Plant closures, precariousness and policy responses: Revisiting MG Rover 10 years on

David Baileya* and Alex de Ruyterb

aAston Business School, Aston University, Birmingham B4 7ET, UK; bThe Glasgow School for Business and Society, Glasgow Caledonian University, Scotland

(Received 8 June 2015; accepted 29 June 2015)

With automotive plants being closed in Australia and western Europe, this article reflects on the employment status of ex-MG Rover (MGR) workers following the closure of the Longbridge plant in 2005. In particular, it draws on Standing's typology of labour market insecurity and uses a mixed-methods approach including an analysis of a longitudinal survey of some 200 ex-MGR workers, and in-depth interviews with ex-workers and policy-makers. While the policy response to the closure saw significant successes in terms of the great majority of workers successfully adjusting into re-employment, and with positive findings in terms of re-training and education, the paper finds significant challenges in terms of security of employment, income, job quality and representation at work years after closure. In particular, the paper posits that the general lack of attention to employment security at the macrolevel effectively undermined elements of a positive policy response over the longer run. This in turn suggests longer-term policy measures are required to address aspects of precariousness at work.

Keywords: Plant closures; economic shocks; deindustrialisation; precariousness; labour market policy

1. Introduction: Globalisation, plant closure and labour market adjustment

A recurrent theme in international policy debates over the past 25 years has been the imperatives of globalisation and economic restructuring (McGrath-Champ 2005). In advanced industrial economies, discussion has been dominated by a political discourse of the need to remove trade barriers, reduce costs and improve competitiveness against low-cost countries. Typically, arguments have been put forward on the need for advanced economies to streamline welfare regimes and encourage greater flexibility in labour and product markets. A key manifestation of globalisation (in the UK and USA particularly, but also other industrialised countries) has been a shift away from manufacturing to services industries, a process which has been typified in the UK by a number of high-profile plant closures (Pike 2005; Armstrong et al. 2008; Bailey et al. 2008a, 2008b, 2014). Under pro-trade and foreign direct investment regimes, multinational corporations (MNCs) have engaged in the extensive

*Email: d.bailey@aston.ac.uk

© 2015 The Author(s). Published by Taylor & Francis. This is an Open Access article distributed under the terms of the Creative Commons Attribution License (http://creativecommons.org/Licenses/by/4.0/), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.
subcontracting and outsourcing of production and employment across developed and
developing countries. In turn, MNCs have used the threat of relocation as a means to
reduce costs and achieve productivity gains across individual subunits in countries.
This has led to a reconfiguration of production regimes across and within countries.

While total employment in industrialised countries such as the UK has grown
(unti the recent economic crisis), many newly created positions required skills that
were not found in the industries shedding labour. Moreover, much jobs growth over
the past 30 years has been in low-paid, low-skilled, low job security occupations
(see Arnold and Bongiovi 2013 for a discussion), which in turn has contributed to
rising earnings inequalities (Atkinson 2007). In this context, the overriding labour
market policy emphasis in the UK has been a raw focus on transition into ‘any
job’, with ‘quantity over quality’ (Berry 2014). However, we would argue that success-
ful labour market adjustment requires that the issue of job quality should also be
addressed (Armstrong et al. 2008). This is particularly pressing for displaced
workers who may be able only to obtain forms of work which are insecure, or precar-
ious, in nature. Indeed, there is evidence to suggest that individuals who subsequently
obtain such work risk becoming ‘trapped’ in precarious cycles of intermittent work
and unemployment (Westin 1990) – further adding to their sense of exclusion and
depression (see Yates and Leach 2006). These issues serve only to reiterate the impor-
tance of an analysis of restructuring and plant closure that extends beyond a simplistic
view of ‘success’ being measured by entry into a job of any sort. The consequences of
closure for job quality and security of employment are considerable, and need to be
explored through longitudinal studies.

There is a rich stream of previous studies that have offered important insights into
plant closures and their impacts (e.g. Harris 1987; Westergaard, Noble, and Walker
Tomaney, Pike, and Cornford 1999; Kirkham and Watts 1998; Turnbull and Wass
2000; Pike 2005; Shuttleworth, Tyler, and McKinstry 2005; Dawley 2007). However,
such studies have either tended to examine the nature of plant closures, or their
impact on the local economy, and have rarely taken a holistic approach (Bailey,
Chapain, and de Ruyter 2012). Moreover, while significant longitudinal studies have
been undertaken, the nature of jobs entered into over the longer term has hardly
been explored (Westergaard, Noble, and Walker 1989; Turnbull and Wass 2000; Shut-
tleworth, Tyler, and McKinstry 2005 being notable exceptions). 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’. As such, the experiences of displaced manufactur-
ing workers can provide valuable lessons for the impact of structural change, labour
market adjustment and job quality. This paper attempts, therefore, to combine a longi-
tudinal approach with a consideration of the nature of work entered into post-closure,
and the form of appropriate policy responses.

In this context, the closure of the MG Rover (MGR) plant at Longbridge in April
2005 was one of the most significant in the UK for a quarter of a century; with the loss
of some 6300 jobs. MGR workers had previously had secure, unionised, well-paid jobs
(above the average for workers of equivalent skill levels in the same industry) and thus
could be considered as particularly vulnerable to deterioration of employment terms
and conditions upon entry into a new job, either in the same sector, or elsewhere –
pace ex-Prime Minister Blair’s view that ex-MGR workers would be able to find
‘full and fulfilling jobs’ (Armstrong 2006). As such, the socio-economic environment places a renewed emphasis in academic and policy circles on issues of job quality and (in)security of employment, and it is these aspects of what has been described as ‘precariousness of employment’ (Burgess and Campbell 1998) of ex-MGR workers that this article seeks to explore. The following sections explore the links between labour market adjustment and precariousness of employment; introducing the (Standing 1986, 1997, 2011, 2014) framework, before introducing the analysis, using a mixed-methods approach including data from a longitudinal survey and in-depth follow-up interviews of ex-MGR workers as well as analysis of policy reports and finally expounding some key lessons for policy, in so doing reflecting on the usefulness and limitations of Standing’s framework.

The paper is structured as followed: section 2 outlines the data, context and methods of the work undertaken; section 3 explores labour market adjustment, job insecurity and precariousness using Standing’s framework; section 4 outlines key findings of the study; section 5 discusses the findings and offers reflections on Standing’s framework as well as an appraisal of the policy response to the plant closure, while section 6 offers some concluding thoughts. The paper has added relevance 10 years on from MGR, in the context of major automotive plant closures in western Europe and Australia.

2. Context, data and methods

Manufacturing at Longbridge had a long history, with the establishment of Austin Motors in 1906. During the subsequent period, the site traded under various names and progressively became incorporated into larger corporate entities with consolidation under the ‘national champions’ industry policy approach of the 1950s and 1960s. This culminated in the creation of the British Leyland Motor Corporation—a conglomerate consisting of Austin, Rover, Triumph, Morris and Jaguar (Bailey et al. 2008). This period coincided with manufacturing’s peak in Birmingham and the wider West Midlands, with manufacturing comprising some 65% of total employment in the region by 1961 (Bryson et al., cited in Barber and Hall 2008, 283).

However, the conglomerate was unsuccessful, being characterised by low trust between units, poor industrial relations, the lack of economies of scale and scope, and an inability to recover the (rising) costs of product development (Bailey et al. 2008). After nationalisation in 1975, a long period of decline set in, with a gradual collapse of sales volumes and offloading of non-performing lines. Privatisation in 1985 saw a succession of ownership: first under British Aerospace, then followed by BMW in 1994. BMW divested the company of lead brands, keeping the Mini brand for itself—and sold Land Rover to Ford, leaving just the Rover Group (later rebadged as MGR) as a rump of the former volume business, to be offloaded to a local consortium, the ‘Phoenix Four’ in 2000 (Bailey et al. 2008). This entity finally collapsed in April 2005.

The decade before the plant closure saw the local and regional economy undergoing significant change, with the city shifting away from manufacturing to service sector activities (Table 1). This diversification, along with strong national economic growth, had some positive impacts on the local and regional economy, with the period 1999–2005 marked by decreasing levels of unemployment with the claimant count in the city falling from 9.4% in 1999 to 7.6% in 2004, and in the region from
5% to 3.7%, respectively (Birmingham City Council 2009). Nevertheless, these levels remained higher than national averages.

It is in this economic and policy context that the closure of MGR at Longbridge took place in 2005. It is important to note that the plant was first threatened with closure in 2000, resulting in the implementation of a specific programme to diversify the regional economy into non-automotive sectors. The Task Force model developed at that time also served as a basis to deal with the final closure of the plant in 2005. The second Rover Task Force created in 2005 put together a package of £176 million to support actions directed at MGR suppliers, vehicle retailers and workers and the local community around Longbridge. Actions to support the workers included facilitating access to Job Centre support and statutory redundancy payment and compensation (£40 million) and dedicated training programmes (£50 million; Bailey and MacNeill 2008).

In summary, while the closure of MGR took place in a period of significant economic growth and economic diversification for Birmingham and the West Midlands, levels of local worklessness, nevertheless, remained high in several local authority areas affected by the closure. In addition to existing local and regional economic strategies supporting the growth of new economic sectors and up-skilling of the local and regional workforce, the closure also generated an important dedicated policy response.

The data used in this article consist of findings from the third wave of a longitudinal survey of ex-Rover workers, along with follow-up interviews with workers and policy-makers. Letters were sent to all ex-MGR workers inviting them to participate in the study via a telephone interview (approximately one hour in length) 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 was carried out in 2008; three years after the closure. It was designed to follow on from the previous two surveys of ex-MGR 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. The survey was followed up by over 20 (semi-structured)
interviews undertaken between 2008 and 2009, with respondents who had given their contact details.

Ex-MGR workers were first interviewed in July 2005 (wave 1, three months after the closure), again in December 2005 (wave 2, eight months after the closure) and finally in April 2008 (wave 3, three years after the closure). In the first wave, 273 interviews were conducted. 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 MGR workforce. Similar to the MGR 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 MGR. The average yearly salary of the ex-workers interviewed at MGR was £27,624 or a weekly salary of £514, when 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, the sample profile enabled a high degree of generalisation of the findings to the whole ex-MGR workforce.

3. Labour market adjustment, job insecurity and precariousness

In this section, the link between precariousness and labour market adjustment is examined, in the context of broader changes in employment forms and hence labour security. Standing’s (1986, 1997, 2011, 2014) typology of labour insecurity is used to assess the impact of redundancy and structural change on the degree of precariousness experienced by ex-MGR workers.¹ Standing (1986, 113) suggested a broad framework for evaluating what he called labour insecurity, as depicted in Table 2.

Standing’s concern was in comparing the shift from the post-World War Two (WW2) Keynesian welfare state consensus of promoting full employment to the

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

latter-day era of ‘market regulation’ and flexibility (1997, 11). For Standing, labour security during the 25 years or so after WW2 was the outcome of a recognition to rebalance the capital–labour relationship to promote a more equitable society, for which in return for narrowing economic and social inequalities, the ‘managerial right to manage was left broadly intact and private ownership of capital was largely preserved’ (1997, 9). Conversely, for Standing, labour flexibility was the antithesis of labour security and hence growing labour market flexibility post-1970s across mature capitalist economies could be equated with rising labour market precariousness (Standing 2011, 2014). During this period, there have been structural shifts from manufacturing to services, elimination of trade barriers, liberalisation of financial, labour and product markets, erosion of trade union densities, and rising income inequality (Atkinson 2007; Cumbers, MacKinnon, and Shaw 2010). As such, at the macro-level, a shift has occurred from state sanction of full (permanent) employment to that of an individual emphasis on ‘employability’ – i.e. equipping people with the skills to adapt to a changing (flexible) labour market (Shuttleworth, Tyler, and McKinstry 2005, 1652) – and more recently, deficit reduction in the name of austerity.

The extent of standard employment has declined in most industrialised countries and non-standard forms of work (which includes part-time, temporary and self-employment) have increased. The reasons underpinning the growth of non-standard forms of work form a complex mix of demand and supply-side factors, but include the growth of the service sector, rising female participation rates and deregulation of product and labour markets (Bosch 2004). However, while non-standard employment can display elements of precariousness – particularly with respect to income and tenure – it should not automatically be conflated with precarious employment. Precariousness is a broad-ranging concept, and it is apparent that even ‘standard employment’ can display elements of precariousness. As Vosko (2006, 3–4) argues, precarious employment encompasses ‘forms of work involving limited social benefits or statutory entitlements, job insecurity, low wages and high risks of ill health’.

So while non-standard employment can be highly precarious, so can standard employment, if it is characterised by poor protection against dismissal, lack of voice mechanisms in the workplace, lack of statutory entitlements, unsociable hours, an ambiguous legal status, lack of training opportunities or low-income levels, for example. More recent developments in organisational forms, such as cross-organisation networking, alliances/partnerships, contracting out and the use of employment agencies (Rubery et al. 2002), have often served to increase the ambiguity and insecurity of employment status. In reality, it could be argued that the degree of precariousness inherent in standard and non-standard employment alike has increased. While the UK experienced a degree of legislation entailing a modest increase in the number of statutory entitlements during the period of the recent Labour government (Waring, De Ruyter, and Burgess 2006), UK government policy has maintained an emphasis on promoting the flexible labour market as a source of competitive advantage (Brown et al. 2007). Drawing on Table 2, elements associated with growing precariousness of employment, and hence growing labour insecurity, can be suggested, as depicted in Table 3.

A criticism of Standing’s framework is its complexity (Heery and Salmon 2000, 12). In trying to determine overall trends in labour security, it could be asked (Burgess and Campbell 1998, 12) which criteria are more important – for example, is skill reproduction insecurity more important than employment insecurity? As
such, there are questions of cumulative causation, for example, whereby rising labour market insecurity could lead to rising income insecurity through the dampening effect that high unemployment could have on wage bargaining. Moreover, a rise in one form of insecurity could dampen efforts to reduce other forms of insecurity, for example, labour market insecurity at the macro-level could lead to reduced employment and representation security. Furthermore, one might expect changes in precariousness to impinge upon certain groups of workers more than others. Youth, women, temporary/agency workers and older workers (particularly low-skilled workers in ‘declining’ industries) have all been particularly vulnerable under recent labour market developments (De Ruuyter and Burgess 2003). Similarly, developments at the macro-level can conceal differences at the regional and local level. In this sense, Standing’s framework lacks a spatial or multi-level governance dimension. This is important, as developments in insecurity at the national level can compromise the effectiveness of policy measures tailored at the local and regional level, a point returned to below.

However, despite such criticisms, Standing’s analysis nevertheless provides a broad framework with which to conduct analysis on precariousness of employment. In what follows, the demise of the MGR plant at Longbridge is highlighted 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 MGR crisis, and also the limitations of Standing’s own model.

4. Findings

*Prima facie*, it could be argued that a majority of the ex-MGR workforce appeared to have experienced ‘successful’ labour market adjustment three years after closure. As at April 2008, our findings suggested that approximately 90% of ex-MGR workers were 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. Another 5% were unemployed and looking for work and 2% were unemployed not looking for work. On the contrary, it was evident that the average salaries obtained by ex-workers had declined, even three years after the closure (but with 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 complex, mixed picture of the impact of the closure on the overall nature of work entered into, as well as 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-MGR workers; utilising the Standing typology of seven dimensions of labour security/insecurity (labour market, employment, job, work, income, skill reproduction and representation).

4.1. The labour market dimension

In assessing the degree of labour market security/insecurity experienced by ex-Rover workers, a 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.

As noted earlier, despite some improvement in the late 1990s and early 2000s, a labour market snapshot of Birmingham and the West Midlands region paints a sombre picture, into which the closure of MGR only released additional (relatively skilled) workers into an already long-depressed labour market. Thus, in considering the impact on labour market security/insecurity, the closure cannot 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. Between 1965 and 1981, Birmingham and the West Midlands lost circa 370,000 manufacturing jobs, and from 1971 to 1981 over 40% of the city’s automobile-related jobs were lost (Spencer et al. 1986). Linked to this, by 1981, GDP per capita of the region had dropped to 10% below the UK average, making Birmingham and the West Midlands the second poorest region in the UK, after Northern Ireland (Spencer et al. 1986). The situation more recently has been little better: Larkin (2009) shows that over 1998–2007 the number of private sector jobs in Birmingham fell by 55,500 (while the number of public sector jobs increased by 80,900, a point to which we return later). Birmingham was clearly struggling relative to the rest of the West Midlands and the UK overall, a situation reinforced by the unemployment rate scenario outlined in Table 4 (i.e. at the time of the third wave survey). 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 (NOMIS local labour market statistics).

Thus, while 75% of the sample had entered full-time employment by April 2008, the external labour market context remained fragile for most. Follow-up interviews conducted with a number of respondents who were employed in April 2008 confirmed this; with some since having been made redundant as a result of the Global Financial Crisis (GFC) of 2008–2009. 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. The impact of the GFC, as depicted in Table 4, only served to increase labour insecurity, with ‘real’ unemployment rates (i.e. joblessness, or ‘officially’ unemployed plus ‘economically inactive want job’) around 50% higher than official rates.

4.2. The employment dimension

The key aspect to consider in evaluating the nature of employment security/insecurity is the nature of protection against arbitrary and unfair dismissal and regulations governing hiring and firing. In the UK, all employees with more than 12 months’ tenure in their job currently can file for unfair dismissal should they be arbitrarily dismissed (Waring, De Ruyter, and Burgess 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. In this regard, 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 MGR. Moreover, in considering the contractual nature of employment entered into, by Wave 3 in April 2008, approximately 86% of ex-MGR 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 (all forms of ‘temporary employment’, although this was higher than the UK average of 5.6% reported in April.
However, those in ‘permanent’ jobs could still have suffered a diminution in employment security in current work, if their tenure was less than 12 months (the qualifying period in order to claim unfair dismissal). It was evident that workers had often had more than one job since working at MGR: 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, a lack of automatic entitlement to claim unfair dismissal could be a problem. Approximately half of those employed full-time at Wave 3 reported having had more than one job since leaving MGR, 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 MGR. 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. As one respondent subsequently reported:

I worked for a builder for six months and then did air conditioning; and then went back to Cadbury’s – that was a temporary contract of 12 months duration. I had two of those; in fact, I’ve only just been laid off – I hope they will give me work again. The air conditioning job was permanent but they lost the contract and I was last-in-first-out.

Now I am unemployed. I used the job centres, but they were not good, as you were only offered jobs on minimum wage such as labouring or sales. And for every job available you had 5000 people applying. (Worker 3, October 2008)

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 – i.e. that 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. This would appear to suggest that for many workers, the nature of jobs entered into has been substandard and/or temporary (i.e. precarious cycles), and for some at least, a route to exiting the workforce entirely.

4.3. The job and work dimensions

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’). 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 outsourcing or otherwise downward occupational mobility could all be regarded as reducing job security. 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 the type(s) 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 MGR. 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, and the more likely they were to maintain income levels. However, overall trends in job security are difficult to adduce: while 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.

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. occupational health and safety (OH&S) laws, limits on working-time and limits on working unsociable hours. While the nature of working time arrangements entered into (in terms of shifts or hours worked) is not clear, *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. However, measures of well-being suggest that ex-MGR workers using similar skills in their current job to those they used at MGR reported 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. Life satisfaction scores were also significantly higher and anxiety levels significantly lower for ex-MGR workers who used the same skills at Wave 3 as they did at MGR.

### 4.4. The income dimension

Income security/insecurity will be determined simply by whether a worker has an income sufficient to ensure a basic decent standard of living. In assessing this, in addition to a worker’s basic wage/salary, one also needs to consider actual hours worked; and supporting income mechanisms 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.

Using median estimates, workers’ unadjusted annual salaries at the time of Wave 3 were significantly lower than their final MGR salaries, with a median salary difference of £5640 for those employed at Wave 3. Given that the majority of workers had left MGR more than three years ago, this discrepancy represents a significant decline in annual wages. Our findings also indicate a greater dispersion of earnings, with a third of respondents reporting an increase in salary and two-thirds a decrease in salary, as illustrated in Table 5.

Based on unadjusted wage differences, workers employed at the time of the wave three interviews were earning less than they did while employed by MGR across

<table>
<thead>
<tr>
<th>Employed respondents at wave 3 (n = 173)</th>
<th>Median</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last salary at MGR</td>
<td>24,000</td>
<td>9,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Salary at Wave 3</td>
<td>20,800</td>
<td>3588</td>
<td>180,000</td>
</tr>
<tr>
<td>Estimated salary at Wave 3 (to 2005£)</td>
<td>18,728</td>
<td>3232</td>
<td>162,620</td>
</tr>
</tbody>
</table>

Source: survey.
most industries. Workers who remained employed in the manufacturing sector were earning relatively similar salaries. The largest salary declines are observed for workers who were employed in the education or health and social work sectors, as can be seen in Table 6.

Examining salaries by industry not only provides one comparison of income levels, but also to provide more insights, so a comparison by occupational level can be made (Table 7). Our analysis reveals that workers in management positions at wave three are earning more than when at MGR. Using median estimates, workers in all other occupational categories are earning less at wave three than when employed at MGR.

The overall comparison of income levels highlights the relative drop in salaries that nearly all MGR workers have witnessed. However, occupation and industry were not the only factors to dictate the salary levels of workers. Salary differences were also among workers who became re-employed shortly after the closure relative to those for whom re-employment took longer. In particular, those who had found employment by six months following the closure report higher salaries three years on compared to those who were still unemployed six months after the closure. Those among the last to find re-employment (i.e. by the time of the wave three interview) reported a loss in salary relative to their MGR salary, and reported lower

Table 6. Median annual salary (£) differences by current industrya.

<table>
<thead>
<tr>
<th>Industry</th>
<th>N</th>
<th>Salary difference (median)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>42</td>
<td>1100</td>
</tr>
<tr>
<td>Construction</td>
<td>9</td>
<td>808</td>
</tr>
<tr>
<td>Wholesale and retail</td>
<td>11</td>
<td>3178</td>
</tr>
<tr>
<td>Transport, storage and communications</td>
<td>20</td>
<td>1650</td>
</tr>
<tr>
<td>Real estate and business</td>
<td>20</td>
<td>4550</td>
</tr>
<tr>
<td>Public admin. defence and social security</td>
<td>7</td>
<td>3000</td>
</tr>
<tr>
<td>Education</td>
<td>12</td>
<td>7390</td>
</tr>
<tr>
<td>Health and social work</td>
<td>13</td>
<td>6500</td>
</tr>
</tbody>
</table>

aOnly including cases where n > 5 workers employed in the respective industry.
Source: Survey.

Table 7. Median annual salary (£) differences by current occupationa.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>N</th>
<th>Salary diff (median)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers/senior officials</td>
<td>16</td>
<td>4600</td>
</tr>
<tr>
<td>Professionals</td>
<td>5</td>
<td>7600</td>
</tr>
<tr>
<td>Assoc. professional and technical</td>
<td>22</td>
<td>3450</td>
</tr>
<tr>
<td>Admin. And secretarial</td>
<td>12</td>
<td>4279</td>
</tr>
<tr>
<td>Skilled trades</td>
<td>24</td>
<td>250</td>
</tr>
<tr>
<td>Personal services</td>
<td>13</td>
<td>6500</td>
</tr>
<tr>
<td>Process, plant and machine operatives</td>
<td>28</td>
<td>3238</td>
</tr>
<tr>
<td>Elementary</td>
<td>7</td>
<td>7080</td>
</tr>
</tbody>
</table>

aOnly including cases where n > 5 workers employed in the respective occupation.
Source: Survey.
salaries compared to those who found re-employment sooner (see Bailey, Chapain, and de Ruyter 2012).

Finally, it is worth noting that while nearly a quarter of the sample at Wave 3 were in debt or needed to draw on savings, 36% said that they were just about able to manage on current income and a further 38% feel they were in a position to save some money. Overall, though, the majority of ex-MGR workers in our sample (66%) felt that they were financially worse off than they were when at MGR.

Follow-up interviews reinforced this scenario:

I’m earning less; it is about £8000 less than when I was at Rover. I had to re-mortgage and have had to juggle my finances. I don’t go out or socialise as much and all the niceties I used to spend money on I’ve pretty much had to stop.

I also lost the Rover lease car that I had and I haven’t taken any holidays for the last three years. So, yes I am struggling very much financially; all my savings are gone so if anything went wrong I’d have to take out a loan. (Worker 15, April 2009)

In summary, it is evident that a majority of ex-workers have experienced a fall in income security since they left MGR.

4.5. The skill reproduction dimension

In assessing the impact of the closure on skill reproduction security/insecurity, the role and outcomes (in terms of employability in suitable areas) of the training assistance measures offered by the state are critical. At Wave 1, approximately 25% of respondents were not even aware that MGR workers were entitled to support with re-skilling in a manufacturing skill. Not surprisingly, only 29% of the sample had actually taken advantage of the re-skilling opportunity. However, as noted, by Wave 3, the situation had improved dramatically, with 60% of respondents indicating that they had undertaken some form of training. A positive feature of this finding was 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). Of those workers who undertook training, approximately half trained towards a recognised academic qualification (mostly vocational in nature). The very fact that ex-workers pursued specific forms of academic and vocational training in a range of demanded skills may help to explain some key findings of our study, notably the positive uptake of training opportunities, in contrast to research on other plant closures. For example, Shuttleworth, Tyler, and McKinstry (2005) in their study of workers made redundant at Harland and Wolff noted a low take up of training in general skills by redundant workers, but a positive outcome on programmes specifically linked to employment.

In terms of specific support offered, job fairs and information on job opportunities generally were seen as not very helpful by respondents. In contrast, the free training places were generally seen as helpful, although the initial training assessment was less well received:

… all this stuff about retraining was a load of rubbish. I didn’t get any training that I wanted and got no help whatsoever. I always swore blind that I wouldn’t go back into
a factory but I got no help at all. I went to the LSC [Learning Skills Council] and told them what I wanted to do, which was computing, but when they got in touch they put me on the wrong course. After that I never heard from them for another two years. (Worker 9, April 2009)

Overall, though, these developments would suggest that for many workers, the degree of training assistance provided was a positive feature. However, as inferred above, skill reproduction entails measures to ensure the continuity of manufacturing skills. As such, the issue of skill atrophy and loss of traditional manufacturing skills could be problematic for long-term regional economic viability; as will be discussed in the following section.

4.6. The representation dimension

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 indicated that representation security has declined for ex-MGR workers, with only 38% of respondents indicating they were members of a trade union in April 2008. Whilst this is higher than the national average reported for employees of 27.4% in the same period (BIS 2011), 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 suggested 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’. As one worker commented:

Well I think that they weren’t very honest with us, as they kept insisting that the Shanghai deal was going to go through, right to the last minute. All the shop stewards were telling us this – but I think they knew more than they were letting on. I think a lot of the ex-Rover workers are fed up with the union over it all. (Worker 9, April 2009)

This development in itself could be concerning if such views were typical, given many that workers could struggle to cope in an atomistic flexible labour market. In this context, the economic downturn of the GFC could well have resulted 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 interviewed expressed a renewed appreciation of the voice role that unions provided, particularly in the recessionary context of the GFC. Even the same worker above admitted that:

I suppose it’s the job security really. I have thought of leaving but at the end of the day I believe you need to be part of a union. The union are also good with stuff like OH&S if
5. Discussion and implications for policy

The findings above paint a mixed picture with respect to the trends in labour security for ex-MGR workers. What was so evident is that – at the time – most had made a 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 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 (although, as noted, this not to be equated with skill reproduction). 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 MGR 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’ (including before the MGR closure, e.g. in diversifying the supply chain and economy: this work could have ‘saved’ thousands of jobs in the local automotive industry supply chain before the final closure in 2005 (Bailey and MacNeill 2008).

However, what was also very apparent was significant erosion in income security, in that two-thirds of the respondents had suffered a 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 competition for what (low-wage) jobs were available. This overall fall, though, concealed significant earnings polarisation, in that one-third of respondents reported an increase in earnings relative to MGR. As shown above, having to cope with reduced earnings only increases the financial pressures on households; something which the current credit crunch and prospect of further redundancies will only exacerbate. 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 where industry adjustment measures put forward by government could be further developed. Thinking more broadly, effective policy intervention requires supporting people to enable them to have different options to move within the same sector (and thereby assisting skill reproduction). Avoiding sudden closures and slowing down the process of plant closure (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, Homenidan, and Dickinson 2006).

Local economic diversification should also be supported as part of more ‘place-based’ approaches.4 As Clayton (2011) notes, the impact of the GFC was felt differently across different regions of the UK, in turn necessitating that national labour market policies are built on local initiatives and local knowledge. The GFC also re-emphasised the importance of supporting modern manufacturing (again, supporting...
skill reproduction), given both the growth potential in this sector and the need to diversify the economy so as to avoid over-reliance on retail and financial services as drivers of growth. On this note, government and regional/local 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 Advantage West Midlands and other agencies. The turn to ‘localism’ in England (see Evans, Marsh, and Stoker 2013; Evans, Stoker, and Marsh 2013a; Hickson 2013; Porteous 2013) saw the abolition of RDAs by the UK’s coalition government (Ferry and Bachtler 2013). Given the weak powers of the Local Enterprise Partnerships which were set up in their wake (where there is as yet no formal role for the LEPs with regard to skills and training), it is not clear which agency would coordinate such a response in a similar situation in the future, nor whether an ‘institutional memory’ of dealing with such closures will be retained. It is also questionable as to whether a business-led body would be able to gather advance intelligence as to firms vulnerable to closure, as our interviews with policy makers highlighted (see Cook et al. 2013).

Furthermore, as suggested in Armstrong et al. (2008), and evident from the decline of (and polarisation of) earnings reported post-MGR closure, a policy response is needed to tackle growing income inequality. This needs to go beyond a reliance on the National Minimum Wage and consist of genuine measures to provide a ‘living wage’ for individuals (Wills 2009). This, in turn, links to the debate to further up-skill and re-skill individuals so that they can have a reasonable chance of competing in the new economy. Reform of the tax and benefit system is pivotal here – for example, the use of wage subsidies in the 2008–2009 GFC to support struggling companies. These companies could then employ workers part-time and have the same workers train in the remaining time, as was used in Germany, but also in parts of the UK (e.g. the Pro-Act scheme in Wales) – a point clearly evident to ex-workers:

When I was first unemployed in the 80s you at least had skills centres that paid some sort of wage for you to top up your training but we don’t have anything like that now. (Worker 11, April 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.

The reactive approach to the closure has been seen as something of ‘textbook’ task-force response in terms of quickly bringing together different organisations to provide support for workers (Bailey et al. 2008; Cook et al. 2013) and helping them into training and onto new jobs. However, as we highlight here, this local success in helping workers adapt and move on was in effect mitigated by a broader labour market environment that is essentially precarious. Reinforcing this has been a lack of support for manufacturing more generally in the UK; only 30% of the ex-MGR workers remained in manufacturing (and these were the workers who managed on average to maintain income levels). At the time of writing, there is an acute issue of a shortage of skilled labour in the manufacturing sector which could hold back growth. The skills
atrophy of MGR workers leaving a sector that is now growing is illustrative of the lack of alignment of local/regional and national level policies. Similarly, the public sector (some 20% of employed respondents had jobs in public administration, health and education in April 2008) now faces severe cuts.

Drawing on work by Shuttleworth, Tyler, and McKinstry (2005), three dimensions can be taken into account when examining the employment outcomes and trajectories of workers made redundant after a plant closure: (i) the personal attributes associated with workers employability and re-absorption in the labour market; (ii) the local demand and geographical mobility shaping their transition back to employment; (iii) the effectiveness of the policy interventions, their uptake and how they were perceived by the workers. It has previously been argued by researchers that the effectiveness of the immediate post-closure policy response and longer term (pre-closure) local economic strategies combined with the state of (some) local labour markets and workers’ geographical mobility, helped to balance the impacts of personal attributes associated with workers’ employability and re-absorption into the labour markets (Bailey, Chapain, and de Ruyter2012), – hence the findings on 90% of workers getting back into work three years on and 60% undertaking some form of training.

However, using Standing’s broader framework suggests that this localised success has to some extent been undermined more generally by the wider labour market conditions into workers have had to move. Here, there were significant falls in a number of measures such as labour market security, income security and representation security. In this regard, the particular lack of attention to labour market security has undermined and conflicted with other dimensions of security. Indeed, many workers at Wave 3 were also likely to have lost their jobs again during the GFC-induced downturn, reflecting the precariousness of the work they had to move into. Overall, we would argue that successful policy adjustments extend beyond merely providing ‘jobs’ or ‘job opportunities’ for displaced workers as politicians have stressed. Rather, they extend to the quality of employment and lasting career opportunities. On that, the research presented here suggests that the picture for ex-MGR workers is at best very mixed and at worse, distinctly negative.

6. 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 typology of labour security. The findings suggest that at one level, adjustment for the ex-MGR workforce before the GFC impacted had been relatively 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 significant decline in 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 much greater dispersion of earnings. The decline in representation security reported also highlights the need 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 very sudden plant closures.

The implications of this analysis is that positive developments in labour security at the micro-level can be undermined by adverse developments in labour market security at the macro-level; in turn compounding income, representation and skill reproduction insecurity. As such, 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 link this to training and skills development – and supporting manufacturing as a provider of skilled, quality jobs in general. As the follow-up interviews demonstrated, concerns over tenure and income security became even more important after 2008–2009 given the GFC and subsequent fiscal austerity practiced by the coalition government. All of these developments can be expected to have exacerbated the essentially precarious nature of the wider UK labour market for many workers. In this sense we would highlight the lack of employment security as effectively undermining some otherwise successful policy responses. Successful adjustment in 2008/2009 was no guarantee that a worker was not made redundant again with the onset of the GFC. Further research is therefore needed to explore the impact of both the GFC and the current austere economic environment on the labour market outcomes experienced by workers post-closure, especially in the context of numerous automotive plant closures across Europe and in Australia.

Funding
We are grateful to the support of the Economic and Social Research Council under award number RES-000-22-2478.

Notes
1. Arnold and Bongiovi (2013) note that the terms ‘flexibilisation’ and ‘casualisation’, rather than precarity are more commonly used terms in English.
2. However, it should be noted that the post-WW2 consensus in itself prescribed a particular set of gender relations, with a male breadwinner household predominating, and females being relegated into domestic duties and/or peripheral work (Standing 1997). Thus, it could well be said that labour security principally applied to males, that female workers were seen as more docile and un-unionised (Peterson 2010), and that female work could have been seen as primarily part-time and contingent and hence precarious. It is in this context that growing flexibility and precariousness of work post-1970s could be referred to as the feminisation of employment (Peterson 2010 210, emphasis in original)
4. On the latter, see Parkinson and Meegan (2013).
5. Bryson and Rusten (2010), for example, suggested some 90,000 hard-to-fill manufacturing jobs in the West Midlands region alone that could be filled by people with the right skills and expertise.

Notes on contributors
David Bailey is Professor of Industrial Strategy at the Aston Business School, Aston University, UK. Email: d.bailey@aston.ac.uk

Alex de Ruyter is Professor of International Human Resource Management at The Glasgow School for Business and Society, Glasgow Caledonian University, Scotland. Email: alex.deruyter@gcu.ac.uk
References


