

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

4.2 The importance of institutional linkages for work-based learning

If work-based learning and apprenticeship programmes are to work effectively, they require an institutional infrastructure and governance that involve the labour market partners. The interviews indicated that most local/regional networks in Finland are typically personal in nature rather than institutional. Collaboration therefore needs to be local (*Interview*). This may preclude having another layer of formalised intermediary organisation as in other countries (e.g. Germany). The interviewees also indicated that in Finland employers do not want a very strict and formalised system of cooperation (*Interview*).

An institutional infrastructure for collaboration between VET and working life can include institutional linkages at national, regional and local levels. Key examples are the intermediary institutions linking education and working life in the dual systems of VET and the new institutions in other Nordic VET systems (Norwegian local training agencies and Swedish vocational colleges) (ILO, 2019; Michelsen et al., 2023; Persson & Hermelin, 2022). It is significant that these institutions are employer-initiated and employer-led and driven by employers' interest in high-quality training.

As indicated in Chapter 3, the problem of high IVET graduate unemployment is not only related to less developed institutional linkages or limited local cooperation. Structural factors may also play a role: Labour market segmentation, wage competition from foreign labour, a lack of entry-level positions and a structural mismatch between the supply of IVET graduates and the demand for skilled labour. This suggests that institutional linkage alone does not guarantee employment outcomes. The problem might be economic and structural rather than purely educational. However, a strong institutional infrastructure for collaboration between VET and working life could benefit the quality of work-based learning in VET.

Some of the key tasks for this institutional infrastructure are the cultivation of agreements for sharing of the costs of work-based learning and remuneration of apprentices/students, the authorisation of companies to train student or apprentices, the monitoring of the quality of

training, supporting students during work-based learning, organising competence demonstration and certification and the continuous adaptation of the programmes to changing skills requirements (Markowitsch & Wittig, 2022; Cedefop, 2021).

In Finland, employers participating in apprenticeship training may receive training compensation if the training results in costs for the employer and if the VET provider and the employer agree on the payment of the compensation. When a student is learning in a workplace under a training agreement (without an employment relationship), no compensation is paid to the employer. Interviews emphasised that Finland is currently in a difficult economic situation and that companies have difficulties retaining employees. Therefore, they have difficulties taking on students for work-based learning. It is not always easy for students to find a traineeship, and limited access to traineeships and training placements seems to be one reason for the weaker role of work-based learning in Finnish VET. Interviewees mentioned that it is difficult to realise apprenticeships in small and medium-sized enterprises (SME).

According to the interviews, the wage structure in Finland creates disincentives for small companies. The barrier can be that apprentices must be paid at least a minimum wage (the same is true in Estonia). For small companies the apprentice is costly in the early phase (low productivity, high supervision demands), there is no guarantee that the apprentice will stay after qualification (interview), and students may move to better-paying employers at the final stage. This creates a risk-investment problem for the companies. A possible solution could be to have a training fund, where companies collectively finance apprentice wages. Such training funds exist in other countries, but in the interviews this idea attracted no support. This reflects Finland's liberal labour market tradition and reluctance to embrace collective levy systems. However, economic risk allocation is central. Currently, employers bear the training costs but do not capture the long-term returns on the investment. If Finland wants to reduce youth IVET unemployment through expansion of apprenticeships, reforms would need to address employers' costs and risk-sharing, students' readiness in terms of baseline skills, and institutional coordination, which potentially would move the system slightly closer to the Nordic or continental dual models, while adapting to Finnish governance traditions.

One interviewee said that it is a challenge that some sectors do not take students under the age of 18 for work-based learning. It was emphasised that work-based learning includes meaningful and appropriate work tasks, not just being present at the workplace. Work-based learning should be of high quality, which requires qualified supervision and monitoring of students' learning, which involve costs for the employers. However, neither the government nor the employer organisations have established schemes for sharing these costs between employers. This could be realised, for example, as subsidies for training placements paid by the state or paid by a training levy on employers who do not train. In Denmark, all employers pay a sum into the 'employers' reimbursement scheme' (AUB), which funds VET for both young people and adults (UNESCO, 2022). Employers are given an annual quota of apprentices they should take on, and employers who exceed the quota receive a bonus, while employers who do not reach the quota pay an additional contribution to the fund.

A well-trained workforce is a common asset that all companies can potentially benefit from. However, the Finnish VET system has no mechanisms for sharing the costs of work-based

learning between companies. This can be one of the reasons why previous initiatives to strengthen work-based learning have not been very successful. *“Some companies do not take students for work-based learning because they do not receive funding for them, but this varies by industry and by company.” (interview)*. Policy makers have for years encouraged work-based learning in all VET programmes. However, the VET system does not provide financial support for employers’ investment in the training of VET students: *“employers say that they are not always very willing to take trainees, as it involves costs and is not financially compensated” (interview)*. Consequently, securing high-quality workplace training in IVET requires a strong institutional framework.

Initiatives to raise the quality of work-based learning

First, the financing of extended periods of work-based learning requires an institutional mechanism for sharing the costs of training, as high-level skills are like collective goods in nature. The engagement of employers in training in accordance with uniform standards set by others (the state or collaborative institutions) is supported by an arrangement for the sharing of costs. In Norway, companies receive a state subsidy for training proportional to the apprenticeship’s duration. In Denmark, the apprentices’ wages are set in collective agreements in the labour market and a national training levy shares the cost of training between all employers by means of a national fund (UNESCO, 2022). In addition, apprenticeship contracts lasting several years are based on employers’ investment in the first year(s) and profits gained in the last year(s) and apprentices’ wages being significantly lower than the wages of skilled workers. Hereby, apprenticeships can be advantageous for employers without state subsidies, as in Germany.

Second, to guarantee the high quality of work-based learning, institutions for monitoring of training and supervision of trainees are required. Extending the duration of work-based learning without quality assurance is no improvement. Companies might train for different reasons and trainees must be safeguarded against being exploited as cheap labour. Companies are becoming more specialised, and increasingly the individual company can offer only part of the broad range of vocational skills involved in learning a vocation/profession. This can necessitate procedures for organising supplementary training in schools and other workplaces or arrangements for shared responsibility for the training between multiple employers (Jørgensen, 2015).

Third, the quality of the workplace instructors is critical for securing high-quality training. Not all workplaces are equally good at integrating inexperienced young people and supporting their learning and socialisation into the workplace culture. This requires support for and certification of workplace instructors and workplace supervisors. The VET providers can support companies in developing the pedagogical competencies of the in-company trainers/instructors as they currently do in Finland. In addition, VET providers can offer assistance in terms of mediating in conflicts between trainees and other staff.

Fourth, students in IVET learn in two different learning environments and their boundary crossing should be supported to help them develop coherent professional skills (Pylväs, Rintala

& Nokelainen, 2018). To be effective, this cannot be left to the individual trainee and instead requires institutionalised collaboration between VET providers and companies. Examples of this are the Swedish tripartite supervision meetings in the workplace (Andersson, 2018), the Norwegian training agencies ('opplæringskontorer') and E-portfolios and 'thematic assignments' (Choy et al., 2018; Øgård et al, 2025), and the *Practicum* model and use of ICT-based boundary objects in the Danish VET system (Riis & Brodersen, 2021).

In Finland, VET reforms have repeatedly given priority to work-based learning and closer links to the labour market. However, the Finnish VET system has no regulatory framework to ensure the financial sustainability of work-based learning for the employers. Due to the short duration of many traineeships, the students' economic contribution to the production process is limited and might not cover the employers' costs of training.

To raise employer engagement in work-based learning, employers who train students and apprentices should be given stronger financial incentives to employ them and to train workplace instructors.