

5

Finvacon: creating strategic advantage internationally through social sustainability

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Case summary

Finvacon was a leading Finnish manufacturer of transformer and electric motor components required by large international firms anchored in Vaasa, the biggest energy cluster in Nordic countries. Finvacon achieved its success by combining world-standard business practices with the employment of special groups, such as people with disabilities or refugees. While Finvacon was ahead of others in addressing both profitability goals and social sustainability challenges related in part to climate change, war-fuelled migration, and increasing cases of physical and mental disabilities related to military conflicts, the firm's positive impact remained local. Finvacon's Chief Executive Officer (CEO) Kaj Sundén convened his management team and board for its December 2025 strategy session to discuss whether there might be a way to leverage Finvacon's location and its unique purpose-led approach to management to expand into Europe and so transform these growing challenges into a new opportunity to make a wider difference while increasing profitability.

1. The opportunity to become a role model in social sustainability in Europe

Over the last decade, Europe faced significant social sustainability challenges, including persistent inequalities, rising migration flows, and barriers linked to disability, ethnicity, and economic disparity. Migration and integration remained central concerns (H2020-EU.3.6., 2020).

Extreme weather events such as droughts or flooding were expected to exacerbate migration, leading to as many as 216 million climate migrants by 2050 (Directorate-General for Employment, Social Affairs and Inclusion, 2025). Inequalities linked to disability and ethnic origin continued to hinder equal participation in society (H2020-EU.3.6., 2020). People with disabilities had always been the largest minority group globally (United Nations, n.d.), but both physical and mental disabilities were on the rise. In 2024, global society saw the highest number of military conflicts since the end of the Second World War, including the war in Ukraine, and such conflicts were leading to a growing number of casualties (The Global Peace Index, 2024). The EU tried to address all of these concerns through various directives and legal frameworks designed to promote a sustainability mindset in society and business, and to uplift the European values grounded in inclusion and respect for diversity (European Union, n.d.).

Reflecting on these developments, Kaj Sundén, Chief Executive Officer (CEO) of Finvacon, a purpose-driven firm that manufactured transformer and electric motor components while combining profitability goals with the employment of special groups, such as people with disabilities or refugees, opened the December 2025 management meeting with the following words:

At Finvacon, we have a working model for social sustainability. We successfully employ refugees from Ukraine, people with disabilities, some of which are very serious, we have employees with migrant background, and we are growing operations successfully. But how can we promote this model internationally?

He then challenged his board and management staff to develop a plan for the renewal and development of the firm's international strategy for the next five years. While Finvacon's way of doing business had always encompassed both business and social goals, Kaj felt that the firm had the potential to make a wider impact. He wanted his team to explore how Finvacon could bring its social sustainability-driven strategic management approach to Europe. He knew that making their strategic management approach visible and implemented widely in Europe could lead to significant positive transformations for people in European societies, and a true implementation of Europe's vision for inclusive economic growth. At the same time, Kaj thought that well-executed, purpose-led internationalization could improve Finvacon's profitability and resilience.

2. From a workshop for people with disabilities to an industry leader in energy transition

Finvacon was established in 1970 as ‘Vaasa’s Workshop for People with Disabilities’ to address challenges related to a wide range of disabilities that affected participants in the Second World War. John Syring, chairman of Vaasa’s Registered Association of People with Physical Disabilities, supported by the Finnish Association of People with Physical Disabilities, established a workshop to help people with disabilities who wanted to be active and have a working life. The original workshop included wood, metal, sewing, and assembly departments and produced primarily furnished doll houses (Finvacon, n.d.a). In the early days, the workshop was not economically sustainable and depended on support received through charity and various fund-raising activities such as ‘tax-free dances, women’s football matches, and moped races’ (ibid.).

In 1973, the workshop’s workforce changed when people without disabilities were also welcomed to undergo work trials and coaching (ibid.). This was the start of a slow transition from a workshop supporting people with disabilities to a purpose-led manufacturer pursuing social sustainability as well as profitability goals and employing people with diverse abilities. Over time, the organization slowly transformed into a fully fledged manufacturing company. In 1992, the company changed its name to FINVAC, in which INVA echoed the Finnish word ‘invalidi’, a common word for people with disabilities at this time.¹ The transformation was completed in 2005 when Finvac became a limited company and changed its name one more time to the current version – Oy Finvacon Ltd. (ibid.). Vaasa’s Registered Association of People with Physical Disabilities retained a significant ownership stake, but Finvacon was now a private business entity that was expected to grow and expand.

Within a decade of incorporation, Finvacon became a leader in the manufacture of insulation and metal components for transformers and electric motors. They became a trusted supplier for large multinational corporations, such as ABB, Hitachi Energy, and J. Schneider Elektrotechnik, all prominent firms in the energy sector (Finvacon, n.d.b). As part of their strategy, Finvacon adhered to the highest industry standards and held certifications such as ISO 9001, ISO 14001, EcoVadis, and APQP4 Wind. They also maintained a AAA credit rating (ibid.). Maintaining such standards required continuous attention and effort, especially as Finvacon expanded.

As it grew as a manufacturing firm, Finvacon retained its commitment to providing meaningful employment opportunities for special groups, such as individuals with disabilities, foreign backgrounds, or refugee status. By 2024, Finvacon employed 87 people, 11 in administrative positions, and 76 in manufacturing; of this total, 34 were people with disabilities, eight were refugees, and five more were recent immigrants. Finvacon worked hard to balance business demands for quality, efficiency, and effectiveness with its socially driven approaches to people employment:

For us working with special groups is a normal life and we have been doing it for 50 years. But just like other companies we receive from our owners' pressure to develop effectiveness. Which means that even employees from special groups need to take more responsibility for themselves. Mistakes are a killer when you work with larger companies, such as ABB, Hitachi Energy, or Siemens. (Kaj Sundén, CEO)

Moreover, profitability had become a challenge for every firm in the energy supply chain because customers' payment terms were always long due to the nature of industrial projects, while the payment terms to suppliers were very short, especially when Finvacon was striving to ensure timely deliveries for the customers.

Finvacon's profitability was also affected by changes in government policy. For years, Finvacon had received approximately €200,000–€300,000 annually in return for hiring employees from special groups. However, in early 2025, these financial supports were eliminated, leading to the pressure to reconsider employment strategy and push even harder for productivity. These new policy changes brought Finvacon back to the early days of the company, when such government support was not yet available and creativity to balance profitability and purpose was vital for survival. To address profitability challenges and achieve their strategy, Finvacon had always looked back to their philosophy reflected in the firm's values, such as *'Courage'* and *'We believe in better work.'*

3. We believe in better work!

Finvacon's philosophy and values, co-established together with the firm's employees, enabled continuous striving for advancements in sustainability and innovation. These slogans, *'We believe in better work,' 'Courage,'* or *'New normal,'* were not just nice public relations phrases posted on the website together with the picture of a diverse group of people. These

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were the cornerstones of Finvacon's corporate culture and were one of the major reasons behind the successful growth of the firm.

We are known as an employer who employs special groups and knows how to manage this diversity. We are very proud of our long history of working with very different people. We are like family here. We know everyone and everyone's needs. We reflect our culture. We do not read a document on values and then think, how this is implemented. It's the other way around. We live our culture and then just benchmark our actions to what is written in the document. (Kaj Sundén, CEO)

From its inception, Finvacon had been committed to providing opportunities to individuals who might otherwise struggle to find work. Unlike many companies, Finvacon have maintained long-term employment for individuals in these categories in an industrial environment, with some employees with disabilities having worked at the company since its founding.

Diversity, Equity, and Inclusion is a part of our concept 'new normal'. We don't think about it at all in everyday life. We are so used to this model. Outsiders may think that it involves a lot of extra administrative work, but we have been living this organizational life for so long that for us it's just normal. (Kaj Sundén, CEO)

In part, this commitment to employees with disabilities reflected the influence of the majority owner of the company, Vaasa's Registered Association of People with Physical Disabilities. But it was not just a push from the board of directors or the shareholders. Employees and managers alike shared a belief that work was about more than just earning a salary; it was about making a meaningful contribution. Further, the CEO of Finvacon and the top management were deeply empathetic, curious to understand diverse human experiences; they saw beyond the surface level of relationships at work, and constantly exposed themselves to certain experiences that would help broaden their horizons and question values in business and life:

Since the day I became a CEO of this company, my goal was to help people, not only do business. This summer I travelled to Ukraine, near the front line, to understand how people live there. It was touching experience to sense the war and understand how just in few days we, humans, normalize sounds of gunfire and explosions and begin to ignore them. (Kaj Sundén, CEO)

Finvacon's management practices reflected both shared organizational values about the meaning of work and this deep interest in people. For example, the boundaries between personal and business matters were blurry, as relationships at work were also deep and personal, not just work-oriented: 'We have several people with severe mental problems. There were situations where we were saving them from suicide' (Kaj Sundén, CEO).

In addition, management worked hard to accommodate employee needs and was successful in integrating employees with complex needs and in achieving excellent efficiency and productivity as a result.

We have some refugees from Ukraine who did not know either the local language or English when they came to work here. We had no common language with them. So, we start by giving very basic tasks in the factory which they could do by observing. Then, once they get into flow, got familiar with the company, they slowly transitioned to more complex activities, and over time they also start developing some language basis, which helped further. (Kaj Sundén, CEO)

In all cases, employees were treated as unique individuals and provided with personalized job allocations based on their strengths and weaknesses. Moreover, managers were encouraged to be flexible and think outside the box even when handling unusual and possibly threatening situations:

Working with special groups means that we need to tolerate or even love mistakes and work to fix and improve issues. Employees can be very different, and they approach work and work relationships sometimes from very unique point of view. For example, we had once an employee who wanted to carry a knife on his belt at work. And this is of course threatening to others, even if from that employee's perspective this was completely OK. And we cannot immediately fill warnings or take standard actions when certain things happen, we need to approach this differently. We do have a support and culture where we work with employees together to reach mutual understanding. (Kaj Sundén, CEO)

Additionally, Finvacon tried to avoid redundancies, even during challenging economic periods. But when restructuring was required, management took pains to secure new employment elsewhere for all employees that it had to lay off.

Over the long term, all of these accommodations had become natural and automatic, and the long-term support of employees had increased employee commitment and effectiveness while also strengthening overall cohesion within the company. The Finvacon approach to management also aligned the company with the standards expected by their global customers and the EU.

We have a written code of conduct. We were writing it according to the way our customers have been doing it. So, we follow the same principles as our customers. We already follow all the rules so for us it's just a piece of paper which is good to have when people may question why we do what we do, so it's a great reference point for checking. (Kaj Sundén, CEO)

Finally, although this approach worked very well with factory employees, adopting the same principles for the administrative jobs proved more challenging. There was ethnic diversity in administrative positions, but it was much harder to accommodate the needs of refugees and of people with serious physical disabilities or mental health issues. Administrative positions were typically more stressful, demanded greater mobility, and required higher levels of language and local culture skills. Furthermore, fitting into the corporate culture of Finvacon required managers to have certain personal values, motivation, and skills. Finding managers who could lead at Finvacon and embrace the complexities of the business was difficult. Also, the process of living up to Finvacon's culture remained largely tacit. While company values and operating principles were coded in some documents, many things were difficult to put in a manual; management in Finvacon's organizational culture required sensing the room and acting upon the unique situation more often than acting based on established rules.

We have an ordinary induction process. When we hire a new person, they go through several meetings. There are HR and IT areas covered. But then there are 'welcome to the house' letters. And then things are a bit different than in regular companies. For example, we emphasize very strongly zero tolerance for discrimination that can even result in immediate firing.

Moreover, we have a quality handbook as we are company accredited by several ISO standards and we should follow the quality handbook. In the quality handbook there is a section on employing special groups or social responsibility and sustainability in general. But otherwise, we don't have any special policies or processes for these people, we just live our lives. (Kaj Sundén, CEO)

4. **Finvacon's home advantage: a green, international city driving energy transition globally**

Finvacon's main office and all three factories were in Vaasa, a city on Finland's west coast. Vaasa has emerged as a leading Nordic hub for sustainable energy innovation and was widely recognized as the Nordic Energy Capital due to its concentration of more than 180 energy-sector companies, collectively generating over EUR 6 billion in annual turnover and forming the largest energy technology cluster in the Nordic countries. This industrial ecosystem—rooted in a long history of electrification and marine engine development—collaborated closely with local universities, municipalities, and international partners, positioning the city at the forefront of the green transition. Vaasa companies accounted for 90 per cent of all research and development activities in the Finnish energy sector (Directorate-General for Environment, 2025). Moreover, 80 per cent of products within this ecosystem were exported worldwide (Vaasa, n.d.a). The EnergyVaasa ecosystem hosted leading multinational firms, such as Wärtsilä, ABB, Hitachi Energy, among others, that further collaborated with smaller local and international energy firms in value and supply chain (Haveri, 2018). Such a business ecosystem allowed Finvacon to be international while being 'at home'.

Vaasa's strong commitment to sustainability was further reflected in the 2025 announcement that Vaasa would be awarded a European Green Leaf Award in 2026. This was a recognition granted by the European Commission for cities demonstrating exemplary environmental performance, carbon-neutral ambitions, and integrated cooperation between administration, businesses, civil society, and academia (Grzybowski, 2025). Thus, collaborative, sustainability-driven business strategies were not uncommon in the region and were even considered a local standard.

Vaasa was also recognized as one of Finland's most international cities, with approximately 7 per cent of its residents speaking a mother tongue other than Finnish or Swedish and 9.3 per cent having a foreign origin. There were about 100 different languages spoken and 120 different nationalities represented in the city of 70,000 inhabitants, making it the second most international city in Finland (Vaasa, n.d.b). This diversity was deeply embedded in Vaasa's 2022–25 municipal strategy, which emphasized inclusive activity models, functional bilingualism, and the creation of a city that was 'a place for everyone' (Vaasa, 2022). The city actively integrated international residents by providing school pathways,

supporting the integration of international experts into the regional labour market, and fostering community participation through neighbourhood, education, and service initiatives (Intercultural Cities Index Analysis, 2023). Vaasa had a strong commitment to interculturalism and equality even in public services, promoted diverse neighbourhoods, and strengthened inclusive economic participation. The city has also taken steps to promote ‘business districts/incubators’ and ensure an appropriate percentage of entrepreneurs with migrant/minority backgrounds (ibid.). These strategic initiatives positioned Vaasa as a socially sustainable city that not only embraces but intentionally cultivates inclusion as a core component of governance and community life.

This local environment further reinforced Finvacon’s strategic approach by providing access to a diverse employee pool. For example, Finvacon worked closely with the City of Vaasa and Hyvinvointialue (Ministry of Social Health), who coordinated the employment of individuals with special needs. Refugees, particularly Ukrainians, were recruited through Tiainen Ry, a local organization specializing in the integration of Ukrainian workers. Other foreign employees were hired through employment agencies and the TE-toimisto (Employment Office), ensuring a structured and efficient hiring process. As both a Nordic green energy innovation powerhouse and a diverse, inclusive European city, Vaasa was a perfect home for Finvacon.

5. Leaving home to promote social sustainability-driven strategies

Having achieved almost all that was possible at home, Finvacon was now looking to international horizons: ‘Our model is unique and it works. So, we feel there is our responsibility to spread it around the world. We have three factories in Vaasa, but now the next step is to set the workshops in other parts of Europe’ (Kaj Sundén, CEO).

In search of growth and profitability, Finvacon had set ambitious strategic targets to double its exports and grow organically by establishing a foreign unit abroad, in Europe. A lot of preparation work had already been done for internationalization First, Finvacon had to rethink its governance model:

The governance structure that we currently have in Finvacon is perhaps not ideal, especially when considering governance of forthcoming foreign units.

So, we have been developing a two-company model. Finvacon will continue as it was before, but we have established a Finvacon growth enabling company, which is privately owned and can support both our local and foreign growth. (Kaj Sundén, CEO)

Second, Finvacon conducted rigorous market analysis that further reinforced their intentions to internationalize and grow. While the socio-economic situation in the world and Europe was challenging, some unfolding conditions pointed to great perspectives of growth in their industry:

Market is growing because of the Ukraine's war. Before the war market was focused on becoming greener, but after the war, Europe got even more motivated and pushed to green energy, independent solutions and renewal of European grid, also increasing its capacity. Thus, as suppliers of specific necessary components we have a great potential pipeline to support these companies that are doing the renewal and grid improvement solutions in Europe. (Kaj Sundén, CEO)

Third, Finvacon was reflecting on its internationalization capabilities. Finvacon had already taken some steps towards internationalization by selling to and buying from companies in Germany, Italy, and Poland. With a smile, Kaj remembered those days when they just started their first international engagements:

We understood that if we want to grow, we need to internationalize. At that time, I was not a CEO, and we were discussing with the CEO at that time that we need to expand internationally. But we also understood that we have no capabilities. We mastered employment of people with disabilities but had no experience in language or ethnic diversity. There were only two people who could speak English in the company – me and the CEO at that time; however, I wasn't entirely sure about the CEO (smiles). This was a new challenge that we had to solve. And we decided to hire a first foreigner – a Chinese lady. It was incredible how she managed to transform us by interacting with everyone, and this gave us confidence to open up for more special groups. (Kaj Sundén, CEO)

Finally, Finvacon's team had already mastered communication in English. Finvacon also had an ethnically diverse staff who could bring different perspectives to the table, and they actively worked with international firms and communities in the Vaasa region.

However, when considering and planning expansion to Europe, new questions arose: In what locations could Finvacon find industrial firms that needed its components? How could Finvacon reach local networks of the third sector and other organizations that would help Finvacon reach and engage with special groups? How could Finvacon learn about and handle the local and often strict and complicated regulations concerning special group employment? How could Finvacon showcase its strategic management approach to other firms, customers, suppliers, and other firms in the industry, so that they might consider the business benefits and positive social impact of leading business in Finvacon's unique way? Establishing units abroad was driven by the perspective that Finvacon's unique strategy and way of operating needed to be transferred and secured. But how could Finvacon do that when expanding into a new country environment? Was this even possible?

Questions for reflection

1. How has social sustainability been integrated into Finvacon's strategy and management approach? How have Finvacon's corporate values and culture integrated diversity, equity, and inclusion as a specific aspect of social sustainability?
2. What unique benefits can be obtained through the strategic management approach that Finvacon has adopted? What examples of these benefits are named in the case?
3. How has the location in which Finvacon originated and operated helped—or hurt—its business?
4. The idea of shared purpose argues that social and business activities can sometimes be so well integrated that they create a competitive advantage. Does Finvacon have a shared purpose competitive advantage? Why or why not?
5. What unique firm-specific advantages does Finvacon have? Which of these firm-specific advantages are location-specific and which could be transferred abroad when internationalizing?
6. What challenges are likely to arise when expanding internationally due to Finvacon's unique strategy and management approach? How might Finvacon meet these challenges?
7. How can Finvacon internationalize across Europe without losing its unique strategic management approach? How can Finvacon further popularize its social sustainability-driven strategic management approach internationally?

8. When expanding internationally, what constellation of strategic approaches might work for Finvacon? Consider, for example, strategic orientation—global, international, multidomestic, or transnational—and/or—growth, innovation, network, financing and governance, harvest and exit. Justify your recommendation.

Note

1. The current use of this word in this context is not acceptable and is considered offensive.

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