Tomorrow's Affairs
Analysis of today
Assessment of tomorrow

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The university does not need to disappear; it needs to change the definition of itself

For much of the twentieth century, the social contract around higher education was relatively simple. A young person studied hard, went to university, earned a degree and moved into a better job than someone without one. Universities provided knowledge, employers trusted the diploma, and families accepted the cost because the return appeared reasonably clear. That contract is weakening.

The OECD's 2026 Employment Outlook points to an uncomfortable development: in several advanced economies, young university graduates have become increasingly more likely to be unemployed than the wider working-age population.

More importantly, the OECD says this trend started before the rapid spread of generative artificial intelligence. AI may add pressure, but it cannot explain the whole problem. Slower hiring, changing skill requirements, weaker entry-level recruitment and broader changes in the organisation of work all play a role.

The United States offers a particularly striking example. According to the Federal Reserve Bank of New York, unemployment among recent college graduates was about 5.6 per cent in the second quarter of 2026, while 42 per cent were underemployed, meaning they were working in jobs that typically did not require a university degree.

The problem is therefore not simply whether a graduate has a job. It is whether years of higher education are actually being used in that job.

Interestingly, the New York Fed has also found that remote work may explain a large part of the recent deterioration.

Young workers traditionally learned by sitting next to more experienced colleagues, asking questions and observing how work was done. Remote and hybrid structures weakened some of this informal training.

One New York Fed study estimates that remote work could explain around 64 per cent of the recent rise in unemployment among young graduates in the United States. This suggests that blaming AI alone would be too easy.

More severe in other parts of the world

Europe presents a less dramatic but equally mixed picture. Eurostat reports that 83 per cent of recent graduates aged 20-34 were employed in the EU in 2025. But the range was enormous, from around 62 per cent in Greece to more than 90 per cent in Malta and Germany.

Vocational graduates generally performed better than young people leaving general upper-secondary education, which again points to the value of direct links between education and actual occupations.

The problem becomes more severe in other parts of the world. In the Arab states, the International Labour Organization notes that unemployment can actually rise with educational attainment.

Many universities and training institutions operate with weak links to employers, while economies fail to create enough high-skilled positions for the number of graduates being produced. In Tunisia, for example, unemployment among tertiary graduates is around 24 per cent.

Africa faces another version of the same problem. The World Bank describes a combination of skills mismatch, lack of work experience and a shortage of formal jobs.

The continent is producing one of the most educated generations in its history, yet many economies cannot create enough high-productivity employment to absorb them.

> Türkiye is part of the same international debate, although its problems start even before university

The World Bank also makes an important point: weaknesses in analytical writing, quantitative literacy and structured reasoning can limit graduates even after they obtain a degree.

Asia is not immune either. The Asian Development Bank says many Asian economies face the strange combination of graduate surpluses and skills shortages at the same time.

Universities produce large numbers of degree holders, while companies still report difficulty finding people with the abilities they need.

In South Asia, the World Bank has warned that more than half of young people may leave education without the skills required to secure good employment unless the relationship between education and work changes substantially.

Türkiye is part of the same international debate, although its problems start even before university. PISA 2022 showed that more than 60 per cent of 15-year-old students in Türkiye reported skipping a class or an entire school day at least once during the two weeks before the assessment, compared with roughly 30 per cent across the OECD.

At the same time, only 61 per cent of Turkish students reached at least the basic proficiency level in mathematics. Performance in science has improved over the longer term and Türkiye should receive credit for that, but large differences in foundational skills remain.

What can this person actually do?

This matters because universities do not receive blank sheets of paper. They receive young adults who have already spent twelve years in an education system. Some arrive with strong reading, mathematics and analytical abilities. Others arrive with serious gaps in the same areas.

Universities are then expected to close those gaps, provide specialised academic knowledge, teach foreign languages and digital skills, develop social and communication abilities, arrange work experience and ultimately produce a graduate whom an employer can hire immediately. That is an enormous expectation.

The United States has struggled with exactly this problem for decades. Large numbers of incoming university students have required remedial support in mathematics, reading or writing before they could comfortably handle degree-level courses.

Degrees still matter, and the OECD is explicit that formal education remains an important foundation

The American experience shows that universities can compensate for some weaknesses inherited from earlier education, but they cannot easily repair twelve years of uneven learning within a four-year degree.

This is why the international discussion about higher education is gradually shifting away from the simple question, “Does this person have a degree?” towards another one: “What can this person actually do?”

The OECD now describes this as the movement towards a skills-first labour market. Degrees still matter, and the OECD is explicit that formal education remains an important foundation.

However, employers are increasingly looking for more precise evidence of capabilities: digital skills, communication, problem-solving, data literacy, technical knowledge and the ability to learn new tasks. Micro-credentials, professional certificates, skills passports and work-based learning are becoming part of this new system.

Questioning the traditional

package

This does not mean that young people have suddenly stopped valuing university. The evidence is more subtle.

Gallup's 2026 research in the United States found that 73 per cent of adults without a college degree still believe earning a credential is as important today as it was twenty years ago. Current students also remain surprisingly confident about the value of their own education.

Yet only one in four adults without a degree believes that quality higher education is both accessible and affordable. Public confidence in higher education is also far below the level recorded a decade ago. In other words, young people are not rejecting education.

They are increasingly questioning the traditional package in which education is offered.

Four years in a building, hundreds of hours in lecture halls, examinations that reward memory, a diploma at the end and an uncertain connection to employment no longer look automatically attractive when knowledge is available online,

AI can provide individual tutoring, professional certificates can be earned in months and entrepreneurs can create businesses without waiting for formal permission from an academic institution. That is where universities face their real challenge.

If a university defines itself mainly as a collection of buildings where professors deliver information and students eventually receive certificates, it is competing against the internet, AI, online courses and specialised training platforms. That is not a competition universities are likely to win. Information has become abundant.

What remains scarce is something else: judgement, intellectual discipline, mentorship, social interaction, laboratories, real research experience, trustworthy assessment, networks, teamwork and access to professional opportunities. Those should become the real products of a modern university.

> Universities have to offer something more valuable than attendance

The technology economy has made the weakness of the old model especially visible. Some of the most successful figures in the digital world never completed university.

Meta's founder and current CEO Mark Zuckerberg attended Harvard but left before graduating. Michael Dell, still chairman and CEO of Dell Technologies, left the University of Texas to build the company he had started in his dorm room.

OpenAI CEO Sam Altman studied computer science at Stanford for two years before leaving to build his first company. Bill Gates left Harvard to create Microsoft, while Steve Jobs left Reed College after only a short period of formal study.

These examples should not be misunderstood. They do not prove that university is unnecessary. These are exceptional individuals, not representative students.

Zuckerberg, Gates and Altman also entered some of the world's most selective universities before leaving them. They gained exposure to talent, networks and ideas that were valuable in themselves. Jobs continued auditing classes after formally dropping out and later credited a calligraphy course with influencing the design of the Macintosh.

The lesson is therefore not "drop out of university and become a billionaire."

The lesson is that the university degree has lost its monopoly as the only credible route to knowledge, entrepreneurship, professional networks and economic success. Young people can now acquire some of these elsewhere. That means universities have to offer

something more valuable than attendance.

A workable model

A workable model is already visible.

First, universities need to combine academic education with work experience. Students should not reach the age of 22 or 23 before discovering what a workplace looks like.

Co-op education, paid internships, apprenticeships and “earn and learn” models should become part of the curriculum rather than optional additions. The World Bank increasingly promotes precisely these models because they reduce the experience gap that prevents graduates from getting their first job.

Second, curricula need to become more modular. A four-year degree should not be treated as a single, indivisible product. Students should be able to accumulate recognised certificates, technical modules and micro-credentials within their degree and return later in life to update them. In a labour market where AI may alter job descriptions every few years, education cannot end at graduation.

Third, universities need to measure outcomes more honestly. Prospective students should be able to see how graduates from each programme perform: how many find work, how long it takes, what occupations they enter, what they earn and how many work in jobs related to their studies.

A university asking a family to invest four years and substantial resources should be prepared to disclose what happened to previous students.

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Fourth, the first year of university should identify and address foundational weaknesses. Students who struggle with writing, mathematics, quantitative reasoning or digital literacy should receive intensive support early. Pretending that every student who passes an entrance examination arrives equally prepared simply postpones the problem to later years.

Fifth, employers also have to change.

It makes little sense for companies to complain that graduates lack experience while refusing to hire anyone without experience. Employers need to become part of education through apprenticeships, curriculum partnerships, mentoring and entry-level training.

The OECD’s skills-first approach also encourages employers and governments to remove degree requirements from jobs where a degree is not genuinely necessary.

Finally, governments need to stop measuring the success of higher education mainly by the number of universities, campuses, students and graduates. These are measures of volume; they tell us very little about value.

A country can produce more graduates every year while companies complain about skills shortages and young people complain about unemployment.

This is exactly the paradox emerging across parts of Europe, North America, Africa, the

Middle East and Asia. The university therefore does not need to disappear; it needs to change its definition of itself.

The institutions that this generation actually needs

The campus can remain important, but as a place for laboratories, collaboration, debate, experimentation, entrepreneurship and human interaction rather than simply a building where information is delivered.

Professors become more valuable when they act as mentors, researchers and intellectual guides rather than as the sole source of knowledge. Degrees remain useful, but they need to sit alongside demonstrable skills and real-world experience.

The biggest mistake would be to conclude that higher education has lost its value. It has not.

> The question is whether universities are prepared to become the institutions that this generation actually needs

What is losing value is a particular version of higher education: the university as a campus-based diploma factory whose main promise is that four years of attendance will automatically produce a career. Young people are beginning to see through that promise because the labour market already has.

The future university will probably still grant degrees, but the institutions that remain relevant will also offer experience, networks, practical skills, intellectual depth, lifelong learning and a much clearer bridge to work.

The question is no longer whether society needs universities; it is whether universities are prepared to become the institutions that this generation actually needs.