

Our people

People at the heart of our strategy

When ABB announced our Next Level strategy in 2014, it was clear that the ability to deliver on the 2014–20 targets would depend on a number of factors – among them, having highly-skilled and dedicated people around the world in the business or in functions driving business development.

ABB's People Strategy – a key element of the corporate strategy – acknowledges the pivotal and decisive role that our people play in pursuit of our ambition. The People Strategy spells out an overarching ambition to establish ABB as “the place to be” and has established nine priorities along three pillars: People, organization and culture.

The people priorities include further measures to develop leaders and other professional people, processes to strengthen workforce planning, and increased efforts to attract and retain the best employees around the world. On the organizational side, several plans are being put in place to improve effectiveness and governance, strengthen high performing teams, and better align competencies to the business strategy. Several areas of work are also envisaged in developing our culture, such as building a stronger sense of ownership and accountability, strengthening our capacity for change management, and further focus on diversity and inclusion.

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From a people perspective, the key to delivering our ambition rests on our ability to forecast our human resource needs, both from a quantitative and qualitative perspective. Ensuring continuity also depends on our ability to identify new skills and capabilities we will need in future. A newly designed, integrated and unified Leadership Competency Model is under development which, when integrated into all our Human Resources processes, will help us build a pool of leaders and professionals capable of delivering our targets. The Competency Model will also allow us to attract the right kind of talent with the values and behaviors we wish to nurture.

Our performance management system is designed to ensure that ABB recognizes, rewards and develops people who display the behaviors and values we wish to promote. Our learning and development function is being prepared to design and deliver leadership development programs aligned with the Competency Model, which will ensure consistency and coherence in the way we grow our people.

Along with our Next Level strategy, a marked change in the way we reward performance is the new short-term incentive scheme, which underscores a balanced approach of individual and collective performance. The short-term incentives are complemented by an equally attractive long-term incentive policy.

Diversity and inclusion

As a truly international company present in over 100 countries, we are very conscious of our responsibility to promote diversity and inclusion, and are committed to improve performance.

Our headquarters is a microcosm of our inclusive culture. Some 730 people from 52 different countries work at our global headquarters in Zurich, Switzerland. This diversity is mirrored in many of the countries where we have business operations.

It is also reflected in our Board and our executive management. At year-end 2014, there were eight members of the Board of Directors from seven countries. The Executive Committee comprised 11 people from eight countries.

A Group-wide global framework has been developed to nurture diversity and inclusion. As a first step, the framework focuses on gender, and creates a roadmap for recruiting and promoting more women, and strengthening female representation in executive positions.

In addition to the global framework, each country continues to drive initiatives relevant to their needs:



– A five-year plan in South Africa sets targets by race, gender and disability for each occupational level, and an ABB Education Trust was set up at the end of 2014 to support black women in engineering.



– ABB Canada's long history of working with First Nation communities and developing their technical skills has proved invaluable to business success.

– In the United Arab Emirates, ABB has launched plans to increase significantly the number of Emiratis it trains and hires.

– ABB in India has increased its efforts to recruit women engineers. Of the engineers hired from campus in 2014, 38 percent were women compared to 32 percent the previous year. Five women-only engineering colleges have been added to the current list of 30 universities where ABB hires engineering graduates as management trainees.

At an international level, ABB has been partnering with The Women's Forum since 2012, seeing it as a valuable platform to bring together leaders from business and government to share new perspectives on key commercial, political and social questions. A total of 29 women from ABB attended three sessions in Brazil, France and Myanmar, which we also co-sponsored. Participation raises our profile among female leaders and enables us to contribute to and learn from best practices in other leading businesses.

Attraction

ABB's employer value proposition continues to gain strength and be attractive to our target audience. In 2014, ABB was again voted employer of choice in surveys in several European countries, including Switzerland and Sweden, as well as in China.

ABB received online recruitment applications from 489,000 people from 179 countries in 2014. This represents an increase of more than 27 percent over 2013 – underlining the value of the ABB brand, and a clear indication that ABB is attractive to people who want the opportunity to develop and contribute to business success through their core skills.

Attracting talented young people and developing them for future leadership roles is key to delivering business value. One way in which we attract talented graduates is through our global trainee scheme which lasts up to two years and involves different assignments around the world. A total of 34 global trainees – one third of them women – joined ABB in 2014 working mainly in finance, information systems and supply chain management. They come from 18 countries. At the end of 2014, ABB had almost 100 such global trainees. Since the program began in 2002, four in every five global trainees have opted for long-term careers with ABB.

Development

We support our employees' development and offer opportunities to help them realize their potential. A comprehensive suite of learning and development opportunities exists at country, region, function and Group levels. A few examples of Group-level training initiatives are:

- Over 90,700 white collar and 11,000 blue collar employee performance and development appraisals were carried out in 83 countries, focusing on feedback on performance, strengths and development opportunities, identifying people with potential, and enabling career discussions.

- Leadership development programs: 91 senior managers attended two courses of the Senior Leadership Development Program held in partnership with the IMD business school in Lausanne, Switzerland. The Middle Manager Program and the First Line Manager global programs covered a further 470 middle managers and nearly 1,210 first line managers.
- The three-day Leadership Challenge program, offered to all employees and delivered in 14 languages focuses on personal effectiveness and leadership. A total of 3,212 employees completed the course during the year, bringing the cumulative total to about 63,000 since the program started in 2004.

Retention

Our ability to retain our employees is crucial both from a current and future standpoint. All our countries strive to strengthen employee loyalty and engagement. The slight increase in turnover rate in 2014 is primarily attributable to productivity gains. (See data and definition of turnover rate calculation on p.65).

In India, for example, attrition levels have fallen steadily from 12.6 percent in 2011 to 8.1 percent in 2014. About 15 percent of the total hires in 2014 in India were people who formerly worked for ABB. In China, attrition rates have fallen slightly to 8.2 percent in the past four years – just over half the general industry level and considerably lower than the peer industry rate.

Increased attention to career and personal development, opportunities for global mobility, competitive compensation, and our strengthening corporate culture are some of the factors behind this positive development.

International mobility strengthens our ability to transfer knowledge, deliver customer value, support individual development and build loyalty. The Group had 876 people on long-term international assignments in 2014. India and China are among the top ten countries in ABB that send employees on international assignments. Top destinations for our Indian and Chinese employees are Sweden, Germany and the United States.