



# AI Readiness: Building the Bridge from Higher Education to Work in the United States

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

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# Foreword

The transition from higher education to the workforce is a significant milestone. It shapes the trajectory of individual lives and the competitiveness of global economies. In the United States, that transition is already being redefined by artificial intelligence, and the question this research poses is not whether students in the United States are ready for the AI era. It is whether higher education institutions and employers are ready for them.

This research is the product of deliberate collaboration between Pearson and Amazon Web Services (AWS). Pearson brings decades of experience in the science of learning, curriculum design, assessment, and credentialing. AWS brings direct insight into how AI is deployed inside the organizations that graduates are entering, as well as the skills those organizations now require. Together, we set out to understand how higher education and the workforce are aligning in an AI-driven world.

Across six countries, we listened to 2,711 learners, educators, university leaders, and employers. The United States reveals a striking paradox. It is a global leader in AI development, yet proximity to that innovation has not yet produced AI-ready graduates. Students in U.S. higher education are already fluent users of these tools. What they have had less opportunity to do is work alongside AI in applied settings.

The gap is not in exposure to AI, but in the opportunity to work with it, and it is one that higher education institutions and employers must close together. AI does not diminish the value of human judgment, ethical stewardship, creativity, or collaboration. It raises the premium on every one of them. Closing this gap will require more than any single organization can deliver alone: shared evidence, common standards, and sustained collaboration between those who drive learning and those who shape work.

Students across the United States have always met the moment when we have given them the chance. Our task, yours and mine, is to get them ready.

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### Art Valentine

President of Assessment & Qualifications and U.S. Country Ambassador for Pearson

### Valerie Singer

General Manager, Global Education  
Amazon Web Services



## Reduce friction. Build the bridge.

AI readiness is not owned by higher education or industry alone. It is built — or broken — in the transition between them.

Read the full report: [pearson.com/ai-readiness](https://pearson.com/ai-readiness)

# Introduction

The social contract between higher education and the workforce has long rested on a powerful premise: higher education institutions equip graduates with workforce readiness. Across the globe, the rapid integration of AI into workplaces is outpacing the adaptive capacity of higher education, presenting institutions with a critical choice. They must either accelerate the cadence of curriculum transformation or risk graduating cohorts of students who are not properly equipped for the AI-enabled workforce. The distance between institutional intent and graduate outcomes remains one of the most consequential challenges in education today.

This distance is especially instructive in the United States (US). From the perspective of the extent of its industrial activity, few nations are as invested in the technology. The US is the world's foremost developer of artificial intelligence (AI). Companies in the US produced 59 notable AI models in 2025, more than any other nation in the world; far and away the leader among the markets in this research.<sup>1</sup> US private investment in AI reached \$285.9 billion in 2025, which is 23 times the amount invested by China.<sup>2</sup> Organizational adoption has reached 88%.<sup>3</sup> By almost every measure of AI development, the country is a global leader.

Yet, by almost every measure in this report, the country's higher education institutions lag. US HE leaders report the lowest levels of institutional AI investment in the study. US faculty are described as having the weakest comparative capability ratings of any market. The integration of AI in the formal curriculum is the thinnest. The learner cohort reports the second-lowest AI readiness of any market surveyed, despite operating in the most AI-saturated environment.

Consequently, the US provides a valuable lesson: **proximity to AI innovation does not lead to graduate AI readiness.** When the pace of industry innovation and the pace of institutional response move at different speeds, the distance between them impacts graduates. In this instance, the outcome is a lack of professional maturity that US employers rank as their most urgent challenge when it comes to new hires. It also contributes to inadequate practical AI experience; a weakness that students themselves have identified as a priority for their institutions to address. And, perhaps most importantly, graduates enter the job market with a skillset that is misaligned with the demands of the AI workforce.

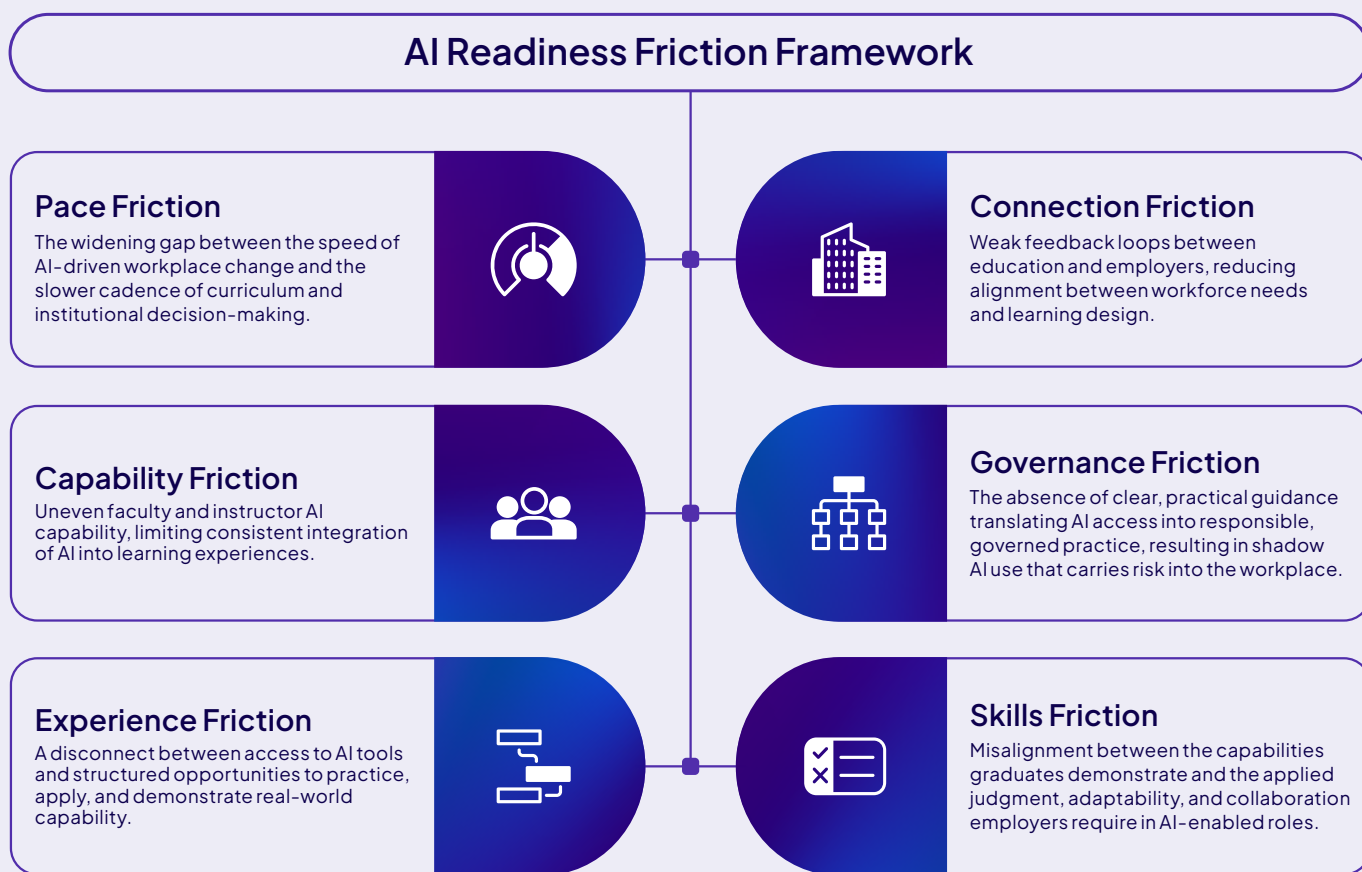
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<sup>1</sup>Stanford University Institute for Human-Centered AI (2026) The 2026 AI Index Report, Research and Development. Available at: <https://hai.stanford.edu/ai-index/2026-ai-index-report/research-and-development> [Accessed: 4 June 2026].

<sup>2</sup>Ibid.

<sup>3</sup>McKinsey & Company (2025) The State of AI 2025. Available at: <https://www.mckinsey.com> [Accessed: 4 June 2026].

This research examines what this means across the full ecosystem from higher education to work in the US. A synthesis of survey and interview data, along with secondary research, provides the evidence for an AI Readiness Friction Framework.<sup>4</sup> The data shows that success is not random, but it clusters around six compounding friction points that impede progress precisely when speed matters most:



<sup>4</sup>The findings in the report are based on a survey of 2711 respondents, including 503 stakeholders in the US, comprising learners (n=351), HE leaders (n=101), and employers (n=51). See page 29 for details. Given the sample sizes involved, the data should be read as directional patterns across the market. Where cross-market comparisons are provided, these draw on the total sample across all six markets.

These frictions reinforce one another across education and workplace systems. Rather than prescribing one-size-fits-all solutions, this framework enables leaders to diagnose where friction is most acute in their context and target intervention at root causes rather than symptoms.

What follows is a snapshot of contemporary indicators in the US, 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 in the US, where 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**

details the AI Readiness Friction Framework consisting of six points at which the education-to-work transition most consistently breaks down. This includes a friction-based analysis of the US market's specific readiness profile.

Taken together, the dataset illustrates the conditions in the US that have led to progress in delivering AI-ready graduates, while also highlighting the specific challenges hindering full realization of this ambition. This report is for HE leaders and employers who are navigating the intersection of AI and higher education in the US and who are looking for evidence-based guidance on closing the AI skills gap, strengthening workforce readiness, and building the industry partnerships that will shape the next generation of AI-enabled graduates.

# Chapter 1: The landscape of AI-driven education-to-work transformation

## The accelerating pace of AI-driven change and institutional response

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

Dr. Raj Echambadi, President, Illinois Institute of Technology

Across markets, there is strong consensus that AI development is moving at a breakneck speed, with two-thirds of stakeholders describing it as ‘extremely fast’ (23%) or ‘fast’ (44%). Stakeholders in the US, however, report a more relaxed perception of the pace of change. US HE leaders, in particular, are underestimating the speed of AI transformation compared to both their students and their global peers, with only 40% of HE leaders perceiving the pace as extremely fast/fast. Instead, the plurality of HE leaders (42%) view the pace as moderately fast, while another 19% characterize it as slow or non-existent. US HE leaders also hold the lowest perception in any market that the pace will accelerate further over the next two years.

US employers and learners have a different view. More than half (51%) of employers describe the pace as extremely fast or fast, 11 points higher than their HE leader counterparts. 61% of US learners agree, a significant 21-point divergence from the HE leader perception. Both groups are also more likely than HE leaders to expect the pace of change to accelerate in the next two years. This muted institutional perception by leaders of HE institutions will be a source of friction as the pace of AI-driven change accelerates. When institutions underestimate the pace of change, they risk underinvesting in the capabilities that pace demands.

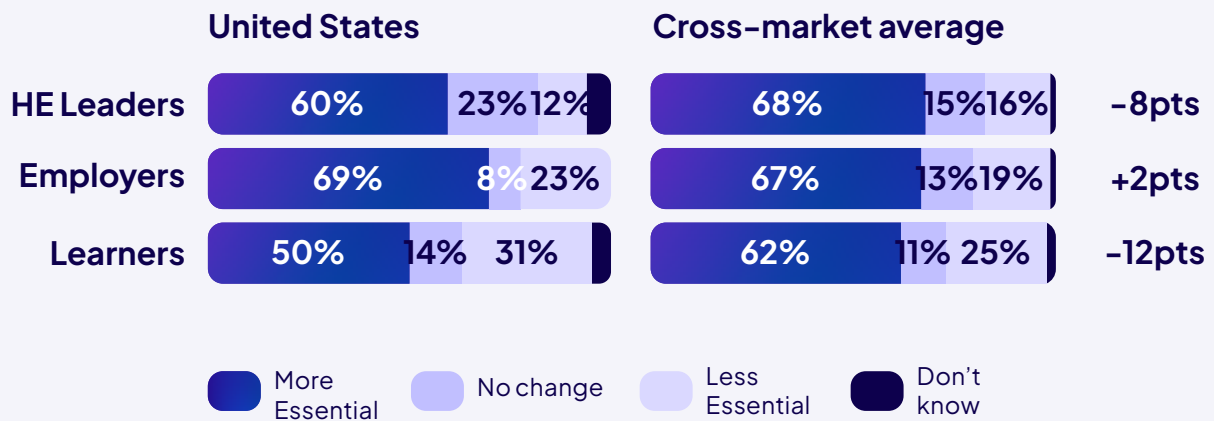
Because US students are feeling the disruptive pressure of AI more acutely than the leaders structuring their curricula, universities risk falling behind. Even HE leaders hold this view with only 16% believing that their institutions are keeping pace with most or all AI developments. Indeed, one-third (33%) of US HE leaders openly admit that they are falling behind, an assessment that is shared by 29% of national employers. Compounding this challenge, nearly one in ten US HE leaders rationalize this lag by categorizing AI as a trend the institution ‘does not need to respond to.’ This is an operational reality that threatens to leave US graduates structurally misaligned with the immediate needs of the AI-enabled workforce. Learners are noticing this gap, with a quarter (27%) arguing that universities are currently falling behind workplace changes. Additionally, other researchers have noted that longer-term issues such as the transfer of university influence to AI systems and the emergence of alternative models for skill development put the university institution at critical existential risk.<sup>5</sup>

<sup>5</sup>Beard, S.J., Roehrick, K., Beadle, J., Brinkworth, G., Compton, M., Crawford, K., Ennion, M., Gharavi, L., Gordon, C. and Hillman, V. (2026) A Horizon Scan of AI and Higher Education: Fourteen Issues That May Transform the Sector. SSRN Working Paper Series, ID 6257318. Available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=6257318](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=6257318) [Accessed 21 June 2026].

# The evolving value of higher education

It's unsurprising given these dynamics that the value of a university education is increasingly being questioned in the US. US employers are broadly aligned (69%) with the view of their peers across markets that AI makes a university education more rather than less essential. A more measured view comes from learners. A small segment does not see how AI has changed the value of an education (14%), alongside nearly half of students who believe AI has actually increased the value of a degree. But, a sizable share of current learners (31%) believe that the value has decreased; the only cohort more skeptical of its value is UK learners (35%).

## Views on the importance of university education



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

- AI developments make university education MORE essential - graduates need the deep knowledge and human skills that higher education provides
- AI developments make university education LESS essential - practical skills and experience matter more than formal degrees
- AI developments haven't changed the importance of university education

This does not necessarily mean that US learners would eliminate university training altogether. In fact, less than one-third of all stakeholders would sideline formal education for practical work experience alone. Moreover, half of learners believe that the critical human skills at the heart of a university education are becoming more valuable in an AI-driven environment, well above the cross-market average of 35%. In fact, US learners are disproportionately expecting these skills to be sufficient, which may be the consequence of the type of curriculum that today's faculty continue to prioritize.

Nevertheless, the view of these learners is that universities need to be transformed to meet the demands of the modern workplace. When asked what would most increase the value of their education, US learners call for more practical experience with workplace tools, more human skills development, and more internship and placement opportunities. The concern these students share is that a university education is not yet delivering the applied experience that is needed for an AI-enabled world. While US learners have identified the problem, it is for institutions and employers to act on a solution.

The majority of both employers and HE leaders believe that a hybrid model of formal university education and practical work experience provides the best foundation for AI-enabled careers. Indeed, US HE leaders are among the most likely groups across markets to advocate for this hybrid model. Ultimately, the demand is for an evolution of the degree framework, rather than an alternative to it, while at the same time the university continues to be seen as the institution best placed to develop the compound skillset that an AI-enabled economy demands.

## Connecting the AI-ready US graduate with the workforce

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**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.”**

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Dr. Joseph T. Yun, Director of Enablement, University of Pittsburgh

Although university remains a vital foundation for career readiness, the perception of why it is valuable is shifting. The current moment presents higher education in the US with a historic opportunity to lead in equipping graduates with the compound skillset that employers value. Delivering on that role requires clarity about what employers need. In the US, there is broad agreement among US HE leaders and employers that a blended skillset combining technical AI literacy with critical human skills is what the workforce demands. However, this alignment breaks down at the level of specific priorities.

US HE leaders believe employers primarily value communication and collaboration (42%) and effective AI tool use (40%). In reality, US employers rank adaptability first (55%), followed by communication and collaboration (53%) and combining human judgment with AI capabilities (47%). For US employers, proficiency in AI tool use is a markedly lower priority (33%), outranked by creativity and innovative thinking (35%). The most glaring discrepancy in expectations concerns adaptability, with an 18-point distance between what HE leaders (37%) believe and what employers expect (55%).

## 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

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

**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*

A less visible, but equally important misalignment concerns critical thinking about AI outputs. US employers rank this as a key graduate AI readiness requirement, equal to AI tool use, while US HE leaders rank it 14 points lower. Further, only 12% of US employers rate recent graduate hires as excellent on this skill. Against a cross-market average of 20%, and Saudi Arabia's 38%, this is the sharpest instance of a skill deficit in the US data. It is also the dimension that US HE leaders most underestimate as an employer priority. In a market where AI-generated content and AI-assisted decisioning are already mainstream, the ability to evaluate AI outputs is a baseline professional requirement. US HE institutions are not yet designing for this standard.

An audit of eight skill competencies reveals that US employers consistently rate recent graduates below the cross-market average on each one. These skill ratings are explained, at least in part, by what is being formally taught.

## Employer ratings on graduate skill competencies

Skill competencies	% of Employers rating graduates as “excellent” on each competency	
	US	Cross-market average
Creativity and innovation	27%	27%
Adaptability	24%	30%
AI tool use	24%	27%
Technical knowledge	24%	27%
Continuous learning mindset	22%	29%
Communication and collaboration	18%	25%
Applying academic knowledge to real work	16%	22%
<b>Critical evaluation of AI outputs</b>	<b>12%</b>	<b>20%</b>

**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?

*Question asked among Employers*

*Sample Size: US Employers – 51, All Employers – 304*

Across the competencies measured, US learners consistently report below-average course coverage on key skills required for professional practice. The one area where US curriculum coverage approaches the cross-market average is understanding how AI technologies work. Students who can explain how AI works, but who have not been provided with structured opportunities to apply it in a professional context, critically evaluate its outputs, or integrate it into authentic workstreams, are theoretically prepared but practically unskilled.

Nevertheless, US employers are in agreement about graduate strengths. They cite learning agility and adaptability as the primary value graduates bring to their organizations above the cross-market average for this strength. This is coupled with their ability to use AI and digital tools. The challenge, however, is at the point of integration into the workforce. Professional maturity and workplace readiness is cited as a top challenge by 51% of US employers, which is the highest rate across all employers surveyed. This is followed by limited practical experience, limited understanding of workplace context, and difficulty applying academic knowledge to real work scenarios. Less than half (45%) of US employers say recent graduate hires are better than those hired five years ago (vs. 60% cross-market average); nearly a quarter (24%) say graduates are worse prepared.

As with other markets, an internal divergence within US HE institutions may be contributing to this picture. Across the study, educators and administrators have reported different views of what employers need. Where this internal divide is unresolved, institutions risk operationalizing a skills profile that fails to reflect employer demand. The specific capabilities that employers rank most highly are the kind of relational, strategic, and ethical skills that are prioritized in their view of the optimal AI graduate. Addressing this skills gap is essential in translating the workforce demands into full graduate AI readiness.

## A portrait of the optimal AI-ready graduate

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 as a practical brief for what institutions in the US are expected to produce.<sup>6</sup> For a contemporary graduate, AI readiness is a multifaceted construct that combines:

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<sup>6</sup>For a full discussion of the optimal AI-ready graduate framework, see Pearson and Amazon Web Services (2026), Chapter 1.

## 1. Functional Proficiency

This set of skills represents the type of human-in-the-lead aptitude that employers demand. From day one, graduates must arrive functionally fluent in workplace specific tools. They are able to apply AI technologies directly to professional workflows with the ability to enhance their contribution productively. In the US, only 28% of learners report that how to use AI tools is currently covered extensively or quite a lot in their studies, below the cross-market average of 40%. Importantly, employer ratings reflect the gap: just 24% rate recent graduates as excellent on AI tool use, also below the cross-market average. Nearly three-quarters of students report using AI for research frequently or very often. Although functional proficiency is a baseline requirement, it is not yet consistently delivered in the US.<sup>7</sup>

## 2. Strategic Intelligence

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.<sup>8</sup> 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 to transform workflows. In the US, only 25% of learners report that critical thinking about AI outputs is covered well in their studies and the ability to work effectively alongside AI is the least-covered curriculum topic. US employers' ratings of graduates' ability to apply academic knowledge to real work contexts is one of the weakest in the study, with only 16% characterizing this skill as excellent.

## 3. Ethical Stewardship

This set of skills involves a graduate's ability to serve as an ethical filter and a risk mitigation manager for employers, focusing on safety, integrity, and the ethical deployment of technology. While 85% of US learners are aware of their institution's AI rules (47% definitely aware, 38% somewhat aware), only 34% are comfortable being fully transparent with teaching staff about their AI use. Across markets, the specific ability to critically verify AI outputs is cited as a significant weakness by employers who rank it as graduates' weakest competency. Employers in the US give recent graduate hires the lowest rating in the study for this skill competency.

## 4. Critical Human Skills

This set of skills represents a graduate's competency to provide what no AI model can: human judgment, 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. They will bring an adaptable, agile mindset ensuring they remain relevant as the pace of change accelerates.<sup>9,10</sup> US learners are more likely than their global peers to believe that critical human skills are a professional differentiator, with nearly half saying that they have become more valuable (48% vs 35%). However, US employers rate skills like adaptability, communication and collaboration below the cross-market average.

<sup>7</sup> Q3\_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.

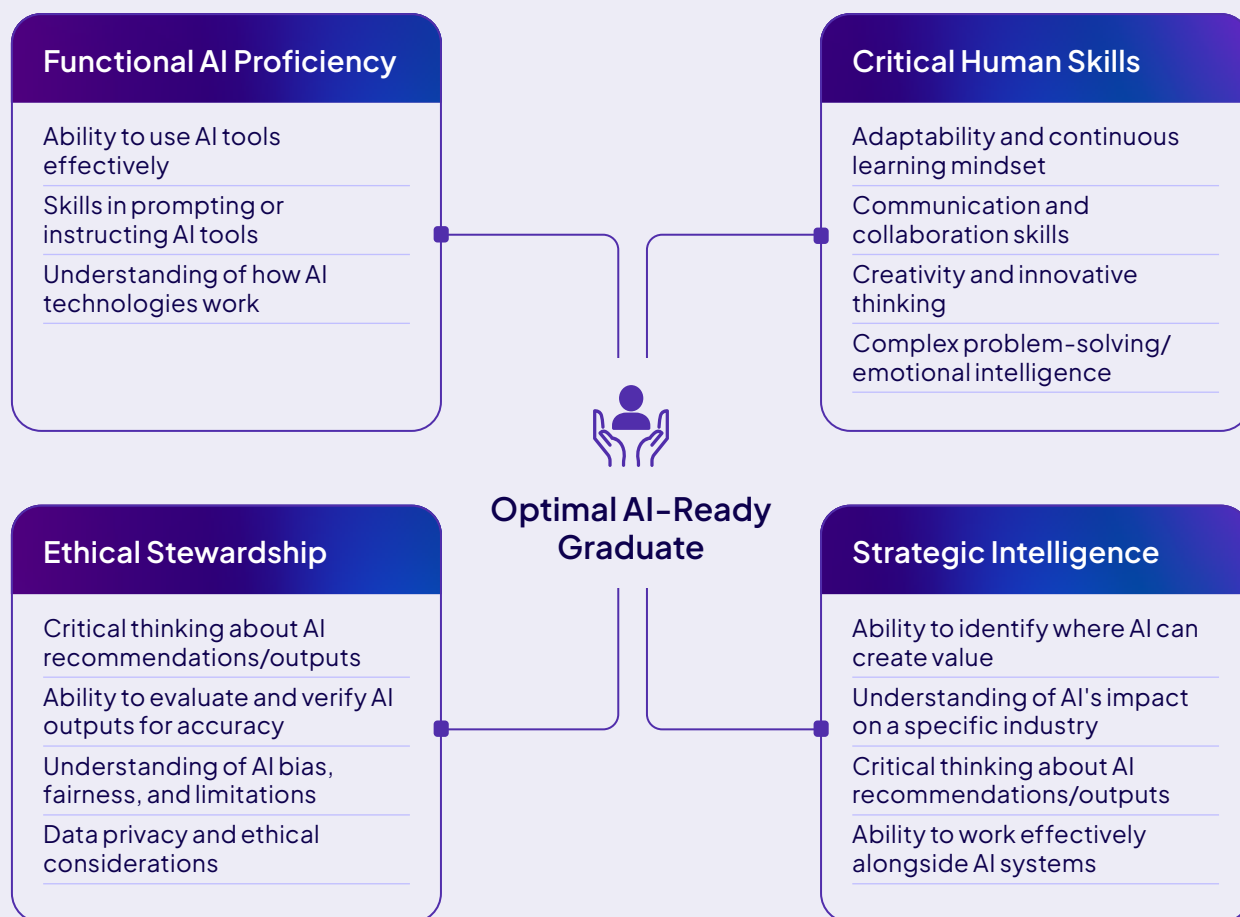
<sup>8</sup> Q3\_8EMP: Which THREE of the following are MOST IMPORTANT when hiring graduates into your organization today?

<sup>9</sup> 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].

<sup>10</sup> 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<sup>11</sup>



This portrait 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 these core skill competencies. 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.

However, developing the AI-ready graduate is at risk due to compounding frictions across the education-to-work ecosystem. US graduates currently perform below the cross-market average on every dimension employers assess. This is not because they lack strengths, but because their institutional training does not currently provide the framework for an effective transition into the AI-enabled workforce. The chapters that follow examine the institutional conditions that are leading to this outcome and where the most targeted and effective interventions can be made.

<sup>11</sup>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 toward institutional AI readiness: investment, faculty capability, graduate confidence and governance

As US institutions and learners adapt to a shifting technological landscape, the data reveals a picture that is defined by structural constraints, misaligned investment, and a distance between what institutions are building and what graduates and employers need. US HE leaders report a reliable understanding of what AI readiness requires, but are limited by resource allocation, institutional capability, and workforce connections. The focus of our analysis in this chapter 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, the relationship between institutional behavior and student confidence; and the challenge of AI-governance even where there is awareness of policy.

## Institutional investment: scale, focus, and friction

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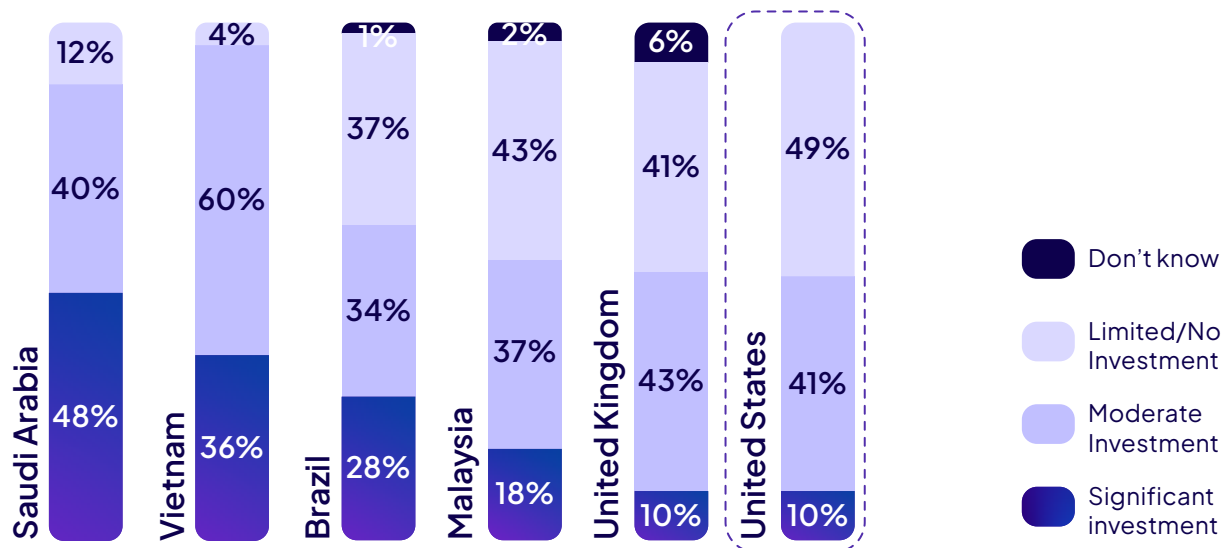
**We organize our AI strategy into three buckets: Operational Efficiency, Student Success, and Curricular Innovation. The first is about how we run the business of the university. The second is about how we support the student from recruitment to graduation. The third is the hardest thing: how do we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

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Dr. Raj Echambadi, President, Illinois Institute of Technology

US HE leaders report the lowest levels of significant AI investment in the study, and the data conveys that these leaders see this as a problem. Only 10% of US HE leaders characterize their institution's AI investment as significant. Against a cross-market average of 22%, this is the joint lowest rate in the study. The plurality (49%) report limited, minimal, or no investment. More than one-third (35%) of these leaders say their institution's current investment is somewhat inadequate to prepare graduates for the AI-enabled workplace at a rate above the cross-market average, and in contrast to Saudi Arabia where 92% consider their investment adequate or better. Only 6% of US HE leaders describe their investment as more than adequate, which is also the lowest rate in the study. These leaders are aware that their investment falls short but lack the budget to bridge the distance.

## 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

Where investment does exist, it is primarily directed inward. Faculty training leads (61%), followed by curriculum development (42%) and purchasing AI tools (39%). These investment priorities are strategically important: faculty capability is the single-most impactful investment for graduate readiness and we have noted elsewhere in this report how curriculum matters. The challenge is that this focus is insufficiently balanced. When US employers are asked what characteristics define an AI-ready institution, they prioritize faculty AI knowledge and teaching that effectively incorporates AI. These are precisely the areas that US HE leaders say their institutions are investing in, but also the areas where learners report their lowest satisfaction.

Most critically, US HE leaders report an absence of connection with industry partners. In fact, industry partnerships rank last among US investment priorities, at 15 points below the cross-market average (24% vs 39%) and 35 points below Saudi Arabia. These investment figures are just one dimension of a challenge of an operational reality where employer engagement is weaker than in other markets. Only 10% of US HE leaders report very frequent, ongoing interaction with employers, which is half the cross-market average. Even when broadening the scope of connection to 'regular' interaction, the US still lags (34% vs 58%). Rather than utilizing structured, data-driven workforce intelligence, US institutions rely on ad-hoc networks. The nation's institutions rely exclusively on informal channels at nearly twice the cross-market average (30% vs 16%).

Curriculum design in the US is being made without timely signals from the employers who hire new graduates. The misalignment between what US HE leaders believe employers value and what US employers truly prioritize is due to this connection friction. Resolving this will require both additional investment as well as a systematic commitment to employer relationships that help shape the strategic direction of that investment. Whether institutions move aggressively or cautiously, they remain challenged by a labor market that is innovating at pace. 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.

## Faculty capability is a key determinant of graduate AI readiness

Investment in tools and infrastructure is undeniably important, but the primary driving force of graduate AI readiness is faculty capability. Only 3% of US HE leaders characterize their faculty's AI capability as very strong. This is the lowest rate in the study against a cross-market average of 13% and Saudi Arabia's rate of 48%. In total, just one in five rate fellow faculty as strong or very strong, while more than half (56%) describe their capability as mixed. Perhaps most concerning is that nearly one quarter describe that capability as weak or very weak for the highest combined weak assessment in the study.

This low capability rating is associated with low levels of professional development and training. Only 5% of US HE leaders describe training as extensive and just one quarter say that opportunities are extensive or quite a lot, which is considerably lower than in markets like Saudi Arabia (86%) and Vietnam (80%). Nearly a third (32%) of US HE leaders report that faculty receive little or no AI training at all. Faculty must develop their knowledge and practice at the pace that AI innovation demands. To do so requires investment coupled with an equally innovative pedagogical strategy.

Students are aware of the impact of faculty capability: when that capability is strong, they benefit; when it is weak, they lose confidence and become dissatisfied. Only 18% of US learners observe extensive or regular faculty AI use, while just 4% say that they see most or all faculty using AI. A further 20% report seeing no faculty AI usage at all. For the majority of US students, AI-enabled teaching is the exception rather than the norm. Across multiple aspects of AI learning, US learners are below the cross-market average. Among these, the lowest satisfaction score and the largest gap is with hands-on practice opportunities. This is followed by the quality of AI teaching and the way AI is used by teaching staff. Each of these areas is an expression of the level of faculty capability.

## Learner satisfaction with elements of AI learning

	% of Learners “satisfied” or “very satisfied” with each element	
	US	Cross-market average
Access to AI tools and technologies	60%	68%
Guidance on appropriate AI use	54%	65%
Amount of AI content in curriculum	50%	58%
Support for questions about AI	49%	65%
Way AI is used by teaching staff	49%	63%
Quality of AI teaching and instruction	48%	61%
Hands-on practice opportunities	44%	57%

**Q.** How satisfied are you with each of the following aspects of AI learning at your university?

*Question asked among Learners*

*Sample Size: US Learners – 351, All Learners – 1,955*

The strongest satisfaction rankings concern access to AI tools and technologies. US learners report having better access to AI technologies than they do to quality AI teaching. Access without faculty-guided practice places students at risk of developing habits that will hinder their professional capabilities.

# Institutional capability and graduate confidence

Almost half of US learners feel that their university is preparing them well or moderately well for an AI-enabled workforce. This is below the cross-market average of 61% but comparable to the UK at 48%. Nevertheless, only 20% would say their personal AI readiness is high, with another 23% characterizing their readiness as low. The data reveals that US learners are only marginally more confident in their readiness than in the UK, where learners are the least confident in their preparedness. US HE leaders are also less confident in their graduates than their cross-market peers, with a 15-point difference in the belief that they exceed employer expectations (13% vs 28%).

An essential contributor to learner confidence is the degree to which AI instruction is integrated into the curriculum. Where faculty are most capable and most actively engaged with AI in their own teaching, learners are most confident and feel better prepared for an AI-enabled workforce. What students in the US seem to realize is that without practical experience, the transition to the workforce will be more of a challenge. US learners express the highest demand for practical experience of any market in the study. They understand that the theoretical knowledge that they have of AI will not measure up to how they will be expected to use it professionally. These findings indicate a strong associative chain running from institutional investment to faculty capability, then to learner experience and, ultimately, to graduate workplace readiness.

# The governance challenge: shadow AI and the ungoverned student experience

In most markets, the governance challenge is obvious; rules do not exist, learner awareness is low, or policy has not kept pace with innovations and behaviors. The challenge is different in the US. US learners report comparatively high levels of awareness of university AI rules: 47% are definitely aware of official guidance, and a further 38% have some awareness. Instead, the challenge for US institutions is building trust. Close to half (48%) are comfortable disclosing their AI usage for some tasks but not others. Nearly 1 in 5 (18%) are not comfortable with any disclosure at all.

This lack of trust is compounded by limited satisfaction in provision. Like their cross-market peers, US learners share similar levels of satisfaction with their access to AI tools. But satisfaction is low with guidance on appropriate AI use (54%) and the way teaching staff use AI (49%). The US learner cohort has access to tools but lacks faculty-modeled practice that would contribute to the development of responsible, workplace ready capabilities. These students risk developing unguided, unaccountable habits that employers identify as a governance risk.

The impact of shadow AI usage is consequential and a long-term risk. The habits that students develop during their education will shape how they behave as ethical stewards in professional contexts. Governance frameworks that fail to cultivate trust, transparency, and responsible use are insufficient for building AI-ready graduates. This governance friction is one that US institutions should prioritize as they look to bridge the distance from education to work.

**Ultimately, the goal of institutional governance should be to build trust, 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.<sup>12</sup>

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

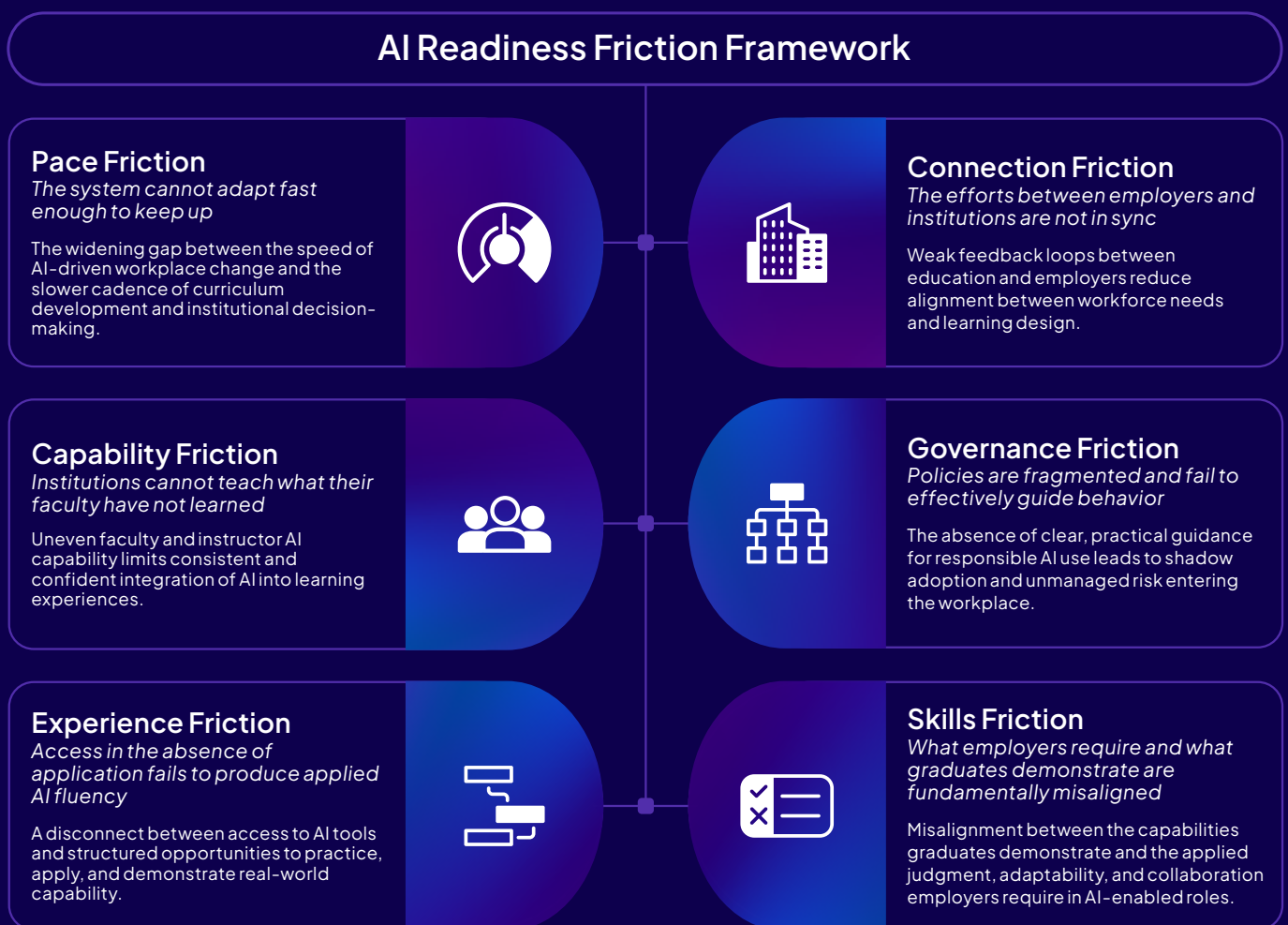
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<sup>12</sup>World Economic Forum (2025) 'Responsible AI in higher education: Building skills, trust and integrity', World Economic Forum, 4 September. Available at: <https://www.weforum.org/stories/2025/09/responsible-ai-in-higher-education-building-skills-trust-and-integrity/> [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

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 provides 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 impacting graduate AI readiness. This diagram 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.

# Friction profile of the US

**No market is friction free.** The US is no exception and has a distinctive friction profile that positions it as an incremental pragmatist alongside the UK. 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.

## Pace Friction: accelerating, but still underestimated

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. In the US, this friction operates in a paradoxical manner: the country that leads the world in AI model development and private investment is also where HE leaders report the lowest perception of pace of change. Only 40% of US leaders describe AI-driven change as fast or extremely fast; against a cross-market average of 67%, this makes them the cohort of HE leaders with the lowest rate in the study. Yet, the pace of change in the US ecosystem is the highest in the world.<sup>13</sup>

Only 16% of US HE leaders believe their institutions are keeping pace with AI-driven change, a shortfall validated by employers. Employers are more likely than HE leaders to describe the pace as extremely fast/fast (51% vs 40%). Structural barriers to curriculum development compound this friction. What primarily hinders these institutions is neither lengthy approval processes nor uncertainty about what needs to change; rather, they are constrained by the capacity to accommodate and resolve the challenges driving pace friction. US HE leaders are the most likely to cite faculty workload and competing curriculum priorities, at a rate higher than their cross-market peers.

## Connection Friction: weak feedback loops across the education-to-work 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. The US connection infrastructure is especially weak. Only 10% of US HE leaders report very frequent, ongoing employer interaction. Additionally, 34% report regular interaction of any kind, against 94% in Saudi Arabia, 84% in Vietnam, and a cross-market average of 58%. The number of HE leaders who rely on informal, ad-hoc channels for gathering workplace intelligence is nearly double the cross-market average (30% vs 16%).

Citing a deficit in practical experience as a major hiring challenge, this friction is compounded by the rate at which employers are evolving their graduate requirements. Because US employers are rapidly evolving their organizations, they are not yet able to provide timely intelligence to universities to adapt to workforce needs. The US education-to-work pipeline requires deliberate action by university leadership to prioritize industry partnerships to turn weak ties into a data-driven, co-designed framework to deliver AI-ready graduates.

<sup>13</sup>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].

## Capability Friction: professional development is lagging industry demands

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. This is the internal bottleneck through which all institutional ambition must pass. This friction is severe in the US. In the first instance, only 3% of US HE leaders rate their faculty's AI capability as very strong, while only 5% report that faculty training is extensive. Further, nearly one-third (32%) report that their teaching staff receive little to no AI training at all. The consequence of this capability friction is felt directly by students. Only 18% report observing regular faculty AI use in the classroom. Less than half of all students feel satisfied with the level and quality of AI instruction, one of the lowest rates in the study.

One source of this friction is structural. US HE leaders are the most likely in the study to cite faculty workload as the primary barrier to curriculum adaptation. In addition, UNESCO highlights the impact of educator anxieties about the impact of AI technology on their profession as well as a perceived threat to academic integrity inhibiting adaptation. These concerns are not unique to the US, but in a market where governance has leaned toward restriction, they may be contributing to the limits in faculty capability. Building this capability will require structural adjustments as well as a shift in culture.

## Governance Friction: learner shadow AI usage is outpacing institutional policy

This friction is driven by limitations in translating AI tool access into governed, equitable infrastructure and guardrails that engender an environment of mutual trust. Rule awareness is reported to be relatively high in the US. Although the trust that learners have in their institutions is greater than in other markets in the study, a critical vulnerability in the US is the degree to which rules are disconnected from the practical realities of student behavior. When nearly half (43%) of students receive minimal or no AI instruction, they are likely to independently adopt unvetted, external tools.

The outcome of this disconnect is an environment of shallow AI integration rather than extensive academic practice. Although 47% of US learners report frequent use of AI for research, 41% say that coursework would take the same amount of time without AI and 53% believe they would receive identical grades with AI technology. These figures suggest that students have not acquired the experience or the skills with AI that would enhance how they learn and work. Resolving this friction requires moving away from risk containment toward substantial curriculum integration turning hidden, unguided habits into ethical stewardship.

## Experience Friction: prevalent disconnect between tool access and practical application

Experience friction is acute and urgent in the US, driven by a disconnect between access to AI tools and structured opportunities to apply them in professional contexts. US learners (80%) are actively utilizing AI independently of their formal curriculum, but few are receiving instruction that involves practical experience working alongside AI systems (23%), critical thinking on AI outputs (25%), and assessing AI bias and limitations (31%). Satisfaction with hands-on practice is the lowest-rated aspect among US learners.

This friction impacts the labor market, emerging as the primary hiring challenge facing US employers. Nearly half (45%) of US employers cite lack of practical experience as a top hiring barrier, while 51% cite lack of professional maturity as the single greatest challenge. The distance between conceptual literacy and applied, professional experience in the US is wide. Resolving this friction requires that institutions move applied AI experience into the compulsory core of the curriculum. Frameworks like the University of Pittsburgh's AI Across the Disciplines program and Illinois Tech's embedded AI Plus model illustrate how credit-bearing, faculty-supervised practice is achievable.

## Skills Friction: functional AI proficiency misaligned with broader capabilities

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. US graduates arrive in the workforce with strength in the areas of adaptability, learning agility, and functional proficiency. But these strengths are not consistently ready for application to professional contexts. This leaves graduates with employer ratings that are lower than their global peers across all aspects of AI readiness. This is most acute in the area of critical evaluation of AI outputs where only 12% of US employers rate recent graduate hires as excellent.

While critical human skills are vital for a successful transition into the AI-enabled workforce, 48% of US learners believe that these skills alone are sufficient. US learners are preparing for an outdated model of workplace reality, underestimating the blended technical and human skillset that employers expect. The lack of robust AI integration into the curriculum shapes learner belief and behavior. Those beliefs reduce the likelihood that students will pressure institutions to adapt, perpetuating a vicious cycle of skills friction. Resolving this friction will require a reorientation of the academic curriculum to include the strategic, ethical, and practical capabilities that employers demand alongside functional proficiency.

# Overcoming AI readiness frictions: case studies in action

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.

A snapshot of each is presented below — full case studies are provided in the **main report**.



## Pace

To close the gap between fast-moving markets and slow-moving curricula, **Fundação Getúlio Vargas (FGV)** replaces periodic curriculum reform with semesterly immersion weeks and executives-in-residence keeping course content market-current.



## Connection

To close the feedback loop between employer needs and curriculum design, **University College London (UCL)** runs the Industry Exchange Network (IXN), matching live company challenges directly to students working under joint industry and academic supervision with 40 to 45 percent of participating students subsequently recruited by their industry partners.



## Capability

To address uneven AI capability across the institution, faculty at the **University of Pittsburgh** run AI Across Disciplines to train colleagues across subjects and sustain PASTA, a cross-institutional peer network for sharing practical integration experience, building the consistent faculty capability that confident AI integration requires.

To build faculty AI capability across disciplines, **Prince Sultan University** addressed the human dimension before the technical one, treating emotional and behavioral readiness as a prerequisite and using low-code approaches to enable teaching staff from law, business, and the humanities to integrate AI into their own teaching and research.



## Governance

To replace fragmented policy with practical guidance, **British University Vietnam's (BUV) AI Assessment Scale (AIS)** provides a tiered framework shifting focus from policing student behavior to deliberately designing assessments around AI.



## Experience

To convert AI access into applied fluency, **Asia Pacific University of Technology and Innovation (APU)** provides frontier computing infrastructure including Malaysia's first NVIDIA-powered AI supercomputing lab, and designs assessment around authentic workplace tasks, creating structured conditions for students to practice with real tools on real problems.

To bridge the gap between AI access and applied competency in healthcare, **Illinois Institute of Technology** launched the Health Tech Talent Institute, partnering with Leap of Faith to place students directly on live health informatics challenges using industry-supplied AI tools.



## Skills

To move graduates beyond technical proficiency toward applied judgment, **Illinois Institute of Technology** builds its curriculum around an explicit humans-in-the-lead philosophy, treating critical thinking, systems thinking, and ethical reasoning as equal priorities alongside technical and data skills – producing graduates with the adaptability and collaborative judgment employers require in AI-enabled roles.

# Conclusion: Bridging the AI readiness divide, from insight to execution

AI-ready graduates do not emerge by chance. They are deliberately built through an ecosystem designed to foster applied capability. The evidence provided in this report is a resource for determining what is required by institutions, employers, and learners.

## What this means for the US as an incremental pragmatist

The US friction profile reflects the archetype of the incremental pragmatist. It is a market where investment is internally concentrated, capability constraints are intensive, and the most acute frictions are foundational. The US could look to other markets in this study for illustrative examples for targeting these frictions. The US needs to coordinate its assets around the right outcomes through industry connections, continuous faculty development, and embedding applied experience at the core of the curriculum.



# What this means for HE institutional leaders

To deliver AI-ready graduates at the pace that the transforming workforce demands, action is required across all six friction points. Use the Friction Framework Self-Assessment Questions\* to diagnose where friction is most acute in your institution, 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. Industry advisory boards are a direct mechanism for keeping signals current. The pace of change US employers are experiencing should be better understood by those designing curricula.



## Connection

Industry partnerships in the US should shift from a low-priority investment to a central feature of curriculum design. Build ongoing feedback loops with employers and industry bodies so workforce signals directly inform learning design, assessment standards, and graduate outcomes. Conduct employer surveys and needs analyses.



## Capability

Faculty AI capability is the most cited barrier to graduate readiness in the US. Invest in continuous, applied development. Faculty development should connect educators to live industry contexts through embedded partnerships, secondments, and employer-hosted professional development rather than one-off experimentation or theoretical training. Cross-disciplinary networks like those pioneered at the University of Pittsburgh is an effective strategy to build faculty capability.



## Governance

The governance challenge extends beyond visibility into trust. 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. Replace punitive or restrictive governance with a culture that positions AI use as an ethical, positive, shared practice modeled by faculty and integrated into assessments.



## Experience

This is the most acute friction in the US market. 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.



## Skills

The curricular priority is building out the other dimensions of the AI-ready graduate beyond functional proficiency: strategic intelligence, ethical stewardship, and critical human skills. Institutions that prioritize any single capability area at the expense of others are not producing the graduates the workforce needs. Explore the development of a Graduate AI Attribute Framework in active partnership with US employers.<sup>12</sup>

<sup>12</sup> See also the Optimal AI-Ready Graduate profiled in chapter 1 of this report.

\* <https://www.pearson.com/power-of-learning/ai-readiness/diagnostic.html>

# What this means for business leaders

US employers understand the pace of change better than HE leaders do. The graduate readiness needed for the AI-enabled workforce is not for HE institutions alone to determine. 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.



## Pace

Move quickly to diagnose the AI capability needs your organization is facing now. Communicate them to university partners with specificity, regularity, and intentionality. The pace friction that you feel as an employer should be shared with institutions that build future talent. Industry Advisory Board participation is an efficient channel for this.



## 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. The connection friction that limits graduates' readiness is an opportunity for employer engagement.



## Capability

Support universities in understanding the practical implications of AI for your sector by opening your organizations to educators. Faculty who are unfamiliar with the impact of AI in professional contexts cannot teach its application credibly. Embed practitioners, share case materials, and treat faculty development as a strategic investment in the pipeline of talent and opportunity your organization depends on.



## Governance

Communicate what responsible 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.



## 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.



## 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.

Meeting this moment in the US requires educators and employers to work together with the same urgency. The foundation is under construction with graduate potential, institutional capacity, and employer knowledge as assets. The task is to forge connections to remove the remaining frictions to deliver AI-ready graduates.

# 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.

Market	Learners	HE Leaders	Employers	Total
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

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

## 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.

The views and opinions expressed by the interviewees during this project are their own and were shared in their capacity as individual professionals. These insights do not necessarily reflect the official policies, positions, or endorsements of their respective institutions.

Interviews were conducted through February 2026.

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