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The Rt Hon Michael Heseltine
Secretary of State for Defence
Ministry of Defence
Whitehall
LONDON SW1

31 May 1983

D. Michael,

EMPLOYEE INVOLVEMENT

Thank you for your letter of 16 May commenting on my minute to the Prime Minister about employee involvement.

We are all agreed on the importance of employee involvement in securing improved efficiency in industry. Indeed, there are recent examples where the involvement of all employees in a better understanding of the business has led to improved performance. One such example is Jaguar Cars, whose reputation for poor quality nearly destroyed its markets a few years ago, and which is now a thriving company. There is also a good deal of evidence to show that employee involvement is increasingly being established in industry on a voluntary basis. It is by no means the case therefore that 'voluntarism' has failed.

Nevertheless, I acknowledge that many shortsighted employers have been slow to follow the example of the best, and I have looked carefully at the question of some legislation. Detailed examination has only reaffirmed my view, however, which is also that strongly held by the CBI and most employers, that arrangements for employee involvement must reflect the needs and circumstances of the individual company. Any imposed single system would cut across existing arrangements and be disruptive for good industrial relations, particularly if it was underpinned by sanctions. The problem is that legislation would run the risk of being either too vague to be effective (motherhood style) or too rigid to avoid conflict with the needs of individual enterprises.

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Given these problems, I find it difficult to devise legislation which would prove genuinely helpful to our aim. I wonder if from your own experience or thinking you could see any way between these twin rocks or if you have formed any view of the form of legislation which might take the concept forward.

I am copying this to the same recipients as before.

*John
Norton*

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Industrial Relations
Legis Action, 1910