



MEETING STAKEHOLDER EXPECTATIONS

*The role and contribution of the worker
director in state bodies and public service
organisations*

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Bernie Gray

Context

- *Range of perspectives – executive / non – executive/ board member / worker director*
 - *Currently Chairperson of Eirgrid board, which has 8 members, 1 of whom elected by employees*
 - *Formerly worker director in Telecom Eireann (1988 – 1992)*
 - *Member of Finance, Superannuation, Employee Relations committees*
 - *Trustee of Main pension Scheme*
 - *Member of Glackin report sub - committee*
 - *As HR Director, eircom (1998 – 2002), attended board meetings as executive director*

Worker Participation Acts 1977 – 1988

- *One third of Board directors should be worker directors in designated commercial semi state companies*
- *Worker director candidates to be nominated by recognised trade unions, for election by all employees*
- *Worker directors to be afforded sufficient time and resources to fulfill their functions*

Ireland 1988

Annual movement

- *Moving out of recession -slowly*
 - *GDP 4.8%*
 - *GNP 4.4%*
 - *Unemployment 15.2%*
 - *Marginal tax rate 58%; corporation tax 50%*
- *Telecom Eireann*
 - *14269 employees*
 - *Digitalisation of network almost complete*
 - *Annual profit of 83m*
 - *Approx 1m fixed lines / no mobile*

Telecom Eireann 1988 -1992

Worker Director

- *12 person board, 4 of whom worker directors, chaired by Michael Smurfit*
- *Company performance improving as economy improved*
- *Virtual monopoly on provision of telecoms services*
- *>95% employees union members*
- *Key concerns related to possible privatisation, and increase in rate of PRSI among public servants*

Significant events

1988 - 1992

- *Michael Smurfit asked to 'step aside' as Chairman, following disclosure of interest in JMB site*
- *Glackin Report commissioned by Government to investigate*
- *Board passed vote of no confidence in subsequent Chairman appointed*
- *Irish economy continuing to prosper with increasing demand for telecoms*

Key learnings

Telecom Eireann experience

- ***Relationship between worker directors and respective trade unions complex***
- ***Method of appointment of worker directors may impact on performance at Board e.g. election process***
- ***Management of expectations of stakeholders is critical in ensuring the effectiveness of worker directors e.g. representation of issues, confidentiality***
- ***All directors are equal in eyes of law and the Board***

Key learnings

Telecom Eireann experience cont'd

- ***All directors must respect Board decision even where it differs from theirs***
- ***In times of crisis, real information can be missing, quality of individual judgement becomes crucial especially in relation to assessment of internal company issues***
- ***Cohesion and trust between Board members and stakeholders critical in maintaining mutual respect for differing roles***
- ***Each director should be assigned a role at the Board to optimise their skills and experience***

eirgrid

- *National operator of market and transmission grid for electricity*
- *Vested on 1st July 2006*
- *Staff of approx 210 drawn from former ESB employees and direct hires*
- *Main focus on establishment of independent entity with appropriate culture, and building capability to fulfill roles*

Key issues

2007

- *White paper on energy*
 - *Transfer of transmission assets from ESB to eirgrid*
 - *Eirgrid to own east – west interconnector to UK under construction*
 - *Renewables to account for over 33% of electricity generated by 2020*
- *Establishment of Single electricity Market for island of Ireland*
- *Acquisition of new headquarters*

Eirgrid Board

- *Eirgrid is not a designated enterprise under worker participation Acts*
- *One of directors has been selected by employees since establishment of pre vesting board in 2002.*
- *At a time of change or indeed crisis , value of input from worker representative extremely valuable.*

Application of learning Eirgrid experience

- *Worker representative assigned role at Board, as with all other directors*
- *Participation in 2 sub- committees*
- *Meetings held with union representatives to ensure common understanding of role*
- *Extensive training / development opportunities afforded to accelerate induction and socialisation with other Board members*
- *One – to – one meetings held annually to review effectiveness of Board.*

Role and contribution of worker directors

- *Will be optimised if*
 - *Common understanding of role between unions, employees and other Board directors*
 - *Each director treated consistently, especially by Chair*
 - *Trust exists among Board members*
 - *Individual skills / experience utilised and recognised*
 - *Ongoing communication / open dialogue*

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- *Questions?*