

Our people

A key to business success

(includes GRI indicator LA11)

In 2011, ABB adopted an ambitious Group strategy for 2015 which foresees major business growth and expansion. Ensuring we can attract, develop and retain employees in increasing numbers is a key factor in ensuring business success and strategic goals.

A number of programs are under way to ensure we have high-caliber people at all levels of the Group and processes to support our goals.

Several new tools and processes were introduced in 2011. They are designed to strengthen global mobility, and to improve both the quality and value of the annual appraisal and development system, and the approach to internal and external talent management. This has been done, for example, through the introduction of a global competence framework and a new organizational structure for recruitment.

ABB continued to move forward on the issue of diversity, following the adoption of a Group-wide diversity and inclusion statement in 2010, which reaffirmed our commitment to develop and retain people from all walks of life in a global company. We recognize that a diverse and talented workforce, recruited globally, provides the quality and skills that create competitive advantage. Such diversity promotes both innovation and business success if allowed to flourish in an atmosphere of inclusiveness.

Our diversity agenda is currently focused mainly on gender. For the first time, a woman was elected to the Board of Directors in 2011, and several other women – including the new heads of Corporate Strategy and Investor Relations – were among those appointed to high-ranking business and functional positions within the company.

Efforts to promote diversity are also under way on a regional level. The newly created diversity council in the North America region has established a strategy with milestones to attract, develop, retain and leverage diverse talent; and in the Mediterranean area, a diversity working group has set a strategy and is addressing areas such as recruitment, talent management, communication, flexibility and key performance indicators.

In some areas the evidence of a diverse workforce is palpable – there are, for example, people from 50 countries among the 600-strong workforce at the company's headquarters in Zurich. This is a sign of improvement; work in other areas continues.

We continued to invest during 2011 in our ability to attract and develop the best people. There has, for example, been a major investment in talent processes – such as our global recruitment policy, our global web-based recruitment tool for both internal and external talent, and our talent identification process – to better support the company's business requirements and provide the best career development opportunities for existing employees.

The Talent Management process has been embedded in all regions and around 90,000 personal performance and development assessments were conducted in 77 countries through the new tools. The process focuses on identifying those people with potential, building on their strengths, and supporting development activities so they have greater opportunities to advance within the company.

To support employees in their chosen careers there is also a series of Human Resources-led competence assessments and functional development programs in place. Assessment centers have been introduced for those wishing to become first line managers and a global competence framework was introduced in 2011. The Talent Development Assessment helps employees identified as having strong potential to move into first line manager positions and takes them through a series of exercises to identify their current strengths and development areas.

A program of functional competence management has also continued to assess and develop skills in areas such as finance, project management, information systems and sales.

Programs are complemented by initiatives such as Global Mentoring – launched in 2008 – which is based on a “leaders developing future leaders” model. About 130 mentors and 180 mentees have attended the program so far; in 2011, 76 mentoring pairs attended six introductory workshops worldwide. Feedback confirms that mentoring supports the learning of both mentors and mentees.

Surveys underline the impact of the mentoring program. They indicate 50 percent of mentees took on new roles either during or after the mentoring program. More than 90 percent of those employees said mentoring had helped them significantly during their period of transition.

ABB is regarded as an employer of choice among engineering students in a number of countries, including Switzerland and Sweden, and this is reflected in the continued popularity of ABB's two-year global trainee scheme which involves three or four six-month assignments in a wide range of countries and across multiple disciplines.

The number of global trainees increased to 35 in 2011 compared to 26 the year before. The trainees, who come from 19 countries, were selected for a range of programs, including finance, human resources, sustainable energy futures, sustainability, marketing and sales.

Our Group recruitment policy focuses on ensuring that employees can move more freely within ABB and pursue vacant positions. All positions, except for a small number in senior management where the talent pool is well documented, are now posted in a global online recruitment tool which supports greater transparency and encourages equal opportunity. The online recruitment tool also allows employees to track opportunities against their personal profile and to post their Curriculum Vitae so it is available to the recruitment teams in every country. Managers are required to encourage the development of their teams and are not allowed to block an employee's opportunity to advance.

The number of international assignments has been increasing steadily as part of measures to increase global mobility. More than 800 people were on international assignments in 2011 – a 15 percent increase on 2010. These assignments are both personal development opportunities and help to meet business needs within growing markets.

Despite the changing economic climate, ABB has continued to invest in leadership development programs. In the fifth year of running the Senior Leadership Development Program, two courses were held in the Swiss city of Lausanne in partnership with the internationally renowned IMD business school. A total of 95 senior managers attended during 2011. Both the Middle Manager and First Line Manager programs are now running all around the world and covered a further 300 middle managers and 900 first line managers in 2011.

ABB seeks to strengthen leadership at every level, and all employees are offered the opportunity to attend the three-day Leadership Challenge program, which is delivered in 14 languages and which focuses on taking personal leadership, irrespective of the position or role in the company. About 47,800 employees have completed the course since it started in 2004. ABB Life is a program to develop and prepare talented young people for future leadership roles. A total of 440 young employees went through the program in 2011.

As part of efforts to promote development, work started in 2011 on creating a new learning center – a building complex close to ABB Group headquarters in Zurich, Switzerland – which will host conferences, training and development sessions and provide opportunities to meet stakeholders. The center is due to be opened in 2012.

In a further area of employee development, ABB introduced a scheme in 2011 which allows all employees and their family members with an internet connection to access a high-quality online Standard English training course free of charge anywhere in the world. Participants have the opportunity to take part in a free Business English skills test and certificates of achievements are issued to signify their progress from one level of English skills to the next. The scheme already has users in 97 countries and more than 22,000 people have activated a license.

Training is ongoing throughout the Group. From a sustainability perspective, a wide range of training sessions were held in 2011 at a global, regional or country level on issues such as health and safety, security, crisis management, and human rights.

One of the key focus areas for 2011 was occupational health and safety leadership. A program was launched to involve country managers and local business unit and division managers to highlight safety leadership as a management priority. As part of the program, the ABB Chief Executive launched a global communications campaign to highlight personal leadership and responsibility.

Social Performance: Other GRI indicators

Employment

LA1 Full-time workforce by region

2.8 Scale of the reporting organization

Full-time employees by region	2011	2010	2009
Europe	60,300	58,800	60,600
The Americas	25,900	17,700	17,100
Asia	37,400	30,900	29,900
Middle East and Africa	10,000	9,100	8,500
Total	133,600	116,500	116,100

The significant increase in 2011 was partly due to the acquisition of Baldor Electric Company in the United States.

LA1 Part-time workforce by region

The following numbers of part-time employees are included in the total figures LA1.

For 2011, these figures are also shown as percentages of the total workforce in the countries covered by our social reporting system (89 percent of employees).

Part-time employees by region	2011	2010	2009
Europe	2,924 5%	3,133	2,984
The Americas	108 1%	143	92
Asia	106 <1%	183	268
Middle East and Africa	1 <1%	4	112
Total	3,139 3%	3,463	3,456

LA2 Rate of employee turnover by region

Rate of turnover of all employees, including part-time:

For 2011, the figures show the turnover number, as well as the percentage of the total workforce in the countries covered by our social reporting system (89 percent of employees).

Turnover by region (all employees)	2011	2010	2009
Europe	5,712 10%	11%	10%
The Americas	2,823 15%	16%	23%
Asia	4,615 13%	14%	11%
Middle East and Africa	854 14%	8%	5%
Total turnover for whole Group	14,004 12%	12%	12%

Turnover of all female employees, including part-time:

For 2011, these figures are also shown as a percentage of the total workforce in the countries covered by our social reporting system (89 percent of employees).

Turnover by region (female employees)	2011	2010	2009
Europe	1,364 2%	1,407	1,439
The Americas	531 3%	631	635
Asia	1,086 3%	1,060	520
Middle East and Africa	184 3%	51	19
Total turnover for whole Group	3,165 3%	3,149	2,613

LA3 Benefits provided to employees

As a multinational organization with operations in around 100 countries, ABB has difficulty in providing meaningful information for this indicator. ABB provides competitive salaries and benefits to employees, taking legal requirements into account and benchmarking against other companies. In view of the different legal requirements from country to country and the adverse cost-benefit ratio in producing this information, ABB has decided not to report against this GRI indicator.

Labor/management relations

LA4 Employees covered by collective bargaining agreements

Approximately 61 percent of the company's employees (excluding Baldor) are subject to collective bargaining agreements in various countries. Collective bargaining agreements are subject to various regulatory requirements and are renegotiated on a regular basis in the normal course of business.

LA5 Minimum notice periods regarding significant operational changes

ABB is not in a position to provide Group-wide aggregated information, as the figures vary from country to country depending on local regulations. For the 27 countries of the European Union, ABB is represented on the EU's European Works Council where such matters are discussed.

LA10 Training/LA13 Women in management positions

ABB has decided to report on the top 10 countries by employee numbers in this section, representing about 60 percent of Group employees. All countries reported figures for 2011 and the full list appears on the ABB website.

We define women in top management positions as women in Hay Grades 1–10, whereas prior to 2010 top management was defined as country management plus the two levels below them. We can now compare figures from country to country on the same basis.

Women were appointed to a number of senior management positions in different parts of the world in 2011. ABB shareholders elected Ying Yeh to the Board of Directors in 2011 to replace an outgoing Board member. She is the first woman to join the Board. Other senior appointments included the heads of Investor Relations, Corporate Strategy, and the Group's solar initiative. Women were appointed to management positions in several businesses, including Power Products High Voltage business units in Sweden and the United States, and as the head of Supply Chain Excellence.

LA13 Other indicators of diversity

As at December 31, 2011, ABB's Board of Directors had eight members – seven men and one woman – of seven nationalities, whereas the Group Executive Committee had 11 members, including one woman, of eight nationalities. In addition, people from 50 countries were among the 600-strong workforce at the company's headquarters in Zurich.

Diversity and equal opportunity

LA14 Ratio of basic salary of men to women

In ABB, salaries are decided according to the nature of duties performed.

LA15 Return to work and retention rates after parental leave

The number of people who took parental leave in 2011 was just over 3,000. This figure was evenly divided between men and women, and varied according to culture and region. ABB is consolidating figures on the retention rates of people who took parental leave, and we expect to be able to publish this data in the 2012 report.

	Training hours per employee			Percentage of women in management		
	2011	2010	2009	2011	2010	2009
Brazil	25	26	28	7%	7%	–
China	34	40	24	25%	25%	–
Czech Republic	11	10	13	18%	19%	–
Finland	13	13	24	15%	17%	–
Germany	16	16	15	7%	4%	–
India	5	4	3	2%	2%	–
Italy	17	17	10	7%	7%	–
Sweden	12	10	10	22%	22%	–
Switzerland	17	20	20	7%	7%	–
US	25	25	25	16%	15%	–

LA12 Employees receiving performance reviews

ABB has a Group-wide policy to review at least annually the performance of every employee, providing opportunities to discuss work achievements, set future objectives and provide feedback and coaching.

ABB completed the roll-out in 2011 of a new online tool, covering 90,000 employees in 77 countries. The new system is part of Human Resources Group Tools that run on a common SAP platform and provide a new way of identifying talent within the organization, as well as managing performance and development. Many other employees complete paper-based appraisals.

Other performance indicators

Economic Performance Indicators

EC3 Benefit plan obligations

EC4 Government financial assistance

EC5 Wage level ratios

EC7 Local hiring procedures

As a multinational organization with operations at approximately 360 sites and offices in more than 100 countries, ABB has difficulty in selecting appropriate countries and providing meaningful information for these indicators. In view of the adverse cost-benefit ratio in producing this information, ABB has decided not to report against these GRI economic performance indicators for the time being.