FINNISH EDUCATION EVALUATION CENTRE

Transitions from Initial Vocational Education and Training Qualifications to Working Life in Finland – Observations and Reflections from an International Expert Panel

6.5 Skills anticipation and career guidance

Part of the problem with high graduate unemployment could be as a result of a mismatch between the supply of VET graduates and the labour market demand for these graduates. The key question is then how the VET system matches students' interests with labour market requirements. A central task of the VET system is to balance the demand of young people for education on the one hand with the demand for skilled labour on the other hand.

Skills anticipation – information-rich, but softly steered

Across the interviews, Finland's skills anticipation system was consistently described as information-rich and network-based. However, the steering power of this information appears limited.

One interview highlighted dissatisfaction with earlier national forecasts, which were perceived as too general to support programme-level decisions. In response, anticipation has become more regional and locally embedded. Some providers engage intensively with employers – in one case conducting approximately 150 employer interviews annually. These dialogues can result in concrete adjustments, such as closing programmes with weak employment prospects or limiting intake in oversupplied fields.

This reflects the broader governance logic of Finnish VET: rather than binding national quotas, steering relies on trust, data and local responsibility. Coordination exists, but it operates through information and dialogue rather than directive control. As one observation summarised, the system is data-rich and network-based, yet primarily guided by soft steering.

At the same time, the reliance on local initiative raises capacity questions. Not all providers will have equal resources to conduct systematic employer engagement, potentially leading to uneven responsiveness. There is also a question mark over whether the local VET providers have the capacity to make reliable long-term forecasts regarding structural shifts in the national

economy and the consequences of the green transition, and the shift to defence industries, health and elder care, ship building, etc.

Incentive reform and limited behavioural change

Several interviewees raised concerns about a persistent mismatch between educational supply and labour market demand. Before the 2018 reform, funding was largely enrolment-based, which structurally favoured student demand over labour market considerations.

The 2018 reform introduced outcome-based funding elements linked to graduate employment and progression to higher education. This marked a shift toward stronger, incentive-based steering. However, interviewees suggested that the reform has not yet fundamentally altered provider behaviour. The mismatch remains visible, and some sectors continue to struggle to attract learners.

The launch of a new operational steering pilot in VET involving 40 VET providers (2026–2033) indicates recognition of these limitations. The pilot introduces targets negotiated between the Ministry of Education and Culture and individual providers and explicitly acknowledges that learner demand does not always align with labour market needs. This development suggests a gradual shift from pure soft steering toward more contractual and targeted governance instruments – without abandoning institutional autonomy.

At the same time, one interviewee emphasised that rapid structural shifts – related to the green transition, defence industries, healthcare and ageing populations – complicate long-term forecasting. Even well-developed regional models face uncertainty. The interaction between national foresight and local autonomy therefore remains a structural governance challenge.

Labour market signals and student choice

While institutional anticipation mechanisms appear relatively strong, the interviews point to weaker links between labour market signals and student decision-making.

The interviews indicate that students only learn about bad employment prospects after they have chosen the programme, and that information on this should be provided earlier. In one interview it was noted that a national information website (osaamispolku.fi) has recently been introduced, but its impact is still unclear. The concern was that the system remains highly information-oriented. Educational choices are influenced not only by employment statistics but also by perceptions and social image. One interviewee reported limited career guidance in lower secondary education. Students may receive little structured support when choosing study pathways and sometimes become aware of weak employment prospects only after enrolling in a programme. This suggests that labour market intelligence is not systematically translated into early guidance processes. One interview provided the example of welding in the shipbuilding industry: despite clear labour shortages, attracting students remains difficult. This illustrates how image, identity and media narratives shape educational demand independently of labour market

data. Information on career opportunities must also adequately reflect needs over the coming decades (green transition, defence, health care etc.).

Geographic constraints further limit responsiveness, as students often choose programmes close to home. Thus, even when providers adjust supply, behavioural and spatial factors may sustain a mismatch.

Governance implications

The findings illustrate a central tension within Finland's hybrid VET governance model. On the one hand, there is strong institutional autonomy, dense regional employer networks and a relatively sophisticated data infrastructure. On the other hand, steering instruments remain predominantly indirect.

Skills anticipation generates information, and funding reforms introduce incentives, but neither mechanism sufficiently guides educational behaviour. Student choice remains largely autonomous, and labour market uncertainty limits predictive precision. In this sense, skills anticipation and career guidance demonstrate both the strengths and constraints of Finland's trust-based governance model: the system produces substantial labour market information and coordination, but it has limited tools to actively steer students and providers towards fields with the greatest labour market demand.