

Economics, Finance and Accounting

Applied Research Working Paper Series

**Precariousness of employment and regional
disparities: an analysis of the labour market status
of MG Rover workers 3 years after closure**

By

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Abstract

Economic restructuring and labour market adjustment has been an important feature of European economies in the past twenty five years. Conventional accounts of facilitating “successful” adjustment are typically based on the advocacy of labour flexibility and mobility. However, successful labour market adjustment requires that issues of job quality should be addressed. This is particularly pressing for displaced workers who are often only able to obtain temporary and/or sub-standard (low-wage, low-skill) work after redundancy: there is evidence to suggest that individuals who subsequently obtain such work become ‘trapped’ in precarious cycles of intermittent work and unemployment.

This paper examines how the loss of 6,300 jobs from the closure of MG Rover at Longbridge (Birmingham) in the UK in April 2005 affected the employment and well-being of ex-workers. In so doing, the paper sheds light on the subsequent labour market activities of workers; in particular though exploring the precariousness of jobs entered into, using Standing’s (1997) typology of labour market insecurity - presenting an analysis of a longitudinal survey of 300 ex-MGR workers. The paper finds that whilst the great majority of workers could be argued to have successfully adjusted into re-employment, with positive findings in terms of re-training and education, significant issues remain in terms of security of income, tenure (particularly in the current recessionary context) and representation at work – and hence that longer-term policy measures are needed to address these aspects of precariousness at work beyond the short-term emergency measures of the ‘task force’ model.

Introduction: economic restructuring and labour market change

Labour market restructuring has been an important feature of the UK economy in the last 25 years. The processes of deregulation, privatisation, technological change and globalisation have combined to reshape the economic landscape (MacKinnon et al., 2008). Some industries have grown, whilst others have declined. In particular, there has been a dramatic shift away from manufacturing to the services industries; a process which has been typified by a number of high-profile plant closures (Pike, 2002; 2005; Bailey and Kobayashi, 2008). Moreover, while the total employment in the UK has grown, many newly-created positions have required skills not found in the industries shedding labour – or have been in sub-standard low-paid, low-skilled occupations (Nolan, 2004). Many lesser-skilled workers leaving declining industries have therefore been at risk of long-term unemployment or leaving the workforce entirely. Hence, current policies and programmes may not have adequately addressed the labour market difficulties confronting such groups (ibid.).

As such, the overriding labour market policy emphasis in the UK has been a raw focus on transition into ‘any job’. However, successful labour market adjustment requires that issues of job quality should also be addressed (Armstrong et al., 2008). This is particularly pressing for displaced workers who are only able to obtain casual/temporary or part-time work after redundancy. There is evidence to suggest that individuals who subsequently obtain such work can become ‘trapped’ in precarious cycles of intermittent work and unemployment (Westin, 1990) – further adding to their sense of exclusion and deprivation. The demise of secure jobs in traditional sectors and consequent rise in the precariousness of employment has been amply depicted through the shift to part-time, casual and agency employment arrangements - in turn - has been cited as a key reason for what has been a trend increase in labour insecurity in the UK in the past 25 years (De Ruyter and Burgess, 2003).

To this may be added related features of labour market change in the UK. These include a continued dilution of trade union density, which is still at historically low levels – at 28.4% in December 2006 (though this masks continued steep decline amongst men countered by a rise amongst women; ONS, 2008). This has been compounded by a continued high level of earnings dispersion at an international level (Atkinson, 2007) and a sharp rise in income inequality over the past 20 years (Glasmeier et al., 2008), despite a modest degree of redistribution from 1997 onwards through the presence of a national minimum wage and associated tax-relief measures for the low-paid (Armstrong et al., 2008). In addition, one can note ongoing high disparities at a regional level – particularly between the South East and the rest of the UK (Glasmeier et al., 2008).

These continued trends only serve to reiterate the importance of an analysis of economic restructuring that extends beyond a simplistic view of “success” being measured by entry into a job of any sort. As such, the consequences of closure for job quality and precariousness of employment are considerable, and need to be explored through longitudinal studies. Yet very few previous studies (e.g., Westin, 1990; Leana and Feldman, 1995; Dawley, 2007) have explicitly looked at employment outcomes and the quality of jobs entered into over the longer term. As Leana and Feldman (1995: 1385) note, most of the research on plant closure “has taken as its end point re-employment; when laid-off workers get new jobs, they typically cease to be the focus of further research”.

Such analysis is not only important at a local level, but also at a national and international (EU) level. At the EU level, the rhetoric of “job quality” and the facilitation of

a “knowledge-based economy” in the EU under the auspices of the Lisbon Strategy (see Daly, 2006: 465 for a critical discussion) have been seen as a key policy goal. However, the realities of structural change have sat ill-at-ease with the ideals espoused in such concepts as “flexicurity” (which juxtaposes flexible labour markets with generous welfare regimes; see Andersen, 2008) or “socially responsible workforce reduction” (see Bergström, 2007; for a critical appraisal). Rather, there is evidence to suggest that cycles of recession and structural change have been associated with a more parsimonious use of (now) flexible labour across industries. This is even apparent in manufacturing; where flexible (agency) workers may be used for manual tasks such as routine assembly (Peck and Theodore, 2007). Ackroyd and Procter (1998) found that UK manufacturers had restructured their operations so as to achieve ‘competitiveness’ through using low-skilled flexible labour and extensive use of subcontracting and outsourcing (ibid. 171). As such, the subsequent labour market experiences of displaced manufacturing workers can provide sobering, salutary lessons for the ongoing impact of structural change and labour market adjustment elsewhere.

In this context, the closure of the MG Rover plant at Longbridge in April 2005 was one of the most significant in the UK for twenty-five years; with the loss of some 6,300 jobs. By February 2006, of the 6,300 claimants resulting directly from the collapse, approximately 4,000 were in employment (90 per cent full-time), 667 were undertaking training or awaiting training, 398 had received training but were still not working, 530 were not working and had not received any training, 443 had unknown destinations and 257 had claimed alternatives benefits after claiming Job Seekers’ Allowance (Rover Task Force, 2006; Armstrong et al., 2008). However, as will be seen below, by April 2008, some 75% had obtained full-time employment and a further 11% “self-employment”. On one level, this can be interpreted as a successful example of structural change. However, given ex-Prime Minister Blair’s view that ex-MG Rover workers would be able to find “full and fulfilling jobs”, it is notable that the gross average salary of workers has decreased, even three years after closure. This highlights that for many (if not most) ex-workers, significant issues of insecurity of income, skill development and tenure remain – now exacerbated by the impact of the current financial crisis and consequent economic downturn.

As such, the current economic situation places a renewed policy emphasis on issues of precariousness in the labour market and in turn job quality and the security of employment. Indeed, it is these aspects of what has been described as “precariousness of employment” (Burgess and Campbell, 1998) for ex-MGR workers that this article seeks to explore. The following sections introduce a theoretical discussion of economic restructuring and precariousness of employment; before introducing the Standing (1997) framework. This is then followed by an expose of labour market change and precariousness of employment, using data compiled from a longitudinal survey of ex-MG Rover workers, with a view to expounding some lessons for policy.

Economic restructuring, labour market change and precariousness of employment

There are a number of ways in which one might evaluate the impact of redundancy on individuals and communities. The first is that the costs of adjustment are short-term and that displaced workers would be able to find employment in more productive firms/industries (O’Farrell and Crouchley, 1983) and/or migrate to where job growth is

occurring (Armstrong and Taylor, 1993). Here, policy initiatives would consist merely of re-training individuals to meet the needs of emerging industries and encouraging labour mobility.

However, other authors argue that an abstract view of labour market adjustment could downplay community and personal factors pertaining to job search (Hinde, 1994). Changes in commuting and migration are potential responses to job loss (Hinde, 1994; Bailey and Turok, 2000). However, there is still debate over the importance of these responses for workers with different occupations and levels of income (Bailey and Turok, 2000; Cowling, 2005; Dawley, 2007). Older workers, in particular, could place a higher premium on staying within their community than on relocation (Hinde, 1994: 716).). Similarly, social networks can be seen to link household and employment opportunities and hence define social identities which in turn can constitute a key determinant of which workers get jobs (Harris, 1987). As such, there are important issues regarding the absorptive capacity of the local labour market when a “sudden influx” of relatively skilled workers occurs following plant closure (Dawley, 2007: 1406). This is particularly pressing if the local unemployment rate was already high to begin with (as in south-west Birmingham for ex-MGR workers). As Pike (2005: 97) notes, the roles of social agency and particular socio-institutional, temporal and spatial contexts are often underplayed when analysing the impact of plant closure. Plant closure can be seen not merely as a case of shut-down due to economic imperatives operating at a higher level of abstraction, but rather as a contingent, path-dependent process (Tomaney et al., 1999: 402).

Here, the role of institutions and the interaction between business strategy and legal regulation is pivotal (ibid.). In this context, the role of the state becomes crucial in setting the parameters within which a process of adjustment will take place; both in terms of maintaining a sound macroeconomic climate and alleviating the impact of external shocks, and also in terms of what opportunities or assistance can be provided to individual firms and workers at the local or regional level (or the “activities of institutions in resettling redundant workforces” - see Dawley, 2007: 1404). Linked to this is a role for the state in underpinning minimum conditions of work (such as the minimum wage) and “labour standards” (Armstrong et al., 2008). Hence, the problems of re-integration extend beyond merely providing “jobs” or “job opportunities” for displaced workers. They extend to: the quality (and location) of employment; individual health and well-being; lasting career opportunities and considering the effects on the household and wider community.

In this context, Standing's (1986, 1997) typology of labour insecurity can be used to assess the impact of redundancy and structural change on workers. Standing (1986: 113) suggested a broad framework for evaluating what he called labour insecurity. His context was the consideration of labour flexibility: here security is the antithesis of flexibility; and growing labour flexibility equates with increasing job insecurity. He subsequently extended the framework when examining the extension of job security in the thirty years following the Second World War. According to Standing (1997: 8), this era was characterised by a steady extension of labour rights and entitlements that are encompassed in seven forms of security that are summarised in Table 1. The concept of “labour security” is broader and more encompassing than “job security”, as conventional measures of job security typically focus on tenure, or the subjective expectations of tenure (see De Ruyter and Burgess, 2003). In contrast, labour security covers the objective conditions of work and the supporting socio-economic and regulatory environment.

Table 1: Dimensions of Labour Security

Dimension	Explanation
labour market	Adequate employment opportunity – state support of full employment
Employment	Protection against arbitrary dismissal; regulations governing hiring and firing
Job	Designated occupation or career; barriers to skill dilution; craft demarcation
Work	Protection against accident and illness at work; limits on working time and unsociable hours
Skill reproduction	Access to skills; skill retention and upgrading; apprenticeships, on the job training
Income	Minimum wages; wage indexation; progressive taxation; comprehensive social security
Representation	Protection of collective voice; independent trade unions; rights to collectivise, strike etc

Source: Standing (1986: 114, 1997: 8-9)

This model of security was gender-based and presumed a given household structure and a gendered division of labour within the household and the workforce (Purcell, 2000). Moreover, the benefits extended beyond the wages system to encompass “social wage” entitlements in such areas as health, housing and education. Behind the model was an extensive set of regulations to provide fundamental protection, allocate resources, regulate production and control trade flows. In Standing’s analysis job security was based on a historical set of conditions, assumptions and a particular production system. Since the 1970s, the system supporting job security began to disintegrate and as such it is not surprising that subjectively workers have been feeling increasingly insecure in their jobs. In this context labour markets have been restructured, accompanying conditions have altered and the focus of state regulations has shifted. Whilst the UK has experienced a degree of legislation entailing a modest number of statutory entitlements in the past 10 years (Waring et al., 2006), it could still be argued that UK government policy has maintained an emphasis on promoting the flexible labour market as a source of competitive advantage (Brown et al., 2007). Taking the lead from Table 1 we can also suggest elements associated with labour insecurity, as in Table 2 below.

Table 2: Dimensions of Labour Insecurity

Dimension	Explanation
Labour market	Persistent excess labour supply; abandonment of the full employment objective
Employment	Increasing employer prerogative; weakening of employment protection; out sourcing
Job	Break-down of occupational demarcation; broadening of job tasks; contracting out
Work	Avoidance of occupational health and safety (OHS); extending working hours; normalising hours for weekend, evening and holiday work
Income	Growth in part-time and casual employment; development of ambiguous employment arrangements; rise of workfare
Skill reproduction	Decline in public sector employment; demise of apprenticeships; compression of the internal labour market; contracting out
Representation	Ambiguous and new forms of work; decline in manufacturing, utilities and public sector; anti union and anti strike legislation

Source: de Ruyter and Burgess (2003).

A problem with Standing's framework is its complexity (Heery and Salmon, 2000: 12). There are also questions of cumulative causation: growing employment insecurity could lead to growing job insecurity, for example. In assessing overall trends in job security, it could be asked (Burgess and Campbell, 1998: 12) which criteria are more important in determining overall job security - for example, is work insecurity more important than employment insecurity? Standing himself (1997: 29) suggested that income security and representation security were the most important forms of labour security to concentrate on, and that employment security should be less of a concern. Furthermore, we might expect changes in precariousness to impinge upon certain groups of workers more than others. Youth, women, dependent contractors, temporary/agency workers and older workers (particularly low-skilled workers in 'declining' industries) are all particularly vulnerable under recent labour market developments. That is, the average measures could camouflage differences in the degrees and types of insecurity across the workforce.

However, Standing's analysis does provide a broader framework to conduct analysis of labour market change and the precariousness of employment. Through the application of his schema, it will be possible to ascertain to what extent structural change through the "hollowing out" of UK manufacturing has contributed to changes in the precariousness of employment, in the context of a decade of 'New Labour' legislation; a decade from 1997 to 2007 in which, as noted, there has been continued growth of part-time, agency and temporary employment, stagnating trade union densities, a brake (although recently accentuating again) in the polarisation of earnings; and an ongoing divide between the South East and the rest of the UK in terms of regional disparities (Glasmeier et al., 2008). In this context, it could be argued that precariousness of work has become the norm. This is in spite of a decade of increased public spending and

(until recently) a low official unemployment rate (Rubery et al., 2005) and a seeming recommitment by the UK Government to Keynesian aggregate-demand management tools in order to combat the current economic downturn (see Stratton and Seager in: *The Guardian*, 2008).

In what follows we highlight the demise of the MG Rover plant at Longbridge to analyse and review how structural change has impacted on the precariousness of work experienced by workers. In so doing, we also begin to assess the relative usefulness of various policy measures used in the aftermath of the MG Rover 'crisis'.

Methods and data

The data used in this article consists of findings from a three-wave longitudinal survey of ex-Rover workers, building on the findings of Armstrong et al. (2008); who report on the findings of the second wave (see also Armstrong, 2006; for more detail on the original methodology). Letters were sent to all ex-MG Rover workers inviting them to participate in the study via a telephone interview (approximately one hour) consisting of a series of structured questions, enabling ready comparison of results. This was conducted in strict accordance with the ethical principles of fully-informed voluntary participation, anonymity and confidentiality. The third wave of this survey (which is the focus of this article) was carried out in April 2008; three years after the closure. It was designed to follow on from the previous two surveys of ex-MG Rover workers carried out by The Work Foundation in conjunction with BBC Radio 4's *Life after Longbridge* series and thereby provide a unique three-wave longitudinal survey.

Ex-MG Rover workers were first interviewed in July 2005 (wave 1, three months after the closure), again in December 2005 (wave 2, nine months after the closure and finally in April 2008 (wave 3, three years after the closure). In the first wave, 273 interviews were conducted with ex-MG Rover workers. At the second wave, 232 interviews (86% of the original sample) were conducted, and in the third wave 204 interviews were conducted, with 176 ex-workers across all three waves and 19 new volunteers. The demographic profiles of the samples were representative of the MG Rover workforce. Similar to the MG Rover workforce, the third-wave sample was 93% male, and the majority (over 70%) of workers were aged between 40 and 54 (with an average age of 48 years) and had worked on average for 21 years at MG Rover. The average yearly salary of the ex-workers interviewed at MG Rover was £27,624 or a weekly salary of £514, as compared with £404 for a full time worker (£444 for a man) in the West Midlands in 2005. Almost 80% of the respondents were married, with almost no change from the wave 1 survey. Some 93% were home-owners (with 55% still paying a mortgage) in 2008. Overall, this enabled a high degree of generalisation of the findings to the whole ex-MGR workforce.

The survey data was supplemented with qualitative interview data obtained from ex-workers (over 20 in total, at the time of writing). These interviews were conducted between July 2008 and April 2009 and consisted of semi-structured sessions which lasted for approximately 30 minutes, at which issues pertaining to precariousness could be further explored.

Findings

Prima facie, it could be argued that a majority of the ex-MG Rover workforce appear to have undertaken "successful" labour market adjustment: our findings suggest that approximately 90% of ex-MG Rover workers are in some form of employment, with nearly three-quarters of the cohort employed full-time, around 11% self-employed and

just under 5% employed part-time as at April 2008. However, another 5% were unemployed and looking for work and 2% were unemployed not looking for work. Against this, it was evident that the average salaries obtained by ex-workers had declined, even three years after the closure (this in turn conceals significant gains for some workers relative to earnings at MG Rover, suggesting widening earnings dispersion amongst the cohort). In addition, some 25% of respondents reported that their household was facing financial difficulties.

The findings, then, suggest a more complex, mixed picture of the impact of the closure on the overall nature of work entered into; and thus the degree of precariousness entailed by the impact of the closure. Accordingly, in what follows we provide a critical assessment of the degree of precariousness in work arrangements entered into by ex-MG Rover workers, utilising the Standing typology of seven aspects of labour security/insecurity (labour market, employment, job, work, income, skill reproduction and representation).

Labour market

In assessing the degree of labour market security/insecurity experienced by ex-Rover workers, the key criterion to be judged is the state of the local/regional labour market (i.e., Birmingham/ West Midlands) and consequent government commitment to a policy objective of promoting full employment.

A labour market snapshot of Birmingham and the West Midlands region paints a rather sombre picture, into which the closure of MG Rover only released additional [relatively skilled] workers into an already long-depressed labour market (see Chapain and Murie, 2008). Thus, in considering the impact on labour market security/insecurity, the closure cannot not be analysed in isolation, but rather must be assessed in the wider context of the cumulative processes of structural change and the demise of volume-based manufacturing in the region. Birmingham is clearly suffering relative to the rest of the West Midlands and the UK overall, a situation reinforced by the unemployment rate scenario outlined in Table 3. This situation of relative labour market insecurity is further reinforced by a high incidence of those receiving jobseekers allowance, with the West Midlands have the highest rate of any region in the UK and Birmingham the second highest Local Authority after Tower Hamlets in London during 2008 (NOMIS local labour market data).

Thus, whilst 75% of our sample had entered full-time employment by April 2008, the external labour market context remains fragile for most. Follow-up interviews conducted with a number of respondents employed in April 2008 have confirmed this; with some since having been made redundant as a result of the current downturn. Turnbull and Wass (2000: 64) argue that a worker's experience and expectation of involuntary separation will shape their perceptions of job security. High unemployment and more involuntary separations then compound the costs of job loss, leading to a higher level of labour market insecurity. This also mirrors the findings of Campbell et al. (2007), who report that workers' fear of unemployment will be increased when they have experienced previous spells of unemployment.

Table 3: Unemployment rates (% working age): July 2007 to June 2008

Northfield (constituency)	n/a (4% of all residents claimed Job Seekers Allowances)
Birmingham	9.4
Sandwell	8.8
Dudley	6.5
Walsall	7.5
Wolverhampton	9.5
Bromsgrove	4.0
WEST MIDLANDS (region)	6.2
UK	5.2

Source: NOMIS local labour market data.

Here, it is prescient to examine the number of jobs that ex-workers have had since the closure. It was evident that workers had often had more than one job since working at MG Rover. Approximately half of those employed full-time at wave 3 reported having had more than one job since leaving MG Rover, as had those in full-time education and training. All of the workers in part-time employment and in part-time education and training reported that they had had more than one job since MG Rover. In addition, approximately half of those unemployed and looking for work, and three-quarters of those unemployed and not looking for work reported having had more than one job since leaving MGR. This would appear to suggest that for many workers, the nature of jobs entered into has been substandard and/or temporary (precarious cycles); and for some at least, a route to exiting the workforce entirely. The impact of the current recession (particularly on the manufacturing sector) has been felt, with some respondents reporting subsequent job loss for those who had obtained permanent employment by April 2008:

“When I started with [Tool Co] they got me to employ more people. I took on 10 ex-MGR workers six months after Rover went bust - but now, of those ten, I only have three left who are permanent full-time. Two others are working on-and-off as casuals, and the other five have all gone.

I was going to 8 or 9 companies. Now three of them are out of business and of those that are left, most are on three-day weeks and have lost 40 to 50% of their workforce. It’s carnage in the car industry at the moment” (Worker 8, April 2009).

A relatively depressed local labour market situation has also meant that ex-MGR workers have typically had to commute further afield to find work. The average commute distance of those employed or studying at Wave 3 was 16 miles (some 70% of workers travelled 16 miles or less). Approximately 55% of employed respondents had reported increased commuting distance to work since the closure. As such, it is notable that a significant proportion of respondents reported greater commuting times: one respondent even reported that they were commuting to Crewe in Cheshire for 18 months’ on a temporary contract (a round-trip of some 100 miles a day).¹

¹ It should be noted that people who had a longer commute to work reported lower anxiety levels and better overall job quality than those who worked comparatively closer to home at the time of the wave three survey (see Bailey et al., 2008). In the context of a depressed local labour market, this would not be surprising; people have to commute further to find better (or “choice”) jobs.

Employment

The key aspect to consider in evaluating the nature of employment security/insecurity is the nature of protection against arbitrary/unfair dismissal and regulations governing hiring and firing. In the UK, all employees with more than 12 months' tenure in their job can file for unfair dismissal should they be arbitrarily dismissed (Waring et al., 2006). They are also eligible for a statutory entitlement of a lump-sum payment in the event of redundancy (the actual amount received depending on the number of years of service). These provisions generally exclude non-employees such as agency workers (although the UK Government is currently reviewing the entitlements that agency workers can receive) and temporary (fixed-term) workers cannot claim unfair dismissal upon the conclusion of a contract. Hence, the increased incidence of temporary/agency work or shift to outsourcing/contracting out can all be regarded as weakening employment security.

In terms of our sample, a majority reported that they had received their statutory payout upon exiting MG Rover. Moreover, in considering the contractual nature of employment entered into, by Wave 3 in April 2008, approximately 86% of ex-MG Rover workers who had become re-employed had permanent contracts, with the remainder (14%) employed on a casual basis, or on fixed-term contracts, or via agency work. The insecurities attached to working on such a basis were readily expressed by respondents:

"The obvious thing is fear. I was on a good wage and immediately you think to yourself – I've got a family, I've got a house – what am I going to do, how am I going to get good money, how am I going to survive?" (Worker 19, November 2008)

Whilst the incidence of temporary/agency work is higher than the UK average of 6%, it was reassuring that the majority of ex-MGR workers did not appear to have suffered a diminution of employment security in their current employment - so long as they had been in their current job for more than 12 months. From our sample we can ascertain that only a quarter of respondents had the same job in April 2008 as in November 2005, six months after the closure; suggesting that for a significant proportion of the sample, lack of automatic entitlement to claim unfair dismissal could be a problem. Of the 11% of the cohort describing themselves as "self employed" at Wave 3, it was notable that approximately 80% of these individuals had just one client; they were in effect dependent contractors. For these individuals it is evident that they have suffered a decrease in employment security as they rely on one 'customer' for their livelihood as surrogate employees, but without the protections generally available to employees.

Job

In assessing the effects of the closure of MGR on the job security/insecurity of the ex-workforce, the key issues to consider are the nature of career and progression structures attached to a job, as a key feature of internal labour market structures (i.e., 'job ladders'). Arising from this are mechanisms such as firm-specific training to maintain the distinctiveness of a job, or 'demarcation structures'. In this context, moving to jobs where there had been a breakdown/absence of internal labour market structures though a reduction of demarcation barriers, de-layering, multi-skilling and outsourcing could all be regarded as reducing job security. In terms of our sample, clearly the job situation at MGR could be considered as a classic internal labour market set-up; with well-defined job ladders and clear lines of demarcation between roles (although job rotation on the plant floor had been used). In this environment, skill acquisition could be fostered in the workplace (and largely kept in-house).

In considering the nature of destinations entered into for job security purposes, an examination reveals a shift away from employment in manufacturing towards employment in service industries (which reflects the employment structure found in the wider UK economy). However, the proportion of the sample employed in manufacturing was still about double that of the regional average. This occupational shift is also reflected in type of skills workers reported using in their current roles, with more than 60% of all those employed at Wave 3 stating that in their new jobs they were now using different skills to those they used at MG Rover. It was notable that the quicker people found re-employment post-MGR, the more likely they were to use the same skills as at MGR in their new role. As such, it was evident that for many ex-workers, their relative job security had deteriorated. Whilst 34% reported higher occupational level roles at Wave 3, there was significant downward mobility; 31% reported a lower occupational status at Wave 3 than they did previously. Downward mobility and the associated loss of income (see below) was also a key contributor to feelings of depression:

“Well I suffer with depression. It’s not just from Rover but that has a big part to do with it and I’m on medication at the moment. My wife and I didn’t cope very well at first and we suffered a break-up but we’ve managed to get back together” (Worker 9, April 2009).

Work

In assessing the impact of the closure on the work security/insecurity for the ex-workers, a consideration of constraints on the physical nature of jobs entered into is needed; i.e., OH&S laws, limits on working-time and limits on working unsociable hours. Prima facie, it might be said that given that there was a clear shift in the industry of employment by respondents from manufacturing to services, then the extent of “dirty” or “dangerous” work could also be said to have fallen. In a similar manner, 60% of respondents at Wave 3 indicated that they had undertaken some form of training, with a positive feature here being that a majority of workers retrained to increase their employment opportunities or to change career or job – this desire for up-skilling and moving into better jobs could be seen as reinforcing as sense of work security for those who found employment.

In this context, measures of work security and well-being suggest that ex-MGR workers using similar skills in their current job to those they used at MGR were earning significantly more and report significantly better overall job quality compared to workers using different skills. Such ex-workers reported significantly more autonomy and challenge in their current jobs and lower levels of monotony (see also Bailey et al., 2008). Life satisfaction scores were also significantly higher and anxiety levels significantly lower for ex-MG Rover workers who used the same skills at wave three as they did at MG Rover. As one worker who had obtained employment as an ambulance driver commented:

“If I would have known about this 20 years ago, I would have never left MG Rover. But now - I like my job. Everyday is different, every job is different. I like the excitement the people. There is not one day I wake up and I think I do not want to go to work” (Worker 21, November 2008).

Income

Income security/insecurity will be determined simply by whether a worker has an income sufficient to ensure a basic decent standard of living. Hence, in assessing this, in addition to the basic wage or salary, there is a need as well to consider actual hours worked, and supporting income mechanisms offered by the state, such as a minimum

wage and progressive taxation and other welfare instruments. However, given that there has been a relative constancy in the so-called “social wage” in the years since closure, the main focus will be on the earnings from jobs entered into. Given the shifts in both occupational status and skill use over time noted above, one would expect parallel developments in income security/insecurity. The previous study (see Armstrong et al., 2008) examined the findings from waves 1 and 2. This research revealed that workers’ salaries were on average lower than when at MGR.

Three years on, a key question is whether workers’ salaries recovered to their original – or even a higher – rate than at MG Rover? Using median estimates, workers’ unadjusted annual salaries, adjusted for inflation, at the time of the Wave Three interviews were significantly lower than their final MG Rover salaries with a median salary difference of £5,640 for those employed at Wave Three. Given that the majority of workers had left MG Rover more than three years ago; this discrepancy represents a significant decline in annual wages. As one worker commented:

“since I left MGR, we’ve been living on savings; that won’t last me until I die. I won’t be able to go on holidays or anything like that...” (Worker 1, October 2008)

Our findings also indicate a greater dispersion of earnings and yet again a differential story, with a third of respondents reporting an increase in salary, and two-thirds a decrease in salary. Our respondents also demonstrated a far higher degree of earnings dispersion than the UK average. This can be seen in Table 4, where it is apparent that those in managerial positions at MGR have done the most well in terms of subsequent earnings, whilst unskilled/elementary labourers have fared the worst.

Table 4: Income by Occupation, April 2008

	Wave 3	UK average
Managers/senior officials	42,000	35,422
Professionals	25,000	34,260
Assoc. professional and technical	22,400	27,286
Admin. And secretarial	21,500	18,157
Skilled trades	24,000	22,464
Personal services	14,200	15,566
Process, plant and machine operatives	16,720	20,738
Elementary	14,560	16,393

Source: Bailey et al. (2008)

Skill Reproduction

In assessing the impact of the closure on skill reproduction in/security, the role and outcomes (in terms of employability in suitable areas) of the training assistance measures offered by the UK Government becomes pivotal. At Wave 1, approximately 25% of respondents were not even aware that MGR workers were entitled to re-skilling in a manufacturing skill. Not surprisingly, only 29% of the sample had actually taken advantage of re-skilling opportunities.

However, by the time of the Wave 3 survey, the situation had improved dramatically, with 60% of respondents indicating that they had undertaken some form of training. A positive feature of this finding is that a majority of workers retrained to increase their employment opportunities or to change career or job. This was evident in that some 35% decided to retrain to increase their employment opportunities, 24% to change career, and 13% as a requirement of their new job. In contrast, only 8% took up training as an alternative to unemployment (and 7% because they were simply unable to find work with their qualifications). In terms of specific support offered, job fairs and information on job opportunities generally were seen as not very helpful by respondents. In contrast, free training places were generally seen as helpful (even if the initial training assessment was less well received).

These developments would suggest that for many workers, issues of skill reproduction and development had been adequately addressed. The issue of skill atrophy and loss of traditional manufacturing skills, however, may still be problematic for long-term regional economic viability; as will be discussed in the following section. Indeed, concerns relating to the nature of new jobs and the lack of manufacturing jobs were noted by respondents:

“Urban regeneration? What, the hotels and all? Well, what can I say, they’re all in services again. There’s no manufacturing jobs being created whatsoever; and you know, we are just going to lose those skills. It’s sad when all you see are shops and retail parks being built” (Worker 6, October 2008).

Representation

Finally, representation security pertains to the extent of protection of collective voice; independent trade unions; and rights to collectivise or undertake industrial action. In the context of the closure of MGR, a simple means to evaluate changes in representation security/insecurity is to compare the level of trade union membership amongst respondents when they were at MGR with the incidence of membership in Wave 3.

The findings of Wave 3 strongly indicate that representation security has declined for ex-MGR workers; with only 37.5% of respondents indicating they were currently members of a trade union. Whilst this is higher than the national average reported of 28.4%, it represents a severe fall from the virtually 100% union membership at MGR. This development itself is symptomatic of the decline in collective identity felt by ex-workers. Indeed, the previously reported strong camaraderie and good working conditions experienced at MGR held strong positive memories that were hard for new jobs to compete with (Armstrong, 2006). Moreover, follow up interviews with a number of workers revealed that there were feelings of disillusionment and resentment at the union movement in failing to be more proactive in averting the closure; and a consequent feeling of “being alone” and “having to look out for one’s self as no one else will”. This development in itself is concerning given that in the current context many workers may struggle to cope in an atomistic flexible labour market where an economic downturn could result in many of those currently in employment being made redundant again; but without the recourse of a having a trade union to “police” their employment rights. However, other workers reported that the “experience” of working in a non-union environment had given them a renewed appreciation of union membership and consequently rejoining:

“I rejoined UNITE in November 08 because I could see what was coming. The company was getting rid of people for what I thought were very dodgy reasons.... how

management work without a union being present has completely changed my view of the unions” (Worker 11, April 2009).

Discussion

The findings above paint a mixed picture with respect to the trends in labour security for ex-MGR workers. Clearly evident is that most had made a successful transition into another job, with 90% having obtained some form of full-time employment three years after closure (including self-employment). In a similar manner, success was also apparent in terms of skill development and reproduction, to the extent that a majority of the respondents had undertaken some form of training to re-skill so as to be employable in growing sectors of the economy. The significant financial assistance provided by central and local government; and also by the regional development body, Advantage West Midlands under the auspices of the MG Rover Task Force, was also indicative of support for the region and could be seen as an attempt to shore up the labour market security of workers (as a proxy for a commitment to employment, if not “full employment”).

However, also apparent was significant erosion in income security, in that two-thirds of the respondents had suffered a very significant fall in earnings relative to their job at MGR. A sudden influx of workers caused by the closure in turn placed further pressure on an already depressed local labour market and generated further ‘knock-on’ competition for what (low-wage) jobs were available. This overall fall concealed earnings polarisation, in that one third of respondents reported an increase in earnings relative to MGR. This finding only serves to reiterate that income insecurity is now the norm for most workers in the UK: half of the workforce in the UK earns less than £23,000, whilst only 10% of the workforce earns more than £40,000. As Polly Toynbee has noted, a couple require £11,000 to be lifted above the poverty threshold; and currently in the UK over a fifth of people fail to meet this threshold, with a third of children born poor.² Having to cope with reduced earnings only increases the financial pressures on households, something which the current credit crunch and prospect of further redundancies only exacerbates. The decline in representation security (as shown by falling trade union densities) is also a cause for concern.

These findings in turn suggest implications and lessons for the current context for where the adjustment measures put forward by government could be further developed. Thinking more broadly about policy implications, effective policy intervention requires supporting people to enable them to have different options to move within the same sector. Avoiding sudden closures and slowing down the process (e.g. giving workers greater regulatory protection against the use of arbitrary mass layoffs) also enables workers released to pick up jobs arising through ‘replacement demand’ where firms require workers to cover those who have left, retired and so on. Such replacement demand can actually be quite significant and in the medium term may outweigh negative changes arising from projected decline (see Wilson et al., 2006; Bailey et al., 2008).

Economic diversification should also be supported, particularly post credit crunch. As Brinkley et al. (2008: 49) note, the impact of the current downturn will be felt differently across different regions of the UK, in turn requiring that national labour market policies are built on local initiatives and local knowledge. This also means supporting modern manufacturing – for example, through equipping people with skills for service jobs in the

² See <http://www.guardian.co.uk/commentisfree/2008/nov/25/pre-budget-report-economy1> accessed November 26th 2008.

same sector. On this note, government and regional development agencies need to do more to ensure that employees have the necessary skills to cope as industries change, through high quality, flexible education, training, information, and mobility programmes (a more 'Nordic' approach). Here it needs to be recognised that much work was done by the Regional Development Agency Advantage West Midlands and other agencies before the MGR closure, in diversifying the supply chain and economy and this work may have 'saved' as many as 10-12,000 jobs in the local automotive industry supply chain at the time (Bailey and MacNeill, 2008).

Another key lesson here is the need for agencies to be move swiftly; it is helpful to have knowledge and actions in place rather than 'fire fighting' after the event. Indeed, when MG Rover closed in April 2005, the second MG Rover Task Force was able to start work on the day of the closure announcement. Such advance preparation work could work well in future closure situations, as it is unlikely that a future closure would happen without at least some prior warning. There is a need for a permanent capacity to deal with these issues, as a way of having institutional memory of how things were done. This is particularly pertinent given the current climate and the potential for more closures and possibly simultaneous closures of smaller businesses. It was interesting that when the Birmingham van maker LDV went into administration in June 2009, a taskforce was set up immediately, learning from the MG Rover experience. The regional task forces put in place during the recession have also been modeled on the MG Rover experience, albeit in very different circumstances. There have been calls to make these permanent so as to retain this knowledge and capacity (House of Commons, 2009).

The 'success' story noted above in respect of retraining in the case of ex-MG Rover workers seems linked to the specific forms of training and education that were taken up and which provided skills of use in the local labour market. Training and education played a key role in particular in ensuring those who did not find re-employment quickly were not left unsupported and moving onto long term benefits. This again links back to the need during the current recession to support companies in keeping workers in position where possible and helping them to train during downtime. Here, greater use of funding opportunities such as the European Globalisation Fund, which can be used to fund retraining, could usefully be explored.

Also, as suggested in Armstrong et al. (2008), and evident from the decline of (and polarisation of) earnings reported above, a policy response is clearly needed to tackle growing labour market polarisation and inequality, which needs to go beyond a reliance on the National Minimum Wage and foster genuine measures to provide a "living wage" (Wills, 2004) for individuals. This in turn links into the debate to further up-skill and re-skill individuals so that they may have a reasonable chance of competing in the new economy. Reform of the tax and benefit system may also be prescient here - for example, the use of wage subsidies in the current economic downturn to support struggling companies who could then employ workers part-time and have the same workers re-train in the remaining 'downtime' (see House of Commons, 2009).

Finally, the decline in representation security points to the need to ensure that workers caught in subsequent cycles of closure and redundancy have ready access to advice and advocacy that goes beyond reliance on an over-burdened voluntary sector (such as the Citizens' Advice Bureaus) – and of course, further regulatory measures to stop companies reverting to mass redundancies as a "soft" or "easy" option.

Conclusion

This paper has presented an analysis of the nature of labour security and precariousness of work entered into by ex-MGR workers three years after closure, utilising Standing's 1997 typology of labour security. The findings suggest that at one level, adjustment for the ex-MGR workforce had been successful; with approximately 90% of ex-MGR workers having obtained some form of employment in April 2008: with nearly three-quarters employed full-time, 11% self-employed and 5% employed part-time. In contrast, only 5% were still unemployed and looking for work. The findings also revealed a shift away from manufacturing towards jobs in the services sectors.

However, also evident were sharp declines in income security, with a majority of respondents reporting a considerable decline in real earnings compared to when they worked at MGR; and further that a quarter of respondents reported that they were experiencing financial difficulties. The findings also indicated a greater dispersion of earnings. The implications of this analysis is that low pay is the norm for many in the workforce and that more needs to be done to "make work pay" (Armstrong et al., 2008) and to link this to training and skills development (and supporting manufacturing as a provider of skilled, quality jobs in general). The decline in representation security reported also highlights needs to make sure that workers have adequate redress to advice and advocacy (traditionally provided by the union movement); and that measures are put in place to avoid a repeat of sudden plant closures.

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