students use independent stacks for coding instead of university tools
- 18% of students are entirely unaware of institutional AI guidance while 44% of students are not certain; only 34% are highly confident that they comply with rules

  In institutions where rule awareness is high, this does not necessarily lead to transparent usage. High awareness governance models may be perceived as punitive or restrictive rather than supportive of ethical, collaborative application, potentially leading to the long-term risk of academic integrity violations and the formation of habits that carry into professional life.

CASE STUDY

An AI Assessment Scale, British University Vietnam, Vietnam

The challenge

When generative AI entered the mainstream in late 2022, universities worldwide found themselves without the governance frameworks needed to respond. The instinct in many institutions was to heavily restrict AI use outright — but without the means to enforce it, such rules created more confusion than clarity, and left students navigating the technology without guidance.

What they did

British University Vietnam working with partners globally, developed the **AI Assessment Scale (AIS)**: a tiered framework that enables educators to deliberately design assessments around AI, from controlled conditions with no AI permitted, through to tasks that explicitly require AI integration. Rather than attempting to police student behavior, the AIS shifts the focus to what academics can control: the design of the task itself. BUV moved from draft policy to senate approval, institution-wide faculty training, and embedded assessment templates within a month. The framework has since been adopted by over 350 institutions across the world and translated into more than 30 languages, with partner universities including Stirling and Bournemouth integrating it directly into their assessment practices.

> **“There’s no point in saying to students, go home and do the assessment, and pretend like they’re not using AI. If we know that they’re going to be using AI, we should be marking accordingly, we should set our marking rubrics accordingly, and we should set our tasks accordingly as well.”**

Assoc. Prof. Mike Perkins, Head of the Centre for Research & Innovation, British University Vietnam

Experience friction: the disconnect between access and application

Employers consistently cite a lack of practical experience with workplace tools as a major barrier to day one productivity, while learners remain unsatisfied with the opportunities for hands-on practice. The disconnect prevails when students are provided with AI tool access without providing structured, authentic opportunities to build work-ready competency. Experience friction is not a lack of tools, but of structured application. Readiness is thwarted when access isn't paired with sandboxes, pilot projects, and work-integrated learning that tool usage into applied, work-ready competency.

- 68% of students are satisfied with tool access, but only 18% are 'very satisfied' with AI content depth. Learners and employers both cite practical experience as the #1 change needed (45% and 39%)
- HE leaders believe their top priority is to build critical thinking (53%) and foster creative and innovative thinking (40%) to justify the value of a university degree. However, they may be neglecting the 'specialist knowledge',' technical AI skills', and 'practical experience' that employers (42%) and learners (45%) rate as priorities as they enter the workforce

There is an insufficient focus on working alongside AI. This requires a synthesis of human judgment and technical capability that is currently the least-covered topic in many curricula. This misalignment forces employers to absorb the cost of training new hires in specific tool workflows, which 42% of employers rate as a major barrier to hiring graduates and hindrance to productivity.

CASE STUDY

AI Infrastructure and Authentic Assessment, Asia Pacific University of Technology and Innovation (APU), Malaysia

The challenge

Access to AI in higher education is not evenly distributed. Most students can readily deploy consumer-facing AI applications, but frontier capabilities such as model training, fine-tuning, and cloud-scale computation remain beyond the reach of most institutions. The problem is compounded when access exists in name only: without structured opportunities to practice with real tools on real tasks, curricula produce graduates who have learned about AI rather than learn and work alongside it.

What they did

APU has addressed the experience gap on both sides at once, building the access infrastructure and designing structured practice conditions around it. On access, APU is establishing Malaysia's first NVIDIA-powered DGX Spark AI Supercomputing Lab, the first of its kind among Malaysian universities. This gives students on-site access to cutting-edge AI infrastructure typically found in leading research centres and technology companies, with hardware capable of model training and fine-tuning, moving beyond AI consumption into AI creation. AWS cloud credits and a JD.com compute partnership extend this into cloud-scale environments, removing cost as a practical barrier to meaningful work. The university has also developed its own large language model, putting institutional AI infrastructure directly in students' hands.

In structured practice, APU has mandated AI as a compulsory module across every program regardless of discipline, ensuring consistent baseline practice institution-wide. Assessment design has been reformed around authentic tasks aligned to workplace functioning. A three-tier policy, embedded in every assessment brief, defines where AI can be used freely, where it is permitted with constraints, and where it is not permitted, creating deliberate and governed practice rather than leaving AI use to individual discretion

> **"The assessment parameters should be very much close to how students will function in the job, that is what we call authentic assessment. We don't just want to give students access to tools. We want them to leave here differentiated: genuinely capable of working with AI in the environments they are going to enter."**

Prof. Dr. Ho Chin Kuan, Vice Chancellor, Asia Pacific University of Technology and Innovation (APU), Malaysia

Skills friction: the misalignment of proficiency, effectiveness, and judgement

This area is the downstream manifestation of all preceding frictions. It reflects how systemic constraints ultimately surface as gaps in graduates' applied capability at work. A stated and perceived misalignment between theoretical AI literacy (ethics, logic) and the applied proficiency, critical evaluation, and human-in-the-loop judgment required to maintain productivity in the workplace.

- While 47% of institutions report ethics is widely covered, working alongside AI is the least-taught topic in the curriculum
- Across markets, employers indicate that graduates tend to accept AI recommendations without the foundational domain expertise to interrogate them with 58% overall rating a graduate's ability to critically verify AI outputs as their weakest competency
- HE leaders believe employers primarily value functional tool usage (40%), while employers themselves prioritize communication, collaboration, and adaptability
- UK HE leaders prioritize communication skills at 36% against an employer demand of 63%; a 27-point difference that represents one of the most acute skills misalignments in the study

CASE STUDY

"Humans-in-the-Lead" Framework, Illinois Institute of Technology, US

The challenge

For a technology institution, the instinct when AI arrives is to teach more of it: more tools, more technical depth, more specialization. But employers' feedback complicates that logic. Technical fluency, employers report, is increasingly table stakes. What is harder to find, and harder to develop, is the judgement to critically evaluate AI outputs, the ethical reasoning to act on them responsibly, and the adaptability to apply them under genuine uncertainty. The risk is a generation of graduates who are technically capable but cognitively dependent: proficient in AI, but unable to lead it.

What they did

Illinois Tech's response begins with a deliberate reframe. Where the sector tends to describe human oversight as humans in the loop, the university has adopted an explicit institutional philosophy of humans-in-the-lead, orienting its curriculum around graduates who use AI as input to decisions they own. This is built around a trifecta: tech and data skills, combined with critical thinking, systems thinking, and ethical reasoning - all on equal level of curricular priority. An AI Plus module is being embedded across every degree program, with dedicated ethics and moral reasoning modules formalized on the basis that evaluating AI outputs responsibly must be taught explicitly, not assumed. Underpinning this model is a structural division of labor: faculty own enduring education, while industry partners own training on current tools and live contexts.

> **"You can't out-compete technology by giving students more technology education. What we're finding from employers is that qualitative judgement and decision-making under uncertainty is becoming far more important. AI gives you the input, but how do you use your own judgement to arrive at the right decision? That's what we are trying to give our students: the human skills to complete the trifecta."**

Raj Echambadi, President, Illinois Institute of Technology, US

Friction-based market composites

These six frictions do not operate in isolation. Having examined each friction point in depth, it is worth considering how they cluster in the six markets surveyed, looking at the combined interplay of institutional pace, AI integration, employer feedback loops, graduate confidence and readiness, and faculty AI-capability. What this comparison reveals is that no market is friction-free, and that the markets performing well in one area of friction are not necessarily those with the lowest degree of friction overall.

High-velocity strategists: Saudi Arabia and Vietnam

- **Saudi Arabia:** The combination of Vision 2030 and the Human Capability Development Program has minimized experience of connection frictions, with the most developed structured industry partnerships of any market in the study. The key challenge is graduate skills and translating high investment and high confidence into the applied capability that employers are looking for.

- **Vietnam:** Strong faculty capability and mission-driven curriculum alignment have kept capability friction low, resulting in the highest learner confidence ratings in the study. The persistent challenge is experience friction; despite high investment, only 15% of employers rate graduates as excellent.

Incremental pragmatists: United States and United Kingdom

- **United States:** Despite being a global leader in AI investment, the US HE sector's inward-facing investment has kept connection friction high. Industry partnerships are consistently deprioritized relative to internal processes. The result is high capability friction, with the lowest faculty AI ratings in the study and limited AI coverage in the student experience.

- **United Kingdom:** Well-developed regulatory culture has kept governance friction lower than in any other market, with rule awareness among students the highest in the study. Yet, this does not translate to trust with students over indexing in shadow AI usage. Faculty capability friction is also leading to a disconnect between employer expectations and the real-world skills that graduates have the opportunity to develop.

Fragmented adaptation: Brazil and Malaysia

- **Brazil:** Reports of high investment levels are nearly triple those of the US and the UK. Depending on the institution, capability and skills friction vary sharply in a type of curriculum lottery that reflects the absence of a national standard.

- **Malaysia:** The launch of the MyMahir-NAICI program indicates a structural commitment to the reduction of connection friction through coordinated university-industry partnerships. Malaysian employers report the highest level of concern of any market about graduate AI readiness.[27]

This cross-market snapshot reiterates a central finding of the research: friction is not evenly distributed, no market is friction free, and investment alone will not bridge the education-to-work transition. Institutions that stand to make the most progress are those that identify their highest-friction points and direct resources toward them. Precision is as important as commitment.

[27] Sunway University (2026) Malaysia's AI Revolution: Your Gateway to the World's Most In-Demand Skills, 12 March. Available at: https://sunwayuniversity.edu.my/explore/thinkpieces/malaysias-ai-revolution-your-gateway-worlds-most-demand-skills [Accessed: 12 March 2026].

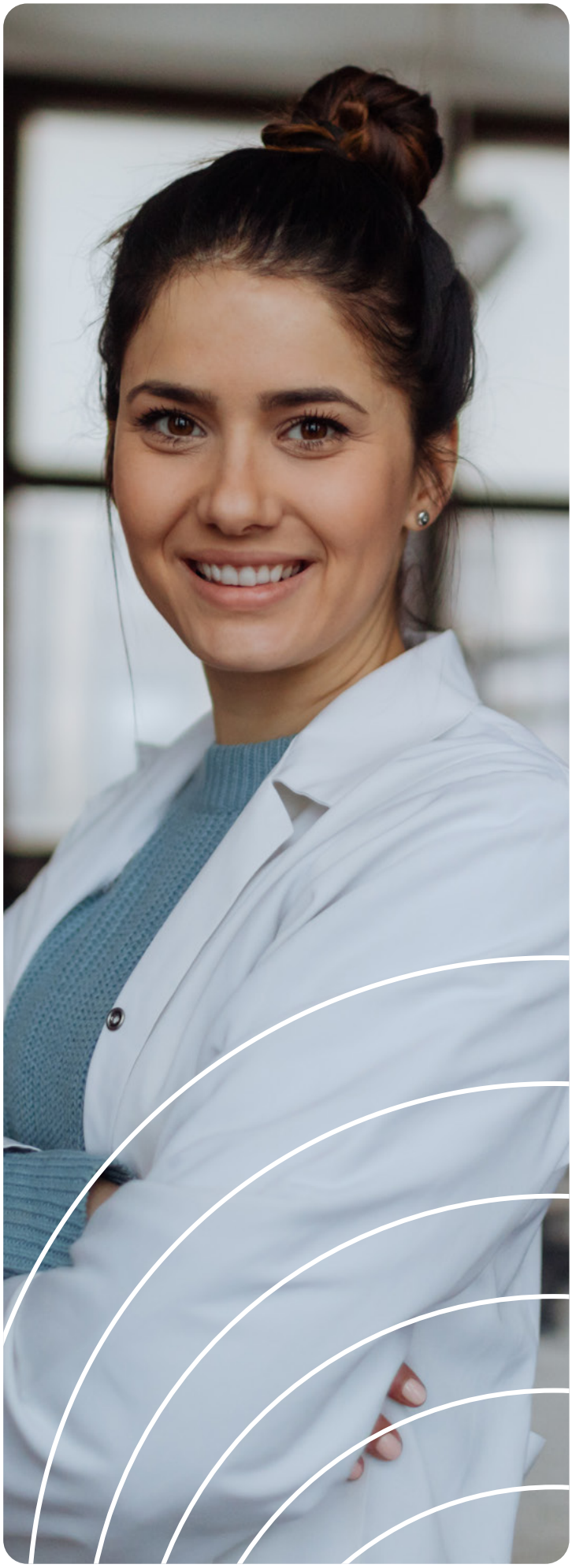
Conclusion

Bridging the AI readiness divide, from insight to execution

The preceding chapters have established a consistent finding concerning the AI-ready graduate: the divide between institutional intent and graduate outcome is multifold. Yes, it is a challenge of execution, but it is also an issue of misalignment that comes into sharp focus as a student transitions from education to work. Universities broadly understand what is required. Employers broadly agree on what they need. Yet, the data shows that friction surfaces at multiple points in the system.

Friction accumulates across pace, connection, capability, governance, experience, and skills. Each friction reinforces the other and slows progress precisely when speed matters. When unaddressed, these frictions compound: pace overwhelms governance, weak connections distort signals, capability gaps constrain experience, and graduates arrive with theoretical knowledge, but inadequate applied experience.

AI-ready graduates do not emerge by chance. They are deliberately built through learning architectures designed to convert ambition into applied capability. This report provides a practical set of outputs leaders can use immediately: an evidence-based profile of an AI-ready graduate, an evidence-based Friction Framework, a self-assessment set of questions, real-world case studies, and concrete actions mapped against each friction point.



What this means for HE institutional leaders

AI readiness cannot be achieved through curriculum updates alone. Readiness depends on how learning is designed, delivered, and assessed across the institution. Faculty capability must be treated as core institutional infrastructure with sustained investment in development and support. Applied experience must move from the margins into the core of learning as a credit-bearing activity, instead of being left to informal, extracurricular, or self-directed use. Engagement with employers must also be structural and continuous, embedded into learning design and outcomes rather than symbolic or episodic.

To deliver AI-ready graduates action is required across all six friction points, start by using the *Friction Framework Self-Assessment Questions* to diagnose where friction is most acute in your context; then, prioritize action accordingly.

Pace

Accelerate the cadence of curriculum and institutional decision-making through modular design, stackable credentials, and faster review cycles that keep learning aligned with workplace change. These are not compromises on academic rigor, but adaptations that keep learning relevant. Industry advisory boards are a direct mechanism for keeping signals current without waiting for formal review cycles.

Governance

Replace ungoverned access with clear, practical guidance that embeds responsible AI use into everyday learning and assessment. Effective governance is about creating the conditions for transparent, ethical, and confident AI use that students will carry into professional life. Consult accreditation bodies in professional fields for externally validated standards

Connection

Employer engagement must move from episodic to structural. Build ongoing feedback loops with employers and industry bodies so workforce signals directly inform learning design, assessment standards, and graduate outcomes. Engagement that is embedded in institutional processes is better than engagement that depends on individual relationships. Conduct employer surveys and needs analyses.

Experience

Move beyond access to tools by embedding structured, credit-bearing opportunities to practice, apply, and demonstrate AI capability in authentic workplace contexts. Co-design assignments, degree apprenticeships, and industry-sponsored micro-credentials.

Capability

Faculty AI capability is the single most cited barrier to graduate readiness in this study. Invest in faculty and instructor AI capability as core system infrastructure, supported by continuous professional development rather than one-off experimentation. Consider embedded partnerships or employer hosted faculty development.

Skills

Prioritize the development of compound capabilities: functional AI proficiency, strategic intelligence, ethical stewardship, and critical human skills. Institutions that prioritize any single capability at the expense of others are not producing the graduates the workforce needs. Explore the development of a Graduate AI Attribute Framework.[28]

[28] See also the Optimal AI-Ready Graduate profiled in chapter 1 of this report.

What this means for business leaders

The graduate readiness needed for the AI-enabled workforce is not for HE institutions alone to determine. Employers are a primary source of the signals that universities need to adapt. Co-designing learning with educators around tools, workflows, and assessment is more effective and less costly than correcting misalignment after hiring. Governance habits also matter: the norms students develop around AI use during education carry directly into workplace practice, shaping how responsibly and effectively AI is used on the job.

Leaders should prioritize actions that directly reduce friction, rather than adding new layers of strategy or policy. Start by diagnosing where friction is most acute in your context; then, prioritize action accordingly.

Meeting this moment requires educators and employers to work together to remove friction and co-design learning architectures, built from the start of a learner's journey on the education-to-work pathway.

Pace

Move quickly to diagnose the AI capability needs of your organization. Communicate them to university partners with specificity, regularity, and intentionality. Industry Advisory Board participation is an efficient channel for this.

Governance

Communicate what AI governance looks like inside your organization and what will be expected of graduates from day one. Refer to accreditation bodies where available; contribute where no such body exists.

Connection

Build systematic, ongoing relationships with university partners that extend beyond graduate recruitment or career fairs. Provide clear, continuous signals to education partners about role-level expectations, validating assessments, and sharing feedback earlier and more often than annual cycles allow. Contribute to employer surveys and skills analyses.

Experience

Purpose-built co-designed programs are the most effective way to address the shortage of practical experience. Work with universities to co-design and host authentic workplace scenarios. Sponsor degree apprenticeships. Publish case studies to support universities in their curricular development strategies.

Capability

Support universities in understanding the practical implications of AI for your sector. Faculty who are unfamiliar with the impact of AI in professional contexts cannot teach its application credibly. Embed practitioners, share case materials, and open workspace environments to help faculty build practical, timely, and relevant capabilities.

Skills

Communicate the specific skills your sector needs directly with universities. The more precisely employers articulate what AI-ready skills competencies look like in practice, the better institutions can deliver it. Co-design Graduate AI Attribute Frameworks with institutions. Communicate hiring needs using common skills frameworks in job specs and postings.

The Role of Pearson and AWS

The collaboration between Pearson and AWS brings together complementary strengths across the full learning-to-work continuum. Pearson brings deep expertise in learning science, curriculum design, and assessment across 170 countries. AWS brings leadership in cloud infrastructure, AI innovation, and direct insight into how AI is deployed and used inside modern organizations. Together, we connect education and work.

Our shared commitment focuses on reducing friction and accelerating readiness. Together, we enable faster curriculum adaptation while maintaining quality standards. By connecting Pearson's global reach with AWS's relationships with millions of customers and partners, we create structured pathways for learners to engage with real-world AI applications and challenges. Our collaboration emphasizes ethical stewardship, critical evaluation, and human judgment alongside functional skills, ensuring graduates can work effectively and responsibly with AI systems.

The research makes clear that the gap we face is not about awareness or intent. It is about execution. The case studies demonstrate that progress is possible when stakeholders commit to co-creation and rapid iteration. The institutions, partnerships, and regions that act with urgency will create competitive advantage for the learners, workers, and communities they serve. By working together across the education-to-workplace continuum, we can ensure that every graduate enters the workforce truly ready to thrive confidently in an AI-powered economy.

Friction framework self-assessment

Questions for higher education leaders to consider

A lot of organizations will need to rewire themselves — not only to feed AI tools into current processes, but they need to design AI-first new processes... if you retrofit AI into current processes, it's not going to give you a lot of benefit"

Prof. Dr. Ho Chin Kuan, Vice Chancellor, Asia Pacific University of Technology and Innovation, Malaysia

The following questions are prompts that allow you to conduct a rapid evaluation of your institution across the six dimensions of the AI readiness friction framework: Pace, Capability, Connection, Governance, Experience, and Skills. This assessment is designed to provoke the strategic considerations necessary to address these frictions and to ensure your graduates are day-one ready for the AI-powered workplace.

Pace

How are you ensuring that what your students learn, and what your faculty teach, today remains relevant for graduates?

- How are you monitoring the distance between AI developments in the workplace and what is currently reflected in your curricula?
- How are students and faculty experiencing the pace of change — and how is that intelligence informing institutional strategy?
- How are you building sufficient agility into your curriculum review process to respond to labor market shifts as they emerge?

Connection

How are you ensuring that what you teach reflects what employers require from your graduates in a rapidly evolving landscape?

- How are you systematically capturing shifting workforce requirements from employers — and how rapidly does that intelligence reach curriculum decisions?
- How are your academic leaders actively collaborating with industry partners to shape graduate outcomes?
- How are industry partnerships reflected in your institution's strategic investment priorities?

Friction framework self-assessment

Questions for higher education leaders to consider

Capability

How are you ensuring that every student receives a consistent standard of AI-integrated education?

- How are you developing faculty AI capability across the institution as a whole, rather than relying on individual initiative?
- How are you assessing the depth of faculty AI expertise — and how is that assessment shaping institutional investment in professional development?
- How are you sustaining faculty AI development as a continuous institutional commitment rather than a one-time intervention?

Governance

How are you building an AI governance culture that supports appropriate, productive and innovative use?

- How are you communicating institutional AI policy in a way that is experienced as enabling and supportive rather than punitive or restrictive?
- How are you ensuring coherence in AI guidance across institutional, departmental, and course levels? How iterative is the development process?
- How are you embedding ethics and responsible AI use as a core requirement across all disciplines, rather than as a niche or elective provision?

Experience

How are you ensuring that students are building genuine work-ready competencies around AI?

- How are you structuring student AI engagement to include learning about and alongside AI as well as formative workplace applications?
- How are your graduates demonstrating applied AI competency as they enter the workforce?
- How are you identifying and addressing the competency gaps that represent the most significant barriers to graduate employability?

Skills

How are you ensuring that graduates have the full spectrum of skills to succeed in the AI-enabled workplace?

- How are you balancing the development of functional AI proficiency with the cultivation of strategic intelligence, ethical stewardship, and critical human skills?
- How are you tracking graduate readiness across the four capabilities: functional proficiency, strategic intelligence, ethical stewardship, and critical human skills?
- How are you translating employer feedback on day-one graduate readiness into tangible changes in what and how you teach?

Supporting information

Methodology

This report is based on a comprehensive multi-market study designed to capture a 360-degree view of the AI transition within the higher education ecosystem. Data was gathered through a mixed-methods approach, combining extensive quantitative surveying with targeted qualitative insights across six strategic markets: Brazil, Malaysia, Saudi Arabia, the US, the UK, and Vietnam. All fieldwork was conducted by PSB Insights.

Quantitative survey

To ensure the findings reflect the complexities of the current labor market and academic landscape, the survey engaged three distinct stakeholder groups:

Learners: Undergraduates currently enrolled in higher education, representing a diverse range of institutional types and academic disciplines, from STEM to the humanities.

Higher Education (HE) Leaders: comprising both Senior University Administrators and Educators. This includes faculty with 3+ years of experience and responsibility for curriculum development and/or wider strategic decisions for a department, faculty or institution and administrators with decision-making responsibility for budgets, strategy, and course design.

Employers: Business Leaders with responsibility for strategic decisions and talent strategy. To ensure relevant data, participating organizations must have hired graduate-level employees within the past two years.

Fieldwork was conducted via online survey which ran between the 7th and 28th of January 2026.

Market	Learners	HE Leaders	Employers	Total Interviews
Overall	**1,955**	**452**	**304**	**2,711**
United States	351	101	51	**503**
UK	351	100	51	**502**
Brazil	350	100	50	**500**
Saudi Arabia	302	50	50	**402**
Vietnam	301	50	51	**402**
Malaysia	300	51	51	**402**

Qualitative interviews

To contextualize the survey data, the research included a series of 7 in-depth qualitative interviews with key leaders and innovators in AI adoption from the Higher Education sector. These sessions allowed for a more nuanced exploration of the friction points in the transition from education-to-work, and how institutions are overcoming them, along with the shifting value of the university degree.

Interviews were conducted throughout February 2026.

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Prof. Dr. Ho Chin Kuan - Vice Chancellor,
Asia Pacific University of Technology and Innovation (Malaysia)

Assoc. Prof. Dr. Mike Perkins - Head of the Centre for Research & Innovation,
British University Vietnam (Vietnam)

Dr. Annette Vee - Associate Professor and Faculty Liaison for AI Enablement,
University of Pittsburgh (US)

Dr. Joseph T. Yun - Director of AI Enablement, Pitt Digital; Research Professor, Electrical and Computer Engineering,
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