

# Life after MG Rover

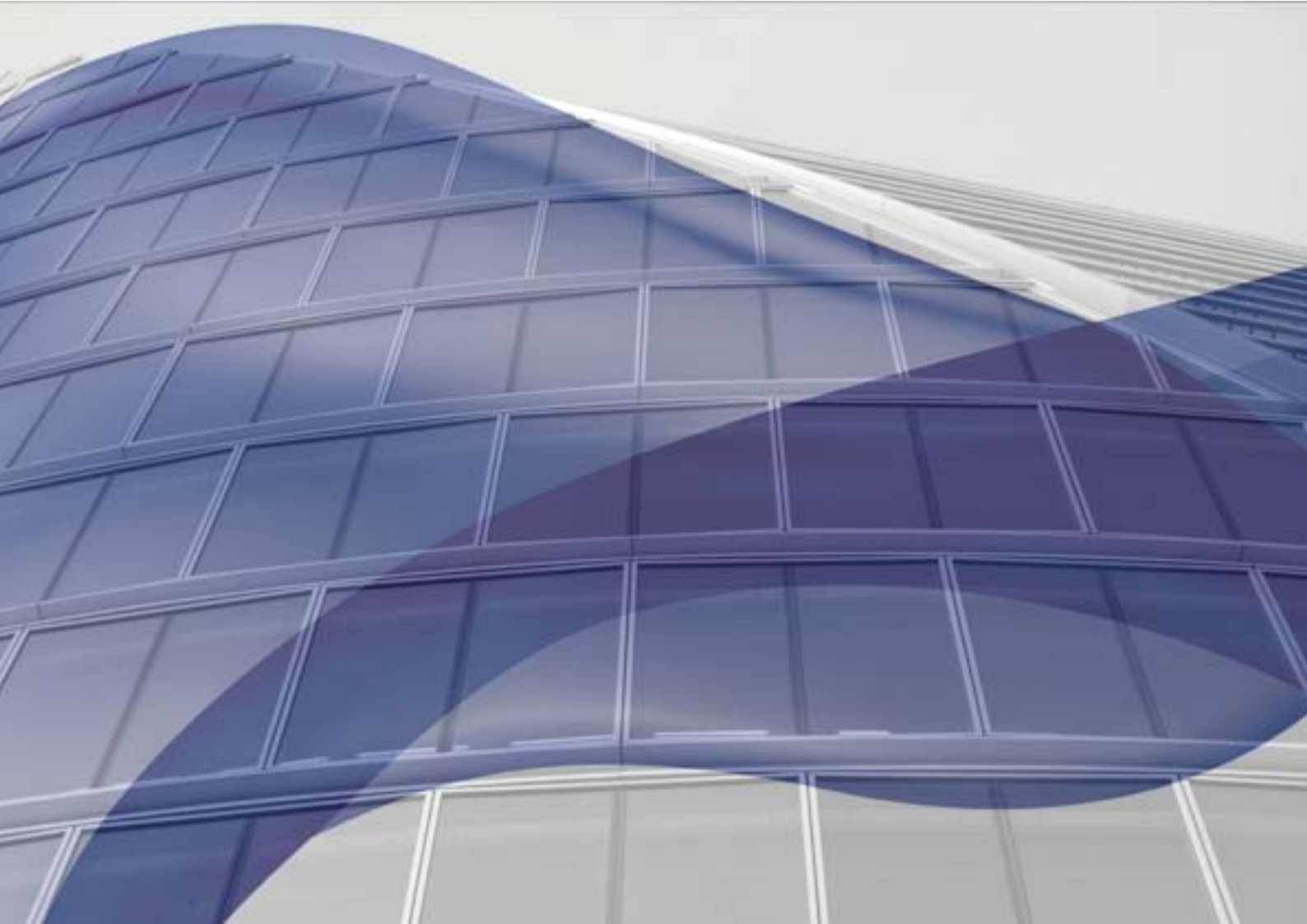
## A report prepared for BBC Radio 4

Prepared by Kathy Armstrong, March 2006

the work foundation



The Impact of the Closure on the Workers, their Families and the Community



## Life after MG Rover

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### Acknowledgements

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The author would like to thank BBC Radio 4 for commissioning this research, in particular Stephen Chilcott, Rosamund Jones and Lucy Lunt.

Thanks to Rob Ball at MG Rover for co-ordinating the mail out of letters to the ex-MG Rover workers. Grateful thanks to the hundreds of ex-MG Rover workers who took part in the research.

Thanks also to Julie Robson, Alan Martin and Mickey Burke at the Birmingham and Solihull Learning Skills Council for their comments and up to date statistics.

Thanks also to the team at The Work Foundation, Stephen Bevan, David Coats, Michelle Mahdon and Rebecca Fauth who made significant contributions to the report.

### About the Author

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### Executive Summary

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#### Introduction

The closure of the MG Rover plant at Longbridge in April 2005 was one of the biggest industrial failures seen in the UK for some time. The scale of the job losses in an already economically disadvantaged region, and the loss of the last remaining British-owned car manufacturer rocked the nation. The MG Rover case highlighted the consequences of the continued decline of manufacturing and the associated human costs of structural change.

This report discusses the following:

- Have the ex-MG Rover workers found ‘good’ jobs or, as the Prime Minister calls them, ‘full and fulfilling’ jobs?
- What will be the impact of the workers being forced to accept ‘bad’ jobs? On the individual workers? On the community?
- What will be the impact of long-term unemployment for the many workers who are still out of work?
- What about their families and the local community?
- What are the long-term health implications for these workers?
- What are likely to be the long-term effects of the closure on the region itself?

This report discusses these issues through an examination of the findings of a longitudinal research project commissioned by BBC Radio

4 to conduct follow-up surveys of a sample of MG Rover employees following the April 2005 announcement that the company was closing. The discussion in this report will also draw on the broader empirical literature. The research forms the basis of three radio programmes to be broadcast in late March 2006, at the time of the anniversary of the closure.

The specific objectives of the project were to:

- Track the job-search, retraining and employment experiences of former MG Rover employees
- Gauge the impact of the closure on former MG Rover workers and their families
- Assess the effectiveness of initiatives aimed at supporting workers and their families

In order to look at the changes in the workers over a six-month period after the closure, we conducted two waves of data collection. Ex-MG Rover workers were interviewed in July 2005 and again in December 2005. 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. The demographic profile of the sample was reasonably representative of the MG Rover workforce.

#### Survey Findings – Wave 1

At Wave 1, the closure was still having a significant impact on MG Rover workers and their families. Most of the workers were

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actively seeking employment, rather than retraining. There was less than optimal awareness and take-up of the support and services provided by the government to assist the workers. At the time of the first wave, and nearly three months after the closure (July 2005), 60% of the sample were unemployed and looking for work, only a quarter of the sample had found full-time work.

### Survey Findings – Wave 2

At the time of the second wave (December 2005) only 34% of the sample were unemployed and looking for work. More than half of the sample were now employed full-time, a massive change in the employment status of the sample. It was encouraging to see that anxiety levels for most of the sample had decreased significantly at Wave 2. However, this was not the case for those who were still unemployed, their anxiety levels stayed fairly constant and were much higher than for those in work.

At Wave 2, unemployed ex-MG Rover workers were more likely than employed ex-MG Rover workers to:

- Be older
- Be separated/divorced or single (vs. married)
- Report the need for further support
- Report higher levels of anxiety
- Report that health problems interfered with ability to carry out normal tasks

As a whole, the sample rated their health as significantly poorer currently compared to the year before (that is, before the closure). Those in part-time education or training reported the largest decreases in their state of health. There were also large decreases for those still unemployed at Wave 2 and this group were unemployed were much more likely to report that health problems were interfering with their ability to carry out normal tasks.

Levels of life satisfaction amongst the ex-MG Rover workers were much higher in those who were employed full-time, compared to those who were unemployed.

However, nearly 40% of the employed workers saw their new job as a stopgap until a better job came along. Nearly half of the workers thought that their current job was worse than their job at MG Rover. For many, working at MG Rover was a very positive experience, and was a workplace where they felt valued and enjoyed their work. The majority of workers are now earning significantly less than they did at MG Rover - £3,523 a year less for those working full-time.

Job satisfaction and perceived job quality were significantly higher and anxiety levels were significantly lower for those who perceived their current job was better than their MG Rover job compared those who thought their new job was worse.

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So getting a job is not necessarily making the ex-MG Rover workers happier, satisfied with the nature and quality of their job or reducing their anxiety levels. Improvements are only seen if the workers have obtained a 'good job', or a job that is the same or better than their job at MG Rover.

On balance, it seems that many of the ex-MG Rover workers are now in jobs that pay less, and that are worse than their jobs at the MG Rover plant in Longbridge. The evidence suggests that this will have an adverse impact on general well-being as well as physical and mental health.

### The Future for MG Rover Workers

The results of this study and previous research suggest that many of the ex-MG Rover workers have not and will not be able to find 'good jobs' and will be forced to accept 'bad' jobs. A small minority of workers may join the ranks of the long-term unemployed or withdraw from the labour force permanently. This continuing underemployment and worklessness is likely to have long-lasting negative effects on the health and well-being of these workers. The positive effects of becoming reemployed are likely to be limited to those who regain satisfactory new jobs.

In addition to the hundred of millions of pounds spent on limiting the short-term damage to the Birmingham region of the MG

Rover closure, there are likely to be continuing costs for UK taxpayers well into the future - social security expenditure (in particular disability benefits) is likely to increase in the region, and there may be more pressure on the local NHS trusts.

### What is to be done? Policy Recommendations

- 1 Specific interventions are needed that build the psychological resources of the underemployed and unemployed ex-MG Rover workers and help to limit the negative impact of their lack of good work on their psychological and physical wellbeing.
- 2 Continued effort and investment is required to increase the skill levels of workers in Birmingham.
- 3 A national policy response is required to tackle growing labour market polarisation and inequality – this needs to go beyond a reliance on the National Minimum Wage.

### Conclusions

There were some other lessons learned from the experiences of the MG Rover Task Force. Since 2000, when MG Rover nearly went under, the Rover Task Force had been preparing for the very eventuality of the closure that finally took place five years later. The MG Rover Task Force was able to hit the

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ground running on the day of the announcement of the closure. This kind of preparation could serve a future closure well, it is unlikely that a future closure would happen without at least some prior warning.

If lessons can be learnt from this and other research, and from the experiences of the MG Rover Task Force, it is possible that the long-term negative effects of the closure on the ex-MG Rover workers can be minimised. In addition, learnings could be applied to future closures of a similar magnitude both in the UK and across the world.

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### Background

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*'It's been a stressful time, it's not a good environment to live in. There's a feeling of loss....people have been here so long at Rover. You feel this big emptiness, it feels like your heart has been ripped out and there's nothing there anymore.'*

Comment from an ex-MG Rover worker on the impact of the closure

December 2005

### The Collapse of a British Icon

The closure of the MG Rover plant at Longbridge in April 2005 was one of the biggest industrial failures seen in the UK for some time. The scale of the job losses in an already economically disadvantaged region, and the loss of the last remaining British-owned car manufacturer rocked the nation. It was a salutary reminder that despite the UK's healthy employment statistics and strong economic position, certain sectors remain vulnerable to the relentless pace of industrial change. The MG Rover case highlighted the consequences of the continued decline of manufacturing and the associated human costs of structural change.

Although dramatic, the closure of MG Rover was hardly surprising, given its recent history of enormous losses and numerous 'new starts'. In 2000, it seemed MG Rover had been given a new lease of life when former owner, BMW, sold the company to a consortium of local businessmen, Phoenix

Venture Holdings. Despite the Phoenix consortium saving MG Rover from immediate closure, this was a controversial sale, happening just before a general election. Under its new ownership, MG Rover made some progress, reducing losses from £800m in 1999 to £77m in 2003. However, it remained an unprofitable business that was simply not selling enough cars. Some suggested it did not have the financial muscle to compete in the fiercely competitive global car market, and was unable to invest enough in new products. The long-term future of MG Rover remained in serious doubt.

In April last year, a last ditch rescue deal with Chinese carmaker Shanghai Automotive Industry Corporation (SAIC) collapsed. Overnight, 5,500 MG Rover workers lost their jobs, with thousands more jobs in jeopardy at suppliers of MG Rover. The situation seemed grim, especially since unemployment rates in Birmingham and the West Midlands were already higher than the national average

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before the closure. Thousands of jobs depended on MG Rover being in business.

### The Response

However, behind the scenes work had been going on for years to minimise the potential damage to the region of such a closure. Caught unawares by the MG Rover crisis in 2000, the government set up a Regional Task Force (RTF) under the leadership of the Regional Development Agency. The Task Force brought together Advantage West Midlands, Accelerate and Birmingham Chamber of Commerce, JobCentre Plus, the Learning and Skills Council, Birmingham City Council, other Local Authorities, trade unions, community groups and industry bodies. Funding was provided to the Task Force for three years prior to the closure in 2005 to ensure the longer-term sustainability of the region. The £129 million that was originally to be allocated to BMW as a subsidy for production at Longbridge was made available to the RTF. The RTF was to safeguard jobs at risk at the time, identifying where community support would be needed, modernise the supply chain, help diversify suppliers away from MG Rover and into other sectors rather than depending on the automotive sector. The crisis kickstarted a regeneration agenda in the West Midlands. Through the RTF, the Regional Development Agency was able to develop and extend its work in the area.

At the time of the closure of MG Rover in April 2005, Prime Minister Tony Blair announced that the government would make an additional £156 million aid package available for MG Rover and suppliers. This was subsequently increased to £176 million by a further £10 million contribution from Advantage West Midlands and a £10 million from the Birmingham City Council. The MG Rover Task Force, preparing for this very eventuality since the beginning of 2005, began with a flurry of activity. The first steps were taken within an hour of MG Rover going into administration. The focus of the Task Force was to assist suppliers to diversify and stay in business, support the workers to find new jobs, and provide assistance to the community as a whole. A telephone hotline for workers facing uncertainty was set up, as well a website giving advice and contact details for MG Rover suppliers, employees and for the local community. A helpline was established by the Birmingham City Council to provide support for local residents. An MG Rover Jobcentre Plus hotline was launched to provide advice on job opportunities and benefits available. A package of tailored support for suppliers was also developed.

Job Centre Plus interviewed 5,000 former workers in the first week so that they could

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access benefits and be assisted to find work<sup>1</sup>. The Birmingham and Solihull Learning Skills Council experienced an unprecedented demand for training places. Emergency grants were given to suppliers within days.

Other initiatives included travel subsidies for workers having to travel further for work, free training for wives and partners of MG Rover workers, and free training in manufacturing reskilling.

Initial reports suggested that the rapid response limited the damage to the region. A preliminary economic assessment had indicated a potential loss at MG Rover, suppliers and other dependent businesses of 13,000 jobs and £380m loss in Gross Value Added (GVA). Six months after the closure, the impact on employment levels is estimated at 9,000 jobs lost and a loss of £200m GVA of business.

As of February 2006, 3,974 out of the 6,271 JobCentre Plus claimants from MG Rover and suppliers are back in work. Over 90% of those in work are in full-time jobs, although just over half are earning less than at MG Rover. Of those still seeking work, 667 are either completing or awaiting training. A proportion of workers (205 individuals) initially claimed Job Seekers Allowance but have since made claims for Incapacity Benefit.

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<sup>1</sup> MG Rover Task Force: Six Months On. Advantage West Midlands: 2005.

Special 'employability' packages are being developed to assist those who are still having difficulty finding work and address barriers to employment for the unemployed. After June 2006, a one-stop shop in Northfield will offer intensive personalised support around job search, training and interview techniques and be combined with travel and childcare support for 1,000 workers<sup>2</sup>.

## Life After MG Rover – A New World of Work

These first findings seem to suggest that the impact of the MG Rover closure on the regional economy has been successfully ameliorated. However behind this 'good news' story of the 'numbers in work' lies a tale of continuing struggle for workers and their families trying to find their way in an unfamiliar and rapidly changing labour market. The impact of the closure may have been 'limited' (and not without a significant cost to the taxpayer), but its effects will be seen for many years to come.

The MG Rover story is a good example of the structural change sweeping across the UK economy. Recent projections show that number of skilled workers in the UK economy is set to increase with a continued shift in employment from manufacturing to services. Low value added manufacturing is likely to relocate to cheaper centres of production in

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<sup>2</sup> MG Rover Task Force: Final Update Report: The Work Goes On. March 2006.

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Central-Eastern Europe or the developing world and productivity growth is likely to restrain any increase in high value added manufacturing employment<sup>3</sup>. Indeed, this is self-evidently the case in Birmingham, which has a greater reliance on manufacturing than many other regions and which suffers from greater unemployment (9%) as compared to both the West Midlands (5%) and the UK (5%)<sup>4</sup>.

Structural change of this kind has a particularly severe impact on lower-skilled men (the typical MG Rover worker). It may be difficult, given their career histories and skill levels, to find comparable employment in the growing service sector of the economy. Their long-term employment prospects are likely to remain poor without intensive active labour market support from the state.

Wage inequality has grown in all developed countries in the last twenty years and is reflected in the emergence of an 'hour glass labour market'. In recent years we have witnessed large increases in the number of 'good jobs' that demand higher skills and offer higher wages, alongside an increase in the number of 'bad jobs' at the bottom of the pile and a slow decline in the number of 'middling

jobs' The danger for the predominantly low-skilled MG Rover workforce is that they will be forced to accept poorly paid jobs at the bottom of the hourglass. The problem is especially acute because MG Rover workers have had relatively well paid jobs with what might be described as 'middling status'. To find oneself doing a 'lower status' and lower paid job can have a profound effect on both physical and mental health – as is the case of course with all 'low status' employment. There is compelling evidence to suggest that 'lower status' employees are more prone to mental illness, coronary heart disease and gastrointestinal conditions and that such jobs are characterised by:

- Employment insecurity
- Monotony and repetition
- An absence of autonomy and control
- Imbalances between effort and reward
- A lack of procedural justice in the workplace

This explains why the extent of illness across a population is manifested as a 'social gradient' where the poor have worse health and lower life expectancy than the more affluent<sup>5</sup>. The quality of work is self-evidently a public health issue.

We would therefore suggest that the following questions warrant further discussion:

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<sup>3</sup> Martin, R. (1994). Economic theory and human geography. In Gregory, D., Martin, R., & Smith, G. (Eds.) *Human Geography: Society, Space and Social Science*. Basingstoke:Macmillan.

<sup>4</sup> Labour Market Profile – Birmingham, Nomis Official Labour Market Statistics, Office of National Statistics. <http://www.nomisweb.co.uk/>

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<sup>5</sup> Marmot, M. (2004). *Status Syndrome*. Bloomsbury: London.

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- Have the ex-MG Rover workers found 'good' jobs or, as the Prime Minister calls them, 'full and fulfilling' jobs?
- What will be the impact of the workers being forced to accept 'bad' jobs? On the individual workers? On the community?
- What will be the impact of long-term unemployment for the many workers who are still out of work?
- What about their families and the local community?
- What are the long-term health implications for these workers?
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This report will attempt to discuss these issues through an examination of the findings of a longitudinal research project commissioned by BBC Radio 4 to conduct follow-up surveys of a sample of MG Rover employees following the April 2005 announcement that the company was closing. The research forms the basis of three radio programmes broadcast in late March 2006, at the time of the anniversary of the closure. The discussion in this report will also draw on the broader empirical literature.

The specific objectives of the project were to:

- Track the job-search, retraining and employment experiences of former MG Rover employees
- Gauge the impact of the closure on former MG Rover workers and their families

- Assess the effectiveness of initiatives aimed at supporting workers and their families

After discussing the findings of the research in the light of the questions posed above, we will examine implications for policy, suggestions for future research and lessons for future closures of this magnitude.

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### The Research Project

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In order to look at the changes in the workers over a six-month period after the closure, we conducted two waves of data collection. The first took place in July 2005 and the second in December 2005. Letters were sent to all MG Rover workers inviting them to participate in the study. The participants were asked if they would agree to be interviewed over the telephone twice over a period of six months. A series of reminder letters were sent to the workers to encourage them to participate. There was also some press coverage in local newspapers and on local radio.

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. The demographic profile of the sample was reasonably representative of the MG Rover workforce according to gender, age, department and length and service. Similarly to the MG Rover workforce, the sample was 91% male, the majority of workers were aged between 40 and 54 (with an average age of 46 years), and had worked between 15 and 19 years at MG Rover. As with the workforce composition overall, most of the workers worked in the Manufacturing or Powertrain departments.

Only 6% of sample had university degrees, 16% had achieved A levels. 56% were educated to GCSE level, 10% of the workers

had no qualifications at all. 99% of the sample worked full-time at MG Rover. Almost 90% had children living at home on a full-time basis, and nearly 80% were married or living with a partner. This is in line with the average MG Rover worker overall: older, not highly skilled and a family man.

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### The Findings – Life after MG Rover

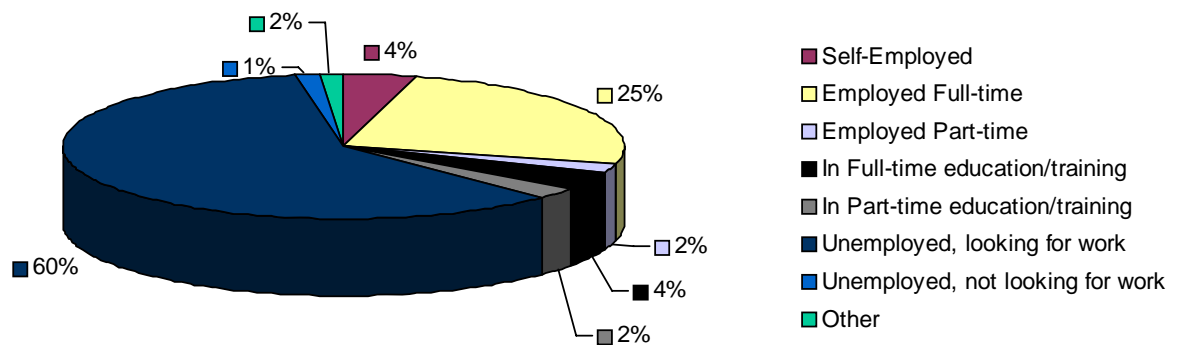
#### Three Months On – Wave 1 Results

##### Employment Status

At the time of the first wave, and nearly three months after the closure (July 2005), 60% of the sample were unemployed and looking for work. Unemployment was even higher, up to 67%, in the areas of the organisation with the least skilled workers, Manufacturing and Powertrain.

Unemployment was lower in areas like Sales and Marketing and Finance, where workers were more likely to hold a degree and work in a more highly skilled role.

Figure 1 illustrates the employment status of the sample at Wave 1.



**Figure 1.** Employment Status of Sample at Wave 1

The later a worker left school, the more likely they were to be employed full-time. In addition, those in 25-35 age group had the lowest percentage of unemployment (25%) compared to:

- 57% for 35-44 age group,
- 63% for 45-54 age group, and
- 71% for 55+ age group

The unemployment rate was similar for men and women, although women were more likely to work part-time or to be self-employed.

The MG Rover workers seemed to be actively seeking work. The average number of job applications submitted for those still

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unemployed was 30, and at Wave 1 they had attended an average of 3 interviews.

At Wave 1, only a quarter of the sample had found full-time work. Of those who had found a job, 52% liked their new job and saw themselves doing it for the foreseeable future. More than a third (37%) saw their new job as a stopgap until something better came along.

### Accessing Services

The impressive response from JobCentre Plus in Birmingham is reflected in the fact that 97% of unemployed ex-MG Rover workers in our sample had attended a Job Centre Plus office since the closure of the plant. An additional 160 staff were drafted in to support the processing of 5000 new claims to Jobseekers Allowance in the Birmingham SW office and ensure that the ex-MG Rover workers had access to benefits and job opportunities.

Many of the workers attended a major 3-day jobs fair that was held at Cannon Park in Birmingham, organised and funded by the Task Force partners. A third of those not yet employed found the job fair 'not very useful', and the Advantage West Midlands report, 'Six Months On', suggests that only a small proportion of workers found employment through this means.

Of our total sample of 273, 91% had made a claim for Jobseekers Allowance or other benefits since the closure, with those employed full-time at wave 1 less likely to have made a claim. Nearly 60% of the unemployed workers at wave 1 had undergone an assessment of training needs, and nearly 69% had tried to access training courses. Only 16% of those employed full-time underwent an assessment or accessed courses.

A surprisingly large number, 25% of the sample, were not aware that MG Rover workers are entitled to reskilling in a manufacturing skill. Only 29% of the sample had taken advantage of the reskilling opportunity.

Fewer than half of the workers were aware of the free training support available for wives and partners of MG Rover workers, and only 5 out of the 273 had a partner enrolled in the training. Nearly 70% were aware of the travel subsidy available for MG Rover workers, however only 14 out of 273 had taken advantage of this. At Wave 2, this picture was very similar, with not many more workers and their partners taking advantage of the services available to them.

### The Human Impact of the Closure

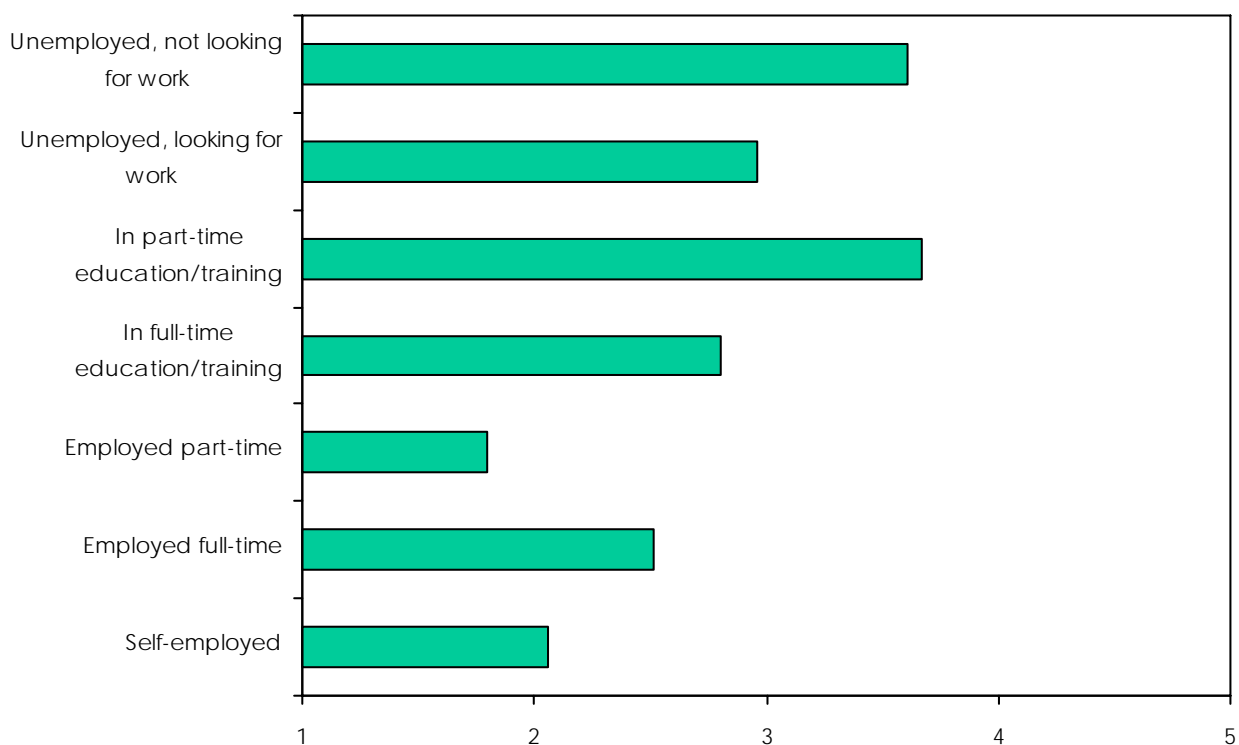
The ex-MG Rover workers were also asked about the impact of the closure on

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themselves and their families. Questions were asked about their current anxiety levels, i.e., the extent to which they were worrying about the future, were more anxious than usual, and under stress. No significant differences were found in anxiety levels according to age, length of service, whether a

family member worked for MG Rover, gender, salary when at MG Rover, or marital status. However, there were differences in the case of employment status, represented in Figure 2. Levels of anxiety were much greater for those who were unemployed and looking for work compared to those workers who were working full-time.



**Figure 2.** Anxiety levels according to employment status at Wave 1

Anxiety was clearly not something that just affected the workers - their families were also bearing the emotional cost of the closure. As part of the telephone interview, respondents were asked open-ended questions about the impact of the closure on people at home. Responses from two open-ended questions were coded into a series of categories.

The top five ways the closure had impacted people at home were:

- Stress/worry/anxiety/upset/shock
- Financial restrictions, e.g., cancelling holidays, difficult with mortgage repayments
- Relationship problems
- Uncertainty
- Family becoming more supportive than they were before the closure

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Typical comments included:

- *It's made everyone depressed, it has been very difficult and stressful*
- *'We had to use our IVF savings to keep the house'*
- *'Me and my wife have a lot of rows over it and we nearly split up. I was like a bear with a sore head.'*
- *'It's uncertain and the security has gone'*
- *'My wife was originally very concerned but now she is very supportive and positive'*

Respondents were also asked about what factors were preventing them from finding employment. The top five factors mentioned were:

- Age or ageism
- Too few jobs locally or too much competition
- Health
- Skills, education, qualification needs
- Training insufficient or unavailable locally

Typical comments included:

- *'Age, I have the skills and motivation, it's just my age'*
- *'In this area there is a large influx of ex Rover workers all vying for the same jobs. I'd say for every job there are 50 applicants'*
- *'I have contracted occupational asthma through my job at Rover'*

- *'My lack of skills other than manufacturing'*
- *'Lack of training'*

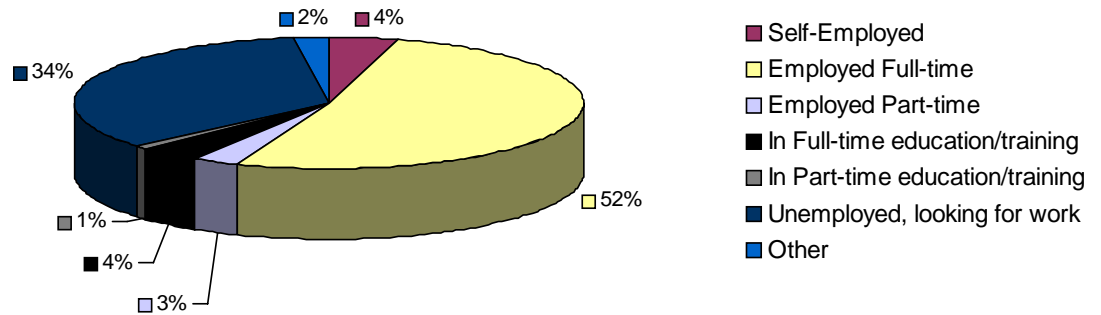
Thus at Wave 1, the closure was still having a significant impact on MG Rover workers and their families. Most of the workers were actively seeking employment, rather than retraining. There was less than optimal awareness and take-up of the support and services provided by the government to assist the workers.

## Eight Months On – Wave 2 Results

At the time of the second wave (December 2005) only 34% of the sample were unemployed and looking for work. More than half of the sample were now employed full-time, a massive change in the employment status of the sample. Essentially many of those who were unemployed at Wave 1 had found full-time work at Wave 2. The number of those in education or training, those who were self-employed, or employed part-time did not change significantly between the two waves. Figure 3 represents the employment status of the sample at Wave 2.

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**Figure 3.** Employment status at Wave 2

Again, unemployment was above the average in Manufacturing and Powertrain, the areas with the least skilled workers, 37% and 41%, respectively. Unemployment rates remained similar for males (35%) and females (32%). Females were employed differently – and were more likely to work part-time, be in training/education or temporary work.

Close to half of the workers (46%) found themselves doing very different jobs using very different skills compared to when they were at MG Rover. Although workers have found jobs in a wide variety of sectors, many have found jobs in similar sectors to before (manufacturing and the motor industry) even if they are now using different skills.

Sectors (from most to least common) where ex-MG Rover workers are currently employed are:

- Manufacturing
- Motor industry
- Transport
- Engineering
- Construction
- Local government
- NHS
- Government
- Delivery
- Retail
- Security
- Financial Services

Few workers have chosen to leave the Birmingham area and very few had plans to leave the area. At Wave 1, 87% of ex-MG Rover workers had no plans to move home in the next few months. However at Wave 2, more were considering a move, with 74% of workers having no plans to move.

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Unemployment was highest in the 45-54 age group (41%). At Wave 1, those in the over 55 age group had the highest levels of unemployment but at Wave 2, it was those in the 45-54 age group who were finding it most difficult to find work.

Further analysis revealed that at Wave 2, unemployed ex-MG Rover workers were more likely than employed ex-MG Rover workers to:

- Be older
- Be separated/divorced or single (vs. married)
- Report the need for further support
- Report higher levels of anxiety
- Report that health problems interfered with ability to carry out normal tasks

The last two points are consistent with the evidence showing that unemployment has a negative impact on health/well-being.

## Changes in Marital Status

Relationship problems in the family were mentioned in the interviews as a way the closure had made an impact, with one worker commenting, 'Financial pressures have caused stress and frustration for me and my wife.' However it seems that these stresses and strains have not caused a massive wave of separations in the predominantly married sample of ex-MG Rover workers. Only 8% of Wave II respondents experienced a change

in marital status since Wave 1, with most having recently married, with fewer separating or divorcing. However, it is interesting to note that unemployed workers were more likely to experience separation/divorce than employed workers.

Again at Wave 2, one of the biggest barriers to employment in the interviews was age, other barriers in order of frequency mentioned (highest to lowest) included:

- Health problems and/or disability
- Lack of required skills, education, or qualifications
- An MG Rover stigma or problems from having worked at MG Rover for too long
- Jobs on offer pay too little

Typical comments included:

- *'Age - employers won't employ me as they think I'm too old, but they won't admit to it.'*
- *'Mentioning working at MG and union membership is a hurdle. The history of working at MG Rover and union membership is a barrier and puts people off because of bad publicity.'*
- *'Other employers look down on us ex MG Rover workers. We're made fun of.'*
- *'Only my disability, I am registered disabled, I'm an amputee.'*
- *'At my previous job, my skills were specialised with 20 years experience under my belt, companies will not accept me'*

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*because they want a degree and qualifications.'*

– *'I had been talking to one guy at a company which had some openings who had said his management wouldn't be considering ex-MG Rover workers because of the reputation they felt they had, due to the bad press over the years of how Rover workers were meant to lazy and how they wanted the maximum out while putting the minimum in.'*

– *'The job I've been offered would make me less well off than receiving benefits.'*

Age seems to be a barrier to gaining employment for the predominantly middle-aged MG Rover workers. Research shows that once older workers become unemployed they take longer to return to work and are more likely to leave the labour force for good<sup>6</sup>. Less skilled older workers (the type employed by MG Rover) are less likely to be hired compared to younger workers and may not have the basic skills needed to adapt to technological and other changes in the workplace. In fact, the sample of ex-MG Rover workers as a whole were relatively unskilled, most were only educated up to GCSE level and 10% of the sample had no qualifications at all and this was proving to be a difficulty in the job market. The idea that the workers were also suffering a stigma just because they worked at MG Rover is

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<sup>6</sup> Dixon, S. (2004), 'Implications of Population Ageing for the Labour Market', *Labour Market Trends*, February 2004, pp.67-76.

disturbing, and shows that the prevailing attitudes of employers towards the workers may add another obstacle to reemployment.

Those with health problems and/or disability were also finding it harder to find work. The majority of the workers in our sample reporting significant health problems at Wave 1 were still unemployed at Wave 2. Disabled people tend to have an increased propensity to be workless for reasons relating to barriers in the labour market and the impact of their condition. Economic inactivity rates are known to be exceptionally high among disabled people<sup>7</sup>. The MG Rover workers may have been fortunate in how disabled workers were treated there, and had to face the reality of the rest of the labour market when they lost their jobs.

## Impact of the Closure at Wave 2 – Anxiety Levels

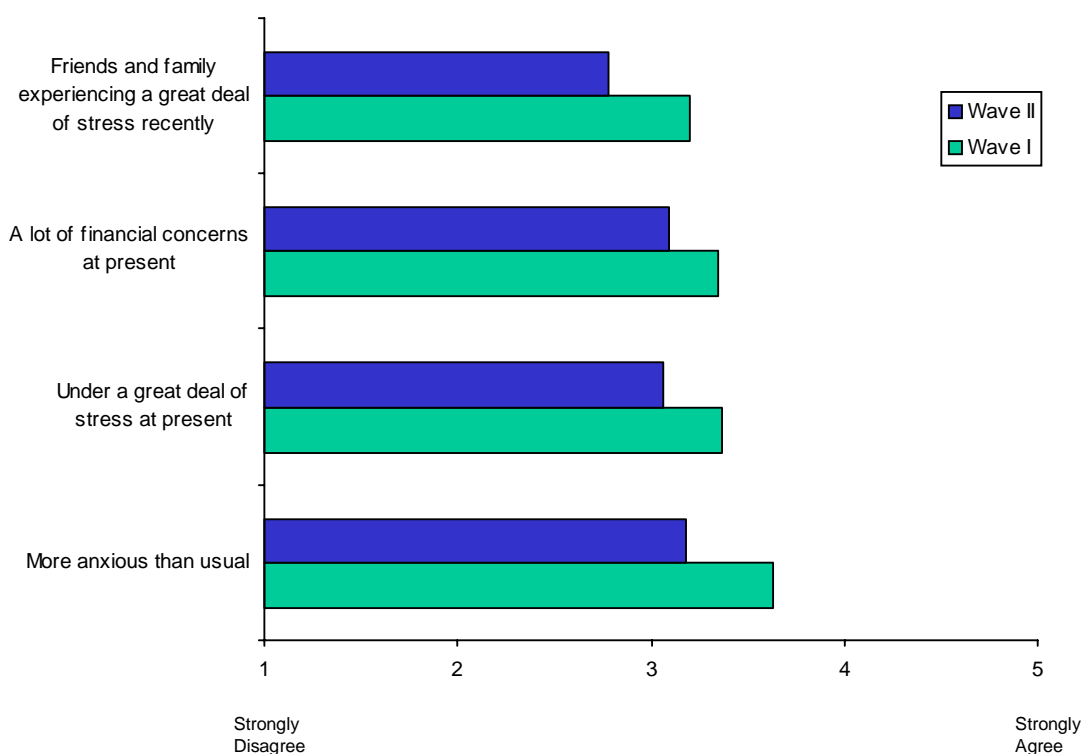
It was encouraging to see that anxiety levels for most of the sample had decreased significantly at Wave 2, shown in Figure 4.

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<sup>7</sup> Hurstfield, J., Meager, N., Aston, J., Davies, J., Mann, K., Mitchell, H, O'Regan, S., & Sinclair, A. (2004), *Monitoring the Disability Discrimination Act (DDA) 1995: Phase 3*, Disability Rights Commission.

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**Figure 4.** Anxiety levels – Wave 1 versus Wave 2

However this was not the case for those who were still unemployed, their anxiety levels stayed fairly constant and were much higher than for those in work. It is interesting to note that anxiety levels were highest among those who were undergoing part-time education/training, perhaps these individuals were finding the uncertainty of their employment prospects difficult, or perhaps they were finding the experience of completing a training course part-time stressful. Anxiety levels according to employment status are shown in Figure 5.

Those who engage in a proactive job search process may also feel pressure to accept any job they are offered and may settle for a low-

quality job. One could surmise that perhaps these workers are not working part-time by choice, they are taking what they can get and are still 'underemployed'. Those working part-time in our sample had a much lower ratio of job applications to job offers compared to other workers. Certainly it seems from their anxiety levels, that many are still plagued by financial and other concerns.

Some of the comments from the interviews at Wave 2 suggest that this is still the case for some of the workers. One worker told us, '*I feel uncertain of everything, I don't feel I can plan or commit*'. And this anxiety is still affecting the families of the workers, one worker said, '*My wife took it as a*

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*bereavement, burst out crying, my young son started bed wetting again and my daughter became very stressed and highly strung.'*

For those who are still unemployed, financial strain may be having a negative impact on well-being. Research has shown a negative

relationship between perceived financial strain and wellbeing during unemployment<sup>8</sup>. If people perceive themselves as struggling financially, no matter what their financial resources, they are likely to report poorer wellbeing

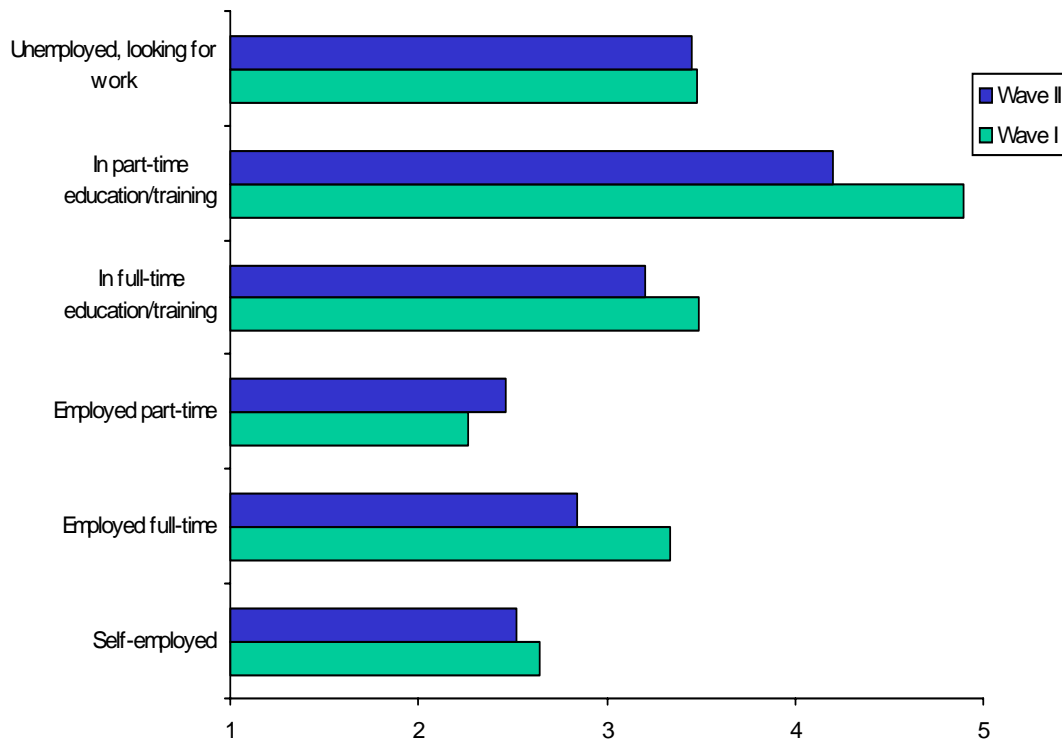


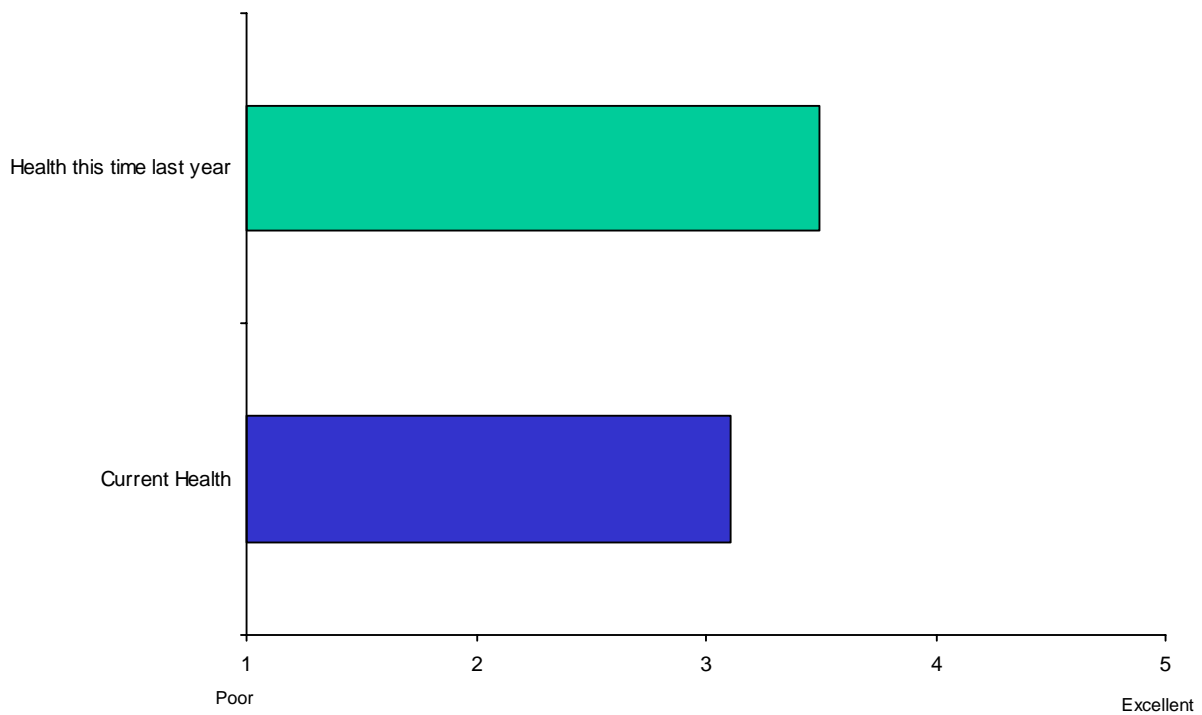
Figure 5. Anxiety levels according to employment status

<sup>8</sup> Feather, N.T. (1989). Reported changes in behaviour after job loss in a sample of older unemployed men. *Australian Journal of Psychology*, 41, 175-185.

### Impact of the Closure on Workers' Health and Wellbeing

At Wave 2, we asked respondents about their general state of physical health currently and

at the same time the previous year (prior to the closure). Figure 6 shows that the workers rated their health as significantly poorer currently compared to the year before.



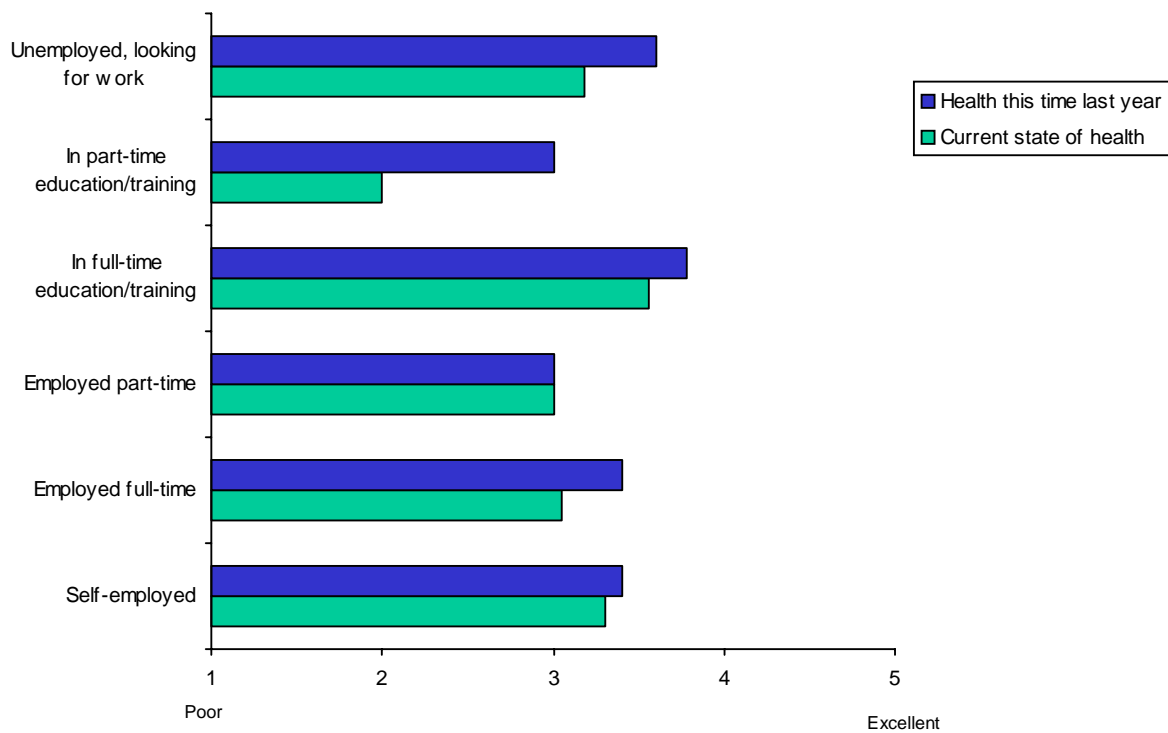
**Figure 6.** Reported General Health – Before and After the Closure

Reports of general health did vary considerably according to employment status, seen in Figure 7. Those in part-time education or training reported the largest decreases in their state of health. There were also large decreases for those still unemployed at wave 2. In addition, those who were unemployed were much more likely to report that health problems were interfering

with their ability to carry out normal tasks. It was interesting to note that 205 ex-MG Rover workers who initially claimed Job Seekers Allowance have since made claims to Incapacity Benefit, perhaps there have been impacts on the health of unemployed workers already.

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**Figure 7.** Reported General Health – Before and After the Closure in terms of Employment Status

Job loss has been portrayed as a highly stressful event that provokes reactions among those who lose jobs such as anxiety, depression and lowered physical health. Studies show that unemployed individuals tend to report lower psychological and physical wellbeing<sup>9</sup>. The risk to health is increased in periods and regions of high unemployment.

Jahoda and colleagues researched this issue during the depression of 1930s Central Europe, and argued that formal employment gives structure and meaning to life, fulfilling human needs not just financial ones. Unemployment was found by these researchers to affect mental health and cause a deterioration in social and intellectual capacities<sup>10</sup>.

<sup>9</sup> McKee-Ryan, F., Song, Z., Warburg, C. & Kinick, A. (2005). Psychological and Physical Wellbeing During Unemployment: A Meta-Analytic Study. *Journal of Applied Psychology*, 90(1), 53-76.

<sup>10</sup> Jahoda, M. (1979). The impact of unemployment in the 1930s and 1970s. *Bulletin of the British Psychological Society*, 32, 309-314.

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Peter Warr, an occupational psychologist, defined stages of psychological states that are experienced following a job loss. The first three months of unemployment are typically the most stressful, then after that a person adjusts to the new stresses and establishes new routines<sup>11</sup>. This is not entirely consistent with our findings, the unemployed workers in our sample reported fairly stable levels of anxiety at both Waves 1 and 2.

Warr's (1994) Vitamin Model identifies nine aspects of a person's environment that are necessary for wellbeing<sup>12</sup>:

- opportunity for personal control
- opportunity for skill use
- externally generated goals
- variety
- environmental clarity
- availability of money
- physical security
- opportunity for interpersonal contact
- valued social position.

The nine elements are like vitamins, necessary for health in the right quantities and the right combination. According to this model, unemployment serves to change many aspects of a person's environment (e.g. a reduction in personal control) and results in poorer wellbeing.

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<sup>11</sup> Warr, P. (1987). *Work, Unemployment and Mental Health*. Oxford: Oxford University Press.

<sup>12</sup> Warr, P. (1994). A conceptual framework for the study of work and mental health. *Work and Stress*, 8(2), 84-97.

This seems to have been the case for the MG Rover workers. Levels of life satisfaction (the extent to which people are satisfied with their life) amongst the ex-MG Rover workers were much higher in those who were employed full-time, compared to those who were unemployed. This finding is supported by other research that suggests a similar pattern of life satisfaction scores<sup>13</sup>. Unemployed individuals report greater physical and illness complaints and are more likely to engage in high-risk health behaviours such as using alcohol<sup>14</sup>. Unemployed ex-MG Rover workers at Wave 2 reported a large difference in their health currently compared to last year, rating their health as poorer.

Sick unemployed people find it harder to get jobs. Research tends to suggest that there is a positive relationship between well-being during unemployment and reemployment probability<sup>15</sup>. Taris suggests that poor mental health may deteriorate the capacity of unemployed workers to actively shape their environment and may reduce their job search intention and behaviour, thus lowering their chances of finding work. For those ex-MG

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<sup>13</sup> Clark, A., Georgellis, Y., Sanfey, P., (1999). Scarring: The Psychological Impact of Past Unemployment. Department of Economics Discussion Paper 99/3, University of Kent, <http://www.kent.ac.uk/economics/papers>

<sup>14</sup> Claussen, B. (1999). Alcohol disorders and re-employment in a 5-year follow-up of long-term unemployed. *Addiction*, 94, 133-138.

<sup>15</sup> Taris, T.W. (2002). Unemployment and mental health: A longitudinal perspective. *International Journal of Stress Management*. 9, 43-57.

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Rover workers who are still out of work, and are suffering poor physical and mental health, finding a job may prove more than they can manage.

In fact, trying to find a job could make things even worse. Research suggests that higher job-seeking activity amongst laid-off individuals is associated with decreased psychological health, particularly for those who continue to look for work without success<sup>16</sup>. Job seeking activity is often a discouraging process, replete with rejections and uncertainty. 96% of the ex-MG Rover workers had submitted job applications and those who were still out of work at Wave 1 had already submitted on average 30 job applications.

However, although job search activity may have a negative impact on well-being in the short-term, in the long-term, continued job search activity is associated with higher levels of reemployment<sup>17</sup>. Job search behaviour is related to a higher likelihood of reemployment and number of job offers received and to decreased unemployment duration.

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<sup>16</sup> Warr, P., Jackson, P. & Banks, M. (1988). Unemployment and mental health: Some British studies. *Journal of Social Issues*, 44(4), 47-68.

<sup>17</sup> Kanfer, R., Wanberg, C.R., & Kantrowitz, T.M. (2001). Job search and employment: A personality-motivational analysis and meta-analytic review. *Journal of Applied Psychology*, 86, 837-855.

## In 'Good Work'? Are the Employed Workers Really the Lucky Ones?

### Pay

At first glance, it would seem that those ex-MG Rover workers who now have jobs are indeed fortunate. However, nearly 40% of the workers saw their new job as a stopgap until a better job came along. It seems that a large part of the low-skilled MG Rover workers who had been used to 'middling' jobs are now finding that the majority of the employment opportunities are at the bottom of the hourglass. The jobs they had at MG Rover were relatively well paid, considering the skill levels required. In part this is a tribute to the effectiveness of union bargaining, which generally has the effect of improving the pay position of less skilled/lower paid workers<sup>18</sup>. Indeed, the jobs done by the majority of the workforce at MG Rover were much more widespread in the past – secure, unionised, decently paid manufacturing employment was a more significant segment of the economy from 1945 to the late 1970s. Their story is just another chapter in the wider narrative of labour market change and exemplifies the decline of manufacturing, the disappearance of 'middling' unionised jobs, the growth of

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<sup>18</sup> Metcalf, D et al, *Unions and the Sword of Justice: Unions and Pay Systems, Pay Inequality, Pay Discrimination and Low Pay*, (2001) National Institute Economic Review

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employment in private services and the polarisation of the labour market with more 'good jobs' and more 'bad jobs'.

For example, the majority of workers are now earning significantly less than they did at MG Rover - £3,523 a year less on average for those working full-time and on average £10,153 a year less for those now working part-time. The exception to this is the small number of workers who are now self-employed who report they are now earning £5,941 more on average than when they were at MG Rover. Older workers are experiencing a larger salary differential than younger workers, perhaps no longer being paid for their length of service. Those workers who stayed in the manufacturing sector tended to earn less than those who went into other sectors, e.g., education, health or services.

Research suggests that a significant reduction in earnings is not unusual in the case of a manufacturing closure, and indeed that this reduction tends not to be temporary. Stern observes that semiskilled workers and unskilled production workers tend to suffer a substantial long-term reduction in earnings due to a plant closure<sup>19</sup>.

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<sup>19</sup> Stern, J. (1972). Consequences of plant closure. *The Journal of Human Resources*, 7, 3-25.

## Job quality and satisfaction

There seemed to be a relationship amongst the ex-MG Rover workers between salary and perceptions of job quality. Workers who currently make more than £50,000 per year perceive very high job quality relative to other groups earning less.

Nearly half of the workers (47%) thought that their current job was worse than their job at MG Rover. For many, working at MG Rover was a very positive experience, and was a workplace where they felt valued and enjoyed their work. Their experience of work is completely different post-MG Rover, as one worker commented, '*...family and friends have felt sorry for me because I am no longer able to do a job which I felt pride and job satisfaction in.*'

Perceptions of whether their new job was better or worse than their job at MG Rover was also related to levels of job satisfaction and perceptions of job quality. Job satisfaction and perceived job quality were significantly higher for those who perceived their current job was better than their MG Rover job compared to those who thought their new job was worse. Anxiety levels were much higher for those who thought their new job was worse than their job at MG Rover, compared to those who thought that their new job was better.

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A small percentage of workers have chosen to start their own business, and for these workers, things are more positive. Levels of job satisfaction and quality were lower amongst those working full-time compared to those who were self-employed. Life satisfaction was also rated higher by those who were self-employed. However, please note that sample sizes for the self-employed group were very small.

So getting a job is not necessarily making the ex-MG Rover workers happier, satisfied with the nature and quality of their job or reducing their anxiety levels. Improvements are only seen if the workers have obtained a 'good job', or a job that is the same or better than their job at MG Rover.

These findings are supported by recent research. In the last few years, there has been an important shift in unemployment research from the ultimate outcome being reemployment to the important outcome being the quality of reemployment, because the positive effects of becoming reemployed may be limited to those who regain satisfactory new jobs<sup>20</sup>. Other reemployed workers may face 'relative deprivation' or be 'underemployed'. Underemployment reflects employment in a poorer quality job, in terms of level in the organisation, wages, or skill

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<sup>20</sup> Leana, C.R. & Feldman, D.C. (1995). Finding new jobs after a plant closing: Antecedents and outcomes of the occurrence and quality of reemployment. *Human Relations*, 48, 1381-1401.

utilisation and has been linked to a host of negative outcomes, including diminished job satisfaction, work commitment, job involvement, internal work motivation, life satisfaction and psychological well-being<sup>21</sup>.

There has been much discussion recently about the difference between 'good jobs' and 'bad jobs'. Employment is a public health issue because job quality affects both morbidity (illness) and mortality (life expectancy). For our purposes a 'bad job' is characterised by the following factors:

- Insecure employment
- Monotonous and repetitive work
- A lack of autonomy, control and task discretion
- An imbalance between a worker's effort and the rewards they receive
- An absence of procedural justice in the workplace<sup>22</sup>.

Control has been found to play a particularly important role. Low control consistently leads to more disease. Autonomy and a person's opportunities for full social engagement have a direct impact on their health, wellbeing and their life expectancy.

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<sup>21</sup> Feldman, D.C. (1996). The nature, antecedents, and consequences of underemployment. *Journal of Management*, 22, 385-407.

<sup>22</sup> Marmot, M, *Status Syndrome*, Bloomsbury (2004)

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Graetz (1993) found that the relationship between psychological well-being and employment is related to the quality of the employment found. Well-being only improved after re-employment if people went into jobs they were satisfied with<sup>23</sup>. Similarly it has been found that re-employment into jobs with lower pay or where skills are underutilised, does not enhance psychological health relative to that of unemployed persons<sup>24</sup>.

On balance, it seems that many of the ex-MG Rover workers are now in jobs that pay less, and that are worse than their jobs at the MG Rover plant in Longbridge. The evidence suggests that this will have an adverse impact on general well-being as well as physical and mental health. Of course, this situation is not unique and simply reflects the wider consequences of industrial restructuring. Nevertheless, there are some significant implications for government policy here which can only be addressed in a national context. What for example can be done about the problems of labour market polarisation and what can be done to make 'bad jobs' better jobs?

We have outlined some of our answers in *Healthy Work: Productive Workplaces* (2005), suggesting that while there is much in current policy that is good (making work pay, introducing minimum standards to protect the most vulnerable, recognising that work is a public health issue) the government has yet to grapple with the much thornier questions of work organisation, job design and management standards. We might also note that these are questions that do not lend themselves to straightforward regulatory solutions, demanding instead an integrated approach to policies designed to manage industrial change, including the identification and application of best practice.

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<sup>23</sup> Graetz, B. (1993). Health consequences of employment and underemployment: longitudinal evidence for young men and women. *Social Science and Medicine*, 35, (6), 715-724.

<sup>24</sup> Winefield, A., Tiggerman, M., Winefield, H. (1990). Factors moderating the psychological impact of unemployment at different ages. *Personality and Individual Differences*, 11, 45-52.

### Concluding Thoughts – What Does the Future Hold for the MG Rover Workers?

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Nearly a year after the closure, we see a workforce and a region struggling to recover from a crippling blow. More and more MG Rover workers are getting jobs with each month that passes, but what does the future hold for these individuals? Will things ever be the same for them? What about those who are still unemployed? A fascinating longitudinal study of the impact of the closure of a sardine factory in Norway offers a sobering prospect of the future for the 5,500 workers who lost their jobs after the closure of MG Rover<sup>25</sup>.

Individual responses to job-loss and unemployment were studied over a 10-year period in two groups of workers. One group lost their jobs when the sardine factory where they were employed on the west coast of Norway was shut down. The employment patterns of this group were compared with a group of workers in a 'sister' sardine factory that remained open over the 10-year period.

A striking feature of this study is the extent to which those who lost their jobs continue to be profoundly affected by the event. Even after 10 years, they spent less time in paid work than those at the 'sister' factory, they had

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<sup>25</sup> Westin, S. (1990). The structure of a factory closure: Individual responses to job-loss and unemployment in a 10-year controlled follow-up study. *Social Science Medicine*, 31(12), 1301-1311,

consumed considerably more disability pensions, and many had left the labour force for good. Given that receipt of disability pensions was contingent upon a doctor certifying that a certain condition made a person unable to work, one could infer that the plant closure had severe negative effects on the health of many of the laid-off workers.

This provides a basis for estimating the long-term economic impact of factory closures, both for the individuals affected as well as for society. Like the MG Rover workers, the workers at this sardine factory were vulnerable to a sudden job-loss where alternative job opportunities were scarce.

The effects of unemployment may last longer than the period of unemployment itself, and once a person has been unemployed once, the risk of further spells of unemployment are increased. Those with a history of unemployment are more likely to be re-employed into insecure and/or poor quality jobs. It has been argued that the consequences of this type of employment history could explain the often-demonstrated relationship between increased morbidity and unemployment<sup>26</sup>.

All this suggests that structural change carries with it significant hidden costs. In

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<sup>26</sup> Ritchie, H., Casebourne, J., & Rick, J. (2005). *Understanding workless people and communities: A literature review*. Department for Work and Pensions, Research Report no 255.

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In addition to the hundred of millions of pounds spent on limiting the short-term damage to the Birmingham region of the MG Rover closure, there are likely to be continuing costs for UK taxpayers well into the future - social security expenditure (in particular disability benefits) is likely to increase in the region, and there may be more pressure on the local NHS trusts.

The results of this study suggest that many of the ex-MG Rover workers have not and will not be able to find 'good jobs' and will be forced to accept 'bad jobs'. A small minority of workers may join the ranks of the long-term unemployed or withdraw from the labour force permanently. This continuing underemployment and worklessness is likely to have long-lasting negative effects on the health and well-being of these workers. The positive effects of becoming reemployed are likely to be limited to those who regain satisfactory new jobs.

### What is to be done? Policy Implications...

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So what is to be done? How can these negative effects be prevented? What is the role of government? What is the role of Regional Development Agencies and the MG Rover Taskforce? What are the policy implications? What are the lessons from this experience?

Firstly, how can these negative effects be prevented? Research tells us that not everyone deals with job loss and unemployment in the same way<sup>27</sup>. Some people cope better than others. So what is likely to limit the negative impact on psychological well-being? A recent study suggested that better well-being is associated with the following:

- Lower work-role centrality (the general importance of the work role to an individual's sense of self)
- Better coping resources (personal, social, financial and time structure)
- More positive cognitive appraisals, e.g., what does the job loss mean to me?
- Coping strategies (e.g., either problem/control-focused coping and emotion/symptom-focused coping)

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<sup>27</sup> McKee-Ryan, F., Song, Z., Warburg, C. & Kinick, A. (2005). Psychological and Physical Wellbeing During Unemployment: A Meta-Analytic Study. *Journal of Applied Psychology*, 90(1), 53-76.

Some of the strongest relationships were for core self-evaluations, including self-esteem, optimism, neuroticism, and an internal locus of control. Having a generally positive self-view is a protective resource when faced with job loss and unemployment. Unemployed workers with strong social relationships fare better than those with weak relationships in terms of both mental health and life satisfaction.

Unemployment can often reduce self-esteem, which in turn can make people less employable. A study of HR managers found that three of the most important qualities sought by organisations are enthusiasm, confidence (closely related to self-esteem) and emotional stability<sup>28</sup>.

Specific interventions could be targeted for those workers with high work-role centrality, low levels of personal coping resources and self-esteem and a high degree of stress appraisals or low reemployment expectations. The Birmingham and Solihull Learning Skills Council have developed an Individual Employment Support Package for ex-MG Rover employees and the South West Birmingham Community. This will involve helping the unemployed to develop skills to apply for jobs effectively, and to provide a range of personal support options including

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<sup>28</sup> Darity, J. & Goldsmith, A. (1996). Social psychology, unemployment, and macroeconomics. *Journal of Economic Perspectives*, 10(1), 121-140.

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counselling, confidence building, and debt advice. The specific interventions recommended above would appear to be well-aligned with this package. However, it may not just be those who are unemployed who may benefit, those who are currently 'under-employed' and having trouble finding a job that they are happy with may also benefit.

A UK example of an intervention designed to tackle unemployment is the New Deal which was introduced in 1998 and consisted of a series of programmes for young people and long-term unemployed people aged 25 and over, for those over 50 years of age, lone parents, the disabled and partners of unemployed people. The 'intensive' gateway element of the programme is designed to offer tailored to individuals. To date, well over a million people have found work through the programme. The success of the New Deal in bringing down unemployment has allowed the government to extend help to those inactive groups that have in the past been marginalised. For example, the New Deal has helped over 296,000 lone parents into work. However it has been argued that The New Deal is not helping the urban poor and ethnic minorities<sup>29</sup>. And certainly the programme has certainly not specifically focussed on improving self-esteem and

psychological wellbeing, it simply concentrates on getting the unemployed into work, and does not consider the quality of jobs or the needs of those who are 'underemployed'.

The JOBS II intervention was conducted in the United States in 1991, and was designed as an active learning experience that was intended to increase participant's sense of mastery (including job search self-efficacy, locus of control, and self-esteem) and motivation to search for a job by learning job-search skills and inoculation against setbacks<sup>30</sup>. The JOBS intervention was found to have beneficial short-term effects on both re-employment and mental health outcomes. And two years after the JOBS workshop, participants in the workshop had significantly higher levels of reemployment and monthly income, lower levels of depressive symptoms, lower likelihood of experiencing a major depressive episode in the last year, and better role and emotional functioning compared to the control group. The benefits were greatest for those who had lower levels of job search motivation and mastery. The study highlights the importance of psychological variables in predicting and influencing both reemployment and mental health outcomes. Education and training is

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<sup>29</sup> Van Reenan, J. (2000). Active Labour Market Policies: The British New Deal for the Young Unemployed in Context. NBER Conference – Seeking a Premier League Economy, LSE, December 2000.

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<sup>30</sup> Vinokur, A.D., Schul, Y., Vuori, J., & Price, R.H. (2000). Two years after a job loss: Long-term impact of the JOBS program on reemployment and mental health. *Journal of Occupational Health Psychology*, 5(1), 32-47.

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vital for the low-skilled MG Rover workers, however there is a need to develop their psychological resources such as job-search motivation and a sense of mastery. This has the potential to play a role in the reemployment process and can be enhanced by targeted interventions.

However, the focus and responsibility for getting good jobs cannot rest entirely with the individuals seeking employment. Addressing the quality of jobs at a national level crucially must run in conjunction with these interventions that focus on the individual.

A key task for the government both for the ex-MG Rover workers and for the nation is whether bad jobs can be turned into good jobs. There will always be some more repetitive or less appealing occupations, but the experience of work at the bottom of the labour market need not be relentlessly awful. A more focussed and sophisticated effort needs to be made to improve the wages of the 'working poor' that goes beyond a reliance on the National Minimum Wage.

Regional Development Agencies such as Advantage West Midlands also need to consider the promotion of high-quality healthier work as part of their strategies for sustainable economic development in the West Midlands. These agencies need to be supported by central government in this direction, which may require a redirection of funding. Indeed, a national agenda for the

promotion of higher quality employment depends on practical delivery at a regional level.

The government also needs to consider how it is helping its working age population to adapt to the massive changes in industrial structure. This is of particular importance in Birmingham, where a relatively weak skills base is acting as a dampener on the regional economy. Approximately 22% of the working age population in Birmingham have no qualifications compared to 15% for the rest of the country<sup>31</sup>. It is encouraging that the MG Rover Taskforce are planning to provide vocational training provision for 14-16 year olds, and have secured European funding to continue longer term training for the community. The Sector Skills Councils need to develop an even more sophisticated understanding of the implications of structural/technological change for their sector, a strong understanding of labour market dynamics, and be able to respond adeptly to changing skill requirements.

It is inevitable that the economy is changing, and fast – can the government help the UK workforce to thrive in this new environment? There are implications for how we educate our young people and how we skill up our

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<sup>31</sup> Labour Market Profile – Birmingham, Nomis Official Labour Market Statistics, Office of National Statistics. <http://www.nomisweb.co.uk/>

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adult workers to be productive and valued contributors to this new economy.

### Summary of Policy Recommendations

- 1 Specific interventions are needed that build the psychological resources of the underemployed and unemployed ex-MG Rover workers and help to limit the negative impact of their lack of good work on their psychological and physical wellbeing.
- 2 Continued effort and investment is required to increase the skill levels of workers in Birmingham.
- 3 A national policy response is required to tackle growing labour market polarisation and inequality – this needs to go beyond a reliance on the National Minimum Wage.

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### The MG Rover Experience – What Have We Learnt?

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There were some benefits to the long and drawn out death of MG Rover. Since 2000, when MG Rover nearly went under, the MG Rover Task Force had been preparing for the very eventuality of the closure that finally took place five years later. The MG Rover Task Force was able to hit the ground running on the day of the announcement of the closure. This kind of preparation could serve a future closure well, it is unlikely that a future closure would happen without at least some prior warning.

There were some other lessons learned from the experiences of the Task Force. Information needed to be pre-prepared for employees about their redundancy payments and pension rights from the state. Constraints on training provisions needed to be dealt with earlier. Proactive assistance needs to be provided to companies in the supply chain as well as other related businesses. There were also lessons learned about getting the right team in place, and getting internal and external communications right<sup>32</sup>.

### Directions for Future Research

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Studies such as the one reported on here have helped to gauge the human impact of the closure, and go well beyond bland and potentially misleading reemployment statistics. However, more longitudinal research with larger samples over a longer time period would provide a more coherent picture of the real, long-term impact on the region. Conducting comparative studies across different regions of the UK or indeed in other countries would also be informative.

There is also not enough known about how individuals cope with job loss, how different forms of coping may be differentially helpful and why two individuals may cope very differently. It would be crucial for agencies to attempt to evaluate the success of their employment programmes, particularly when it comes to quantifying whether people are in 'good jobs' and whether their programmes actually helped people develop the confidence to get these jobs.

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<sup>32</sup> MG Rover Task Force: Six Months On. Advantage West Midlands: 2005.

### Conclusions

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Our purpose in this paper was to examine the impact of the MG Rover closure on the workers, their families and the community through an examination of the findings of a longitudinal research project commissioned by BBC Radio 4 to conduct follow-up surveys of a sample of MG Rover employees.

The findings of this research were able to shed some light on the issues we raised at the beginning of the paper. Although nearly two-thirds of the sample we interviewed are now employed, many are not in 'good' jobs. A consideration of the research literature has highlighted some of the negative effects on psychological and physical wellbeing that these 'underemployed' workers are likely to face. There are also likely to be long-term negative effects on those who still can't find work – they are already experiencing higher levels of anxiety and reporting more health problems than those who are reemployed. As of December 2005, the closure was still unfavourably impacting families, financial concerns causing the greatest anxiety. We explored the possibility that the impact of the closure, in terms of participation in the labour market and reliance on social security, may be long-term, that the MG Rover workers may never be employed in the same way they would have been had the plant remained open.

Despite the gloomy picture we have painted here of the fate of the MG Rover workers, there is reason to be optimistic. The loss of a British icon has touched the heart of a nation, and has attracted much interest and support and government attention. If lessons can be learnt from this and other research, and from the experiences of the MG Rover Task Force, it is possible that the long-term negative effects of the closure on the ex-MG Rover workers can be minimised. In addition, learnings could be applied to future closures of a similar magnitude both in the UK and across the world.

Ultimately, as a nation we must learn to proactively and effectively support those affected by structural change in the economy. Government policy must recognise the full costs of this change and must continue to promote the broad objectives of full and fulfilling employment. Job quality is a critical issue both for individual health and well-being as well as productivity and sustainable increases in living standards.

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