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**Labour precariousness and ‘make do and mend’ after redundancy at
Anglesey Aluminium: critiquing Human Capital Theory**

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Abstract

This paper tracks workers’ experiences of and responses to redundancy, and the impact on the local labour market, following the closure of a large employer, Anglesey Aluminium (AA), on Anglesey in North Wales. We draw on these findings to produce a critical challenge to Human Capital Theory (HCT) and its influence on sustaining neo-liberal policy orthodoxy – with its focus on supplying skilled and employable workers in isolation from other necessary ingredients in the policy recipe. We conclude that HCT and associated policy orthodoxy has contributed to market failure. Ex-AA workers faced a paradox of being overqualified but underemployed. Some workers re-skilled but there were insufficient (quality) job opportunities commensurate with the employment they had left. In picking up the pieces following redundancy, many workers found themselves part of an expanding labour ‘precariat’ with little choice but to ‘make do and mend’.

Keywords:

Human Capital Theory, Job Quality, Opportunity Bargain, Precariat, Redundancy, Restructuring.

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1. Introduction

The Welsh Holyhead-based Anglesey Aluminium (AA) plant closed in September 2009 with the loss of 400 jobsⁱ. AA was a long-established major employer providing very favourable pay and employment conditions relative to other employers on Anglesey. In a location that has experienced long-term economic problems, and during a time of global financial and economic crisis, the closure of such a major employer providing well paid secure employment had a huge social impact and represented a significant challenge not just to the individuals concerned and their community but also for regional economic development policy.

This paper presents findings from a research project that explored ex-workers’ responses to redundancy at AA, mapping individual experiences of redundancy understood as a ‘critical life event’ (Gardiner et al., 2009). The research explores individuals’ narratives of transition through redundancy, including their accounts of training and skills opportunities; past versus present employment status; labour mobility; comparisons of job quality (past versus present jobs); perceived gaps between supply of skills and available job opportunities; family and social impacts. In discussing the employment and labour market implications, we draw on these findings to produce a critical account of human capital theory and its influence on sustaining policy orthodoxy; particularly in relation to the emphasis on re-skilling workers (Becker, 1976, 1993; Leitch Review of Skills, 2006). In so doing we make the case for a more holistic and coordinated ‘skills ecosystems approach’ (Bryson, 2010; Finegold, 1999) to socio-economic theory and policy in place of a ‘silo’ focus on skills policy as a response in ‘isolation’. Two research questions are considered. How have workers experienced and responded to redundancy at AA? What are the implications for Human Capital Theory and related policy orthodoxy?

The paper is structured as follows. Section two reviews some existing literature on the impact of deindustrialisation on worker experiences of redundancy, and then considers the limitations of Human Capital Theory. The third section outlines the research methodology, followed by the main findings relating to worker experiences of redundancy at AA, and regional policy responses. The paper finishes by discussing the findings in relation to the literature on worker experiences of

redundancy, and the merits of coordinated skills eco-systems analysis for informing policy in place of Human Capital Theory orthodoxy.

Deindustrialisation and Human Capital Theory

De-industrialisation and the 'precariat'

Globalisation has been associated with the unleashing of international competitive pressures and the expansion of multinational corporations and subsidiary plants in host countries (like the Anglesey Aluminium plant in North Wales). As globalisation gathered pace from the 1980s, intensification of international competition has generated substantial restructuring of companies and, indeed, whole economies. In the UK, economic restructuring has resulted in a shift away from traditional heavy industry like mining and metal production (deindustrialisation) to new service industries. Subsequently, there have been changing patterns of employment across the UK away from manufacturing work to service jobs, and increasing numbers of jobs are part-time and temporary. Deindustrialisation and corporate restructuring has generated high unemployment and a state of labour precariousness and insecurity in regions of the UK in Wales and northern Britain that formerly had large concentrations of traditional industry (Beynon et al. 2002; Standing, 2011; Thompson, 2003). Standing (2011) identifies the rise of a 'precariat' class from the rubble of liberalization underpinning globalisation. This 'precariat' consists of a multitude of insecure people, living bits-and-pieces lives (what we term 'make do and mend'), in and out of short-term jobs, without a narrative of occupational development. Worker experiences of redundancy at AA can be viewed against this big picture restructuring narrative. Downward pressure on the remuneration and working and living conditions of the 'precariat' has intensified under the financial crisis and accompanying austerity post 2008. A new and highly destructive form of disconnected financialized capitalism focusing on realization of short-term shareholder dividends has become dominant in the global economy, notably in the UK, where shareholder value is frequently achieved by perpetual restructuring via redundancy, wage cuts, and work intensification (O'Reilly et al., 2011; Thompson, 2003).

There is a well-established literature on the impacts of redundancy and unemployment, particularly in the heavy industry sector, on individuals, communities and long-term regional economic prospects; including within Wales specifically (Beynon et al., 2002; Gardiner et al., 2009; McKay, 1992; Piore, 1987). Discussing closures where local labour markets are dominated by major employers

(as is the case with Anglesey Aluminium), McKay (1992) identifies 'empty space before the individual and within the local economy. It follows from closure and separates the individual from opportunity'. Research in the Welsh steel industry (Gardiner et al., 2009) identifies individual experience of redundancy as a 'critical life event', ranging across a spectrum from active career-change planners to those 'at a crossroads' struggling to adapt to changing circumstances. Gardiner et al found that variation of individual worker experiences of redundancy depended on various enabling and constraining contextual factors, including individual biography, and availability of opportunity and support, including training and local job opportunities, and finance. Gardiner et al (2009:741) conclude that 'the process of moving on from redundancy' as a critical life event is best understood by examining agency variation in individual responses to structural forces unleashed by economic restructuring.

Human Capital Theory orthodoxy

Retraining, re-skilling, personal development and lifelong learning, as individuals adjust to new circumstances and critical life events are core to many current prescriptions for regeneration and resilience in the face of restructuring and redundancy; reflecting current policy emphasis on such measures. Increasing supply of employee skills and training has been at the forefront of government policy in the UK (and the Welsh Assembly Government) for boosting individual employability and economic competitiveness in a 'flexible' deregulated labour market (Leitch Review of Skills, 2006; Skills That Work for Wales, 2008). The Leitch Review, for example, commissioned by the Treasury in 2005, recommended that the government adopt ambitious skills and qualification targets as a key driver for boosting employment and competitiveness.

Yet increasing skills supply has incorrectly been seen as a standalone cure-all panacea for enhancing individual employability, reducing unemployment, and boosting competitiveness. Policy fixation with skill supply has been influenced by orthodox Human Capital Theory (HCT) (Becker (1976, 1993). The fundamental assumption of HCT is that decisions relating to supply of skills and training are based on a neo-classical utility maximising model within what is assumed to be a perfectly competitive labour market: individual workers undertake training, and employers invest in training, on the basis of their rational estimates of future returns (including job prospects and wages for the former, and productivity gains for the latter) (Becker, 1976, 1993). Advocates of HCT emphasize a linear

correlation between higher qualifications and relative economic benefits for workers like lower unemployment and higher wages/rewards in employment. For human capital theorists, then, educational investment offers a clear meritocratic route to socio-economic advancement and mobility. The invisible hand of market forces is viewed as an efficient coordinator of this utility maximization. Becker (1976:5) argued that 'the economic approach assumes the existence of markets that ... coordinate the actions of different participants - individuals, firms, even nations - so that their behaviour becomes mutually consistent'. HCT has proved alluring to neo-liberal policy-makers on both sides of the Atlantic, resulting in what Brown et al., (2011:5) call an 'opportunity bargain': where the State's role is restricted to creating opportunities through education, and economic advancement depends on employability in a global jobs auction.

HCT has attracted considerable criticism across a number of academic disciplines (Baptiste, 2001; Bowles and Gintis, 1975; Brown et al., 2011; Bryson, 2010; Keep et al., 2010; Livingstone, 1997). One particular criticism of HCT stands out: evidence points to the broken promise of the 'opportunity bargain' due to underemployment of human resources often overqualified for the jobs available (Brown et al., 2011; Keep et al., 2010; Livingstone, 1997). That is, HCT advocates fail to account for a growing gap in countries like the UK between higher qualifications and skills among the labour force (including the expansion of access to higher education), and the diminishing numbers of commensurate job opportunities to apply this greater knowledge base. While the goal of higher skill supply is important, making sure that those skills are actually used, and in good quality jobs, is crucial (Keep et al., 2010).

A key expectation of HCT would be that when offered a more qualified labour force, utility maximizing firms will rationally respond to market signals by adjusting competitive strategies in the value-added direction, and increase the number of quality jobs available relative to poorer low wage ones. That this has not happened on a widespread basis constitutes a market failure of the opportunity bargain. Low quality, low skill and low wage 'precarial' jobs are more prevalent in the UK relative to most advanced European economies. Most employers here still compete on cost reduction given the contextual 'incentive' of a 'flexible' deregulated financialized labour market (Gallie, 2007; Gautie and Schmitt, 2009; Lloyd and Mayhew, 2010; Standing, 2011; Thompson, 2003; Warhurst et al., 2012). Low quality/low wage 'precarial' jobs can have many negative consequences that reach beyond the workplace, including: poor working conditions, family poverty, gender

inequality, reduced mobility (Goulden, 2010). There is evident mismatch, then, between skills supply and available (quality) job opportunities, creating a combination of 'overqualification' and 'underemployment' – resulting in the broken promise of the neo-liberal opportunity bargain (Brown et al., 2011). Indeed, analysis of the 2006 Skills Survey reveals that over 7 million jobs in the UK require no qualifications, while there are only 2.5 workers without qualifications. Further, 40% of UK employees hold qualifications higher than those required for entry to their current job, up from 35% in 2001 (Felstead et al., 2007).

In light of this critique of HCT, a growing body of research illustrates that while up-skilling employees is a vital supply-side policy lever for enhancing employability and employment integration, it is only one piece in a broader holistic framework that policy-makers need to consider to enhance employee development and improve job quality – the centre-point of which is a coordinated state interventionist industrial policy (Brown et al., 2011; Bryson, 2010; Finegold, 1999; Gallie, 2007; Keep et al., 2010; Keep and Mayhew, 2010). This holistic approach has been called the 'skills eco-systems approach' (Finegold, 1999). A 'skills eco-systems' approach recognizes the broader institutional context and interdependency of multiple factors underpinning success in areas like employee development and creation of high quality jobs. These inter-linking contextual factors include innovation in product markets and macro-economic policy; corporate governance reform; investment in new technology and R&D; appropriate industry-level institutions; and inclusive democratic forms of workplace governance.

Research Methods

Anglesey Aluminium Metal Ltd, which closed on September 30th, 2009, was a joint venture between parent multinationals Rio Tinto Group and Kaiser Aluminium. The aluminium smelter was located on the outskirts of Holyhead on the isle of Anglesey. It was formerly one of the largest employers in North Wales, employing 540 people. Aluminium production at the plant commenced in 1971, and it produced up to 142,000 tonnes of aluminium every year. The smelting works was decommissioned and only the re-melting operation, which employs about 90 people, remains. The end of smelting resulted in over 400 redundancies. The main reason cited for the redundancies is that the plant could not source cheap electricity due to the planned closure of the local Wylfa nuclear power station scheduled for 2014.

This research arose from the WISERD (Wales Institute of Social & Economic Research, Data & Methods) localities research programme.ⁱⁱ The closure of

Anglesey Aluminium was identified as a significant event in the locality. It was therefore decided to undertake a research project to identify the impacts of closure from the perspectives of redundant workers. The primary research methods are qualitative.

Qualitative data was collated at various points between Jan 2010 and March 2012 (with interviews/meetings occurring between Jan 2010 and July 2011), as follows:

- 2x meetings/group discussions with UNITE representatives and other UNITE officials, the majority of whom were ex-workers at AA;
- 5x semi-structured interviews with ex- AA workers;
- 2x semi-structured interviews with key stakeholders (one service/support organisation, the Citizens Advice Bureau, and one member of Anglesey County Council Economic Development Unit);
- Feedback workshop for research participants and stakeholders;
- Contact through email correspondence.

Interviews averaged one hour each. The interviewee sample selection did not aim to be representative of all redundant workers at AA but rather was a 'pinch sample', making use of a 'snowball' sampling method, drawing on established relationships with UNITE trade union officials to recruit other interviewees. Further informal discussions and meetings with Anglesey council employees and trade union workers, and a feedback workshop for participants and stakeholders in March 2012, have provided rich supplementary data. Details of ex-worker interviewees are as follows: they were aged between 40-60 at the time of interview; all were male; all were local; all had worked for AA for most of their working lives; interviews were mostly conducted over twelve months after redundancy. At the time of interview one ex-worker had taken early retirement, two were in new jobs, and two were actively seeking employment. All were married, only one did not have children. In two cases, the interviews were conducted with wives of the interviewees present and occasionally participating in the interview. Accounts given by interviewees of how other ex-workers had responded to redundancy have been used to develop as broad and as detailed a picture of post-redundancy responses as possible.

The primary qualitative data was supported by a large assortment of quantitative secondary data analysis, which has provided a background socio-economic picture against which ex-worker's accounts of redundancy, given in interview, are situated. Secondary data analysis of a number of available data sources and datasets was undertaken to 'set the scene', providing a socio-economic profile of Anglesey, and based on the 'local knowledge' provided by all interviewees that a significant percentage of the workforce lived locally. Datasets used included: Stats Wales, Census 2001, National Statistics, Local Area LFS (Labour Force Survey), Annual Survey of Hours and Earnings (ASHE), Anglesey County Council, Anglesey Aluminium Human Resources Department data.

Findings

Socio-economic context of Anglesey Aluminium

The analysis of available statistics has revealed Anglesey's socio-economic profile to be fairly complex. Unemployment is low and the population is growing. There is something of a paradox in terms of the relationship between unemployment and vacancies on Anglesey; unemployment is low, but numbers of vacancies are also low. This may partly be explained by the fact that many of the vacancies on the island are short term in nature and so there may be some underestimation of the true number of job vacancies. The financial and economic crisis seems to have hit Holyhead particularly hard since 2008 with rises in job seekers allowance (JSA) claimants far outweighing increases in the rest of the country. Ex-AA worker Emrys describes this in terms of a 'double whammy':

Well it has been a double whammy really for the lads because there is this recession now as well at the same time so it is even harder for them to find...work... locally...and throughout the country as well...

This has to be considered with the possible de-industrialisation of Anglesey as Wylfa nuclear power station, and Anglesey Aluminium, close, leaving behind the only other highly populated sector (Tourism), which is renowned for its low pay. High wages on the island have almost without question been led by the presence of the 'big two' – Wylfa and AA. The closure of AA may be a contributing factor in average wages being forced downward by 2010 – the loss of such a well paying employer having a detrimental effect on average earnings. Earnings for males on Anglesey are lower than the Wales average. In 2010 the average male wage on Anglesey was £438.60 a week compared with the all-Wales average of £455.60 a week and the UK average of £497.10ⁱⁱⁱ. Interviews support evidence that relatively

high rates of remuneration relative to the average wage on Anglesey heightened the impact of closure locally:

... I think the key issue with Anglesey Aluminium, for us, was not just the number of jobs but the quality of the jobs that were there and the salaries, for example the average wage of Anglesey Aluminium was about £35,000 and the average wage on Anglesey is £21,000... one job in Anglesey Aluminium is roughly equivalent to losing two anywhere else on the Island.

(‘Iestyn’ Anglesey County Council Economic Development Service)

Further, low productivity away from the big two organisations of AA and Wylfa in other sectors is impacting upon a lowering Gross Value-Added (GVA) per head, the bedrock of measuring economic performance. The workforce seems to be highly skilled by all-Wales standards. Yet Anglesey’s GVA is the lowest in any region in the UK, at just over half of the UK level at 56% (compared to 74% for Wales overall in 2008)^{iv}. This underlines one of Anglesey’s key problems – its economy is clearly lagging when compared to Wales and the UK as a whole.

Anglesey’s situation is such that there seems to be a structural impediment to retaining its young talent. Hence we are witnessing a high outflow of young people, a problem shared of course, with many rural areas within Wales and the UK in general. The socio-economic makeup of this locality is thus very significant for understanding the impact of AA’s closure on the area; particularly given the predominantly local makeup of the workforce:

...The majority of the Communities First^v areas for Anglesey are in Holyhead. Which is where the majority of the workers were located...

(‘Iestyn’ Anglesey County Council Economic Development Service)

The impact is even greater when the knock-on or multiplier effect (Hawksworth and Jones, 2011) is taken into consideration, something Anglesey Council factored into its strategic thinking:

We dealt with, or tried to deal with, the downstream impact on other local businesses. Those directly related i.e. were sub-contracting and supplying to the plant but also things like the majority of the people employed there were from the Holyhead area, you know, and the impact there on the restaurants or pubs just on society in general...

(Iestyn)

With this background picture in mind, the qualitative research sought to identify individuals’ responses to redundancy by providing information on their current

employment status, narratives of transition through redundancy, and perceptions of their own, and others', opportunities in the current climate. First, we summarize policy responses to redundancy at AA.

Policy responses to Redundancy at AA

Interviews with policy (Anglesey council) and advisory service stakeholders indicate that human capital approaches played a significant role in the strategic responses to the redundancies, whereby an emphasis was placed on individual re-skilling and re-training. Below 'Sarah', from the Citizens Advice Bureau, provides an account of providing re-skilling and re-training support for workers with specialist but not necessary transferrable skills:

We have had people coming here to us as volunteers with...very specialist skills that they had in Anglesey Aluminium but not necessarily the skills that are wanted out there right now and they were really struggling, you know, coming into an office environment learning to do typing and the admin skills side... You need to be able to have good customer service skills and for some of the volunteers from Anglesey Aluminium, they struggled for a while, but once you gave them the training and support, they were getting there.

Policy responses were coordinated via a redundancy response group involving different stakeholders:

Once we were aware that the closure were going to happen the County Council was responsible for setting up a redundancy response group with all the key stakeholder organisations, which is the Job Centre, Careers Wales, the company, the trades union etc. And we facilitated that group prior and after the event to try and ensure that individuals working there were actually given access to the opportunities and assistance that was available through the Welsh Assembly or through different organisations...So our role was to try and bring it all together and co-ordinate it all rather than having the people affected by it going to different organisations and getting different answers and advice.

(Iestyn)

Policy responses reflect the emphasis on human capital approaches to regional regeneration as set out in the Welsh Assembly Government (WAG) strategy document 'One Wales' (WAG 2007). In 'One Wales' particular emphasis is placed on 'enhancing skills for jobs' and 'equipping people with the skills they need' (p13). Section 6 of the document, 'Learning for Life', sets out a vision of a 'learning culture', a commitment to tackle 'poverty and disadvantage' through 'widen[ing] participation for all ages in further and higher education, promoting adult and

community learning both in relation to employability and the wider benefits which education brings' (p24).

This emphasis on skills and training is at the heart of WAG initiatives and resource provision for redundancy. Funded through Wales European Funding Office (WEFO) and running from 2008-2014, the REACT scheme^{vi} is a programme of funding for training for individuals being made redundant, providing up to £1,500 worth of training. By 31st March 2011 REACT committed expenditure for Anglesey was £635,919^{vii}. REACT was a core aspect of the redundancy 'package' made available to AA workers.

Worker Responses to Redundancy at AA

Overview

Mirroring the Gardiner et al (2009) study, the qualitative data shows that there have been a wide range of individual worker responses to redundancy and an accompanying outlook/perception of individual circumstances. The research identifies a 'make do and mend' category of workers who have decided to stay local to the area (for example, because of family ties) and are thus prepared to uptake whatever jobs are available in the local labour market. Interviewees 'Geraint', age 40, and 'Dewi', age 49, fall into this make do and mend category. Others have out-migrated, uptaking globalised opportunities provided by AA parent company RTZ. Others were travelling relatively long distances off the island for work. Some had gone self-employed, with mixed results; while some ventures had been unsuccessful, there were other accounts of self-employment 'success stories'. Some remained unemployed and others had retired, including taking early retirement.

In terms of biographical data, age is a factor in interviewees' own perception of their prospects, status and their future plans; affecting, for example, whether they felt redundancy 'came at the right time' (Emrys, age 60 at time of interview) or found them 'at a crossroads' (Gardiner et al 2009), struggling to find work and a new direction after a lifetime's employment with a single employer (Dave, age 51). As well as the job and training opportunities available to ex-workers at local level, differences in the interviewees' 'biographical availability' (McAdam, 1996)^{viii}, such as age and family (i.e. accounts of local family ties to the area), would also seem to be a factor in this wide spectrum of responses. Biographical availability is used here as a means of identifying and unpacking the sorts of biographical factors which might have an impact on workers' capacity or desire to re-enter the labour

market post redundancy. Age and family ties and other biographical factors are shown to constrain or facilitate workers' mobility opportunities and outlook.

Thus, based on the qualitative accounts provided, the majority of workers seeking to find work had found it. However, some had struggled to find work, including two interviewees, a significant number given the small sample size. There was evidence that redundant workers staying locally are having to take less well paid jobs locally that are well below their skills level and are part time and/or short term. Significantly, therefore, backing up our critique of human capital approaches and supporting the argument for an 'eco systems approach', there is an underlying issue on Anglesey relating to the quality of job opportunities and levels of remuneration. Whilst workers had access to a range of training resources, initiatives and other provision from WAG, and there was evidence of uptake of these provisions, there is a gap between training provision and the quality of available work opportunities. We show that this gap between skills and job opportunities has meant that redundant workers have by and large experienced a decline in human capital as they are forced to 'make do and mend' and accept whatever work is available in the local area. Invariably, this has generally been of a poorer quality and less well remunerated than their previous jobs.

Re-training/re-skilling opportunities

Below, we explore take up of re-training and re-skilling opportunities. By the time of interview 'Dewi' had been unemployed for a year, and his narrative of transition through redundancy is one of uptaking all available training opportunities, particularly through REACT:

Anglesey Aluminium was very health and safety conscious and the training was good there but I had nothing in black and white to show that I had done it. So I thought right, I had seen it in the local paper – Premier First Aid on Ty Croes Camp – the race circuit... They do... health and safety training and first aid training. I set up a few courses with them and they sent the paperwork back to REACT. Because health and safety is handy for any job really. So I did all them courses, food hygiene, risk assessments, first aid in the workplace, fire safety. I think that I had nine certificates in the end, so that was good.

Probing in interview revealed that he had also done volunteering work to develop new skills and get qualifications:

How did you end up doing the CAB [Citizens Advice Bureau] volunteering...?

They said if you do some volunteering work with somebody, and I had never done any office type jobs, so I thought well, and with being a steward in work I have done similar work like helping people with different things like that, and it is very good training as well, it's like NVQ based and you get a certificate at the end, but I haven't quite finished it yet...So, it is interesting and I have done a couple of courses with them as well and I have tried for a job with them ... as a trainer.

Significantly then, despite undertaking these training courses and having committed a great deal of time and energy on making additions to his skills and training profile, Dewi had not found work related to these courses, but nevertheless had kept applying for jobs.

Geraint, who had found work by the time of interview, makes a similar point to Dewi's observation that he had 'nothing in black and white' on leaving AA:

There was quite a lot of training...[but] the kind of training that they did, like the fork lift, wouldn't help you if you left the actual building, it was on-site training...and then obviously you couldn't use them skills without a ticket outside.

Geraint regretted not uptaking the training funding opportunities provided by REACT:

The only thing that I am sorry that I didn't take up on, when I did get made redundant, there was a thing called REACT Wales where you get funding to do training, which I never took up ...that was the only regret I had because I kept on prolonging it and not looking into it.

Instead, Geraint had initially decided to go self-employed (a fishing business) but this had been unsuccessful. Geraint was seemingly not alone in having invested his redundancy money into a venture which failed.

Present employment status

The sample of interviewees reflects an interestingly broad spread of accounts of post-redundancy employment status: unemployment, early retirement, a failed self employment enterprise, and accounts of taking, or seeking, work of a lower skills base and lower remuneration than AA. Out-migration is the one route not taken by any of the interviewees specifically, several of whom had mobility constraints due to their 'biographical availability':

I want a job close by and, you know, I was thinking of moving away and all this but... my parents live locally....

(Interviewer)- So, you decided to stay and look for work?

Yeah locally, yeah.

(Dewi)

Local ties and family commitments as a rationale for not out-migrating for work were also attributed to other ex-workers:

...some people have gone to Qatar..I think that is a hell of an impact on young families you know... [talking about RTZ Qatar plant] do you want to go to a hot climate with totally different rules for women, you know, it is a big step for people like that you know.

(Dewi)

Thus many ex-workers have decided not to move or have mobility constraints and have fallen back on whatever the local labour market has to offer. It is clear from interviewees' accounts of their own experience and that of others' (and backed up by the background statistics), that there is work available on Anglesey but it is predominantly low paid, low skilled, short-term and precarious:

...they haven't found proper jobs, they have been jumping from... I wouldn't even call it seasonal work but they are lurching from one short term contract to another and that's causing problems within the home.

(Sarah – CAB)

There is a clear erosion of individuals' human capital as ex-AA workers who stay locally are forced to take work which is less skilled. It is a case of 'make do and mend':

[a] few have found work [locally] but everyone I spoke to, they are not happy in the job... I will do anything, you know, I just want to work...I can tell you now, I will try for any kind of work.

(Dewi)

Geraint provides a particularly stark example of the difference in his current job status compared to his previous job. Below he explains his role in his new job:

...when the chicks come in onto the farm I put the chicks into the sheds and then you go round each farm helping the manager and the foreman out. And then you pick the dead up that have died overnight and do like a bit of general maintenance...

It is telling to compare this with his description of his old job at AA, where Geraint gives an account of his highly skilled working life:

They used to make the metal in the Pot Lines and then you cast it into the ink that is the cast house and I was a crane driver and tractor driver, it is a mechanical equipment operator but then I was mostly casting then as a caster. So that was my job, doing the casting of the metal.

Sheer pragmatism is a key characteristic of interviewees in this 'make do and mend' category:

I think that if you want to work there is work there. It might be crap but a job is a job these days ... All it is is paying the mortgage and that is it...I can turn my hand to anything.

(Geraint)

The findings from discussions with ex-workers at AA support the need to adopt a wider 'eco systems approach' and reject simplistic human capital theory prescriptions. Even after the AA workforce availed of re skilling and re training, there was simply not the local job availability, as ex-workers (and their families) were only too aware themselves:

(Interviewer) So, when you got told personally that you were going to be made redundant can you tell me how did you feel?

Geraint: I don't know, to be honest obviously I was devastated that I was leaving there, knowing that there was nothing else out there... Obviously then I used to go for training and try and learn a skill to try and do something else.

Emma (wife): There is nothing here, there is no building work going on is there so you're skilled but there is nothing going on is there.

Geraint: There is no point training as a plumber if there is no plumbing work...There is just nothing here to train for.

Geraint and Emma (wife)

Dave also feels that it is a 'buyers market' in terms of the island's labour market supply:

There's so many people on the island now who are tradesmen, electricians and maintenance fitters yeah, with ONCs, HNCs, they[employers] can get them now for the same price because they don't want to go on the dole and they will not say no. So the person like me who hasn't got HNCs, ONCs, doesn't stand a chance.

Discussion and Conclusion

A 'make do and mend' labour precariat

Structural forces unleashed by globalisation, financialization and economic restructuring, and neo-liberal political choices, have contributed to the human costs of deindustrialization in Wales and other regions of the UK. Existing research identifies particularly damaging effects on local labour markets when employers

close large workplaces in vulnerable regions like Wales, in the process leaving an empty space (Beynon et al., 2002; Gardiner et al., 2009; McKay, 1992). Focusing on the impact of redundancy at a large employer on Anglesey, Anglesey Aluminium (AA), the first research question considered how ex-AA workers experienced and responded to redundancy as a 'critical life event' (Gardiner et al., 2009). The overall spectrum of agency responses at AA is quite complex and varied. This reflects the quantitative background data, and also supports existing research by Gardiner et al., (2009).

The qualitative research findings show that the majority of ex-AA workers seeking work had found it. However, redundant workers are also moving out of the area to find new jobs, or taking less well paid jobs locally that are well below their skills level (equating to a pragmatic 'make do and mend' agency response to redundancy in difficult economic circumstances). Those who 'make do and mend' join what Standing (2011) calls the 'precariat', which comprises a growing multitude of insecure people, living bits-and-pieces lives, in and out of short-term jobs, without a narrative of occupational progression. We concur with Gardiner et al., (2009) that variability of individual worker responses to redundancy is shaped by the conjuncture of enabling and constraining contextual factors. For example, family ties and age are important variables affecting 'biographical availability' (McAdam, 1996) of ex-AA workers in relation to their perception of their job prospects: whether they move away or stay locally, whether redundancy 'came at the right time', or left them in limbo with high skill levels in a weak local labour market after a lifetime's employment with a single employer. The category of those who took early retirement but who may find they wish to re-enter the job market in the coming years also represents a significant 'unknown unknown'. It is the dynamics of structural-agency interplay that is important for understanding the variety of worker responses to redundancy.

Market failure of Human Capital Theory orthodoxy

The second research question was what are the implications for Human Capital Theory (HCT) and related policy orthodoxy? The qualitative and quantitative data shows that there are jobs available on Anglesey, but they are now mostly low paid and low skilled ones, and short-term contract and part-time work are core components of Anglesey's employment makeup. We found evident erosion of human capital as people move to jobs where their highly developed skills are not utilised. The gap between skill supply and job opportunities identified by the

qualitative data is highly significant. Whilst there is evidence of uptake of training resources and regional policy support initiatives from, particularly REACT, there is an identifiable gap between training provision and real work opportunities. This is starkly illustrated by the quote from Geraint and his wife Emma that ‘there is nothing there to train for’. There is thus an underlying structural problem on Anglesey relating to the low quality of job opportunities and levels of remuneration, which has been thrown into sharp focus by the closure of AA. Iestyn is very explicit about this:

What people tend to do is say, ‘well he has got a job, he is alright’, but there is a difference between actually getting a job in the field that you have been trained in which is the same number of hours and actually, you know, progressing your career and actually just doing a job for the sake of it because you have to.

Without better paid, highly skilled job opportunities for people to put their skills and training to use (and active interventionist policies to achieve this), the drift towards out-migration and brain drain will likely continue in regions like Anglesey that are comparatively ill-equipped to deal with the shockwaves from economic liberalization and financialization. The alternative option is for people to ‘make do and mend’ locally, join an expanding precariat, and compete for a dwindling supply of decent jobs.

One notable criticism of HCT stands out in this article: our evidence supports the broken promise of the ‘opportunity bargain’ due to underemployment of people often overqualified for the jobs available (Brown et al., 2011; Keep et al., 2010; Livingstone, 1997). It is clear from the research that many ex-AA workers face a paradox of overqualification and underemployment. This paradox cannot be adequately accounted for by HCT (Becker, 1976, 1993) and associated neo-liberal policy orthodoxy with its focus on enhancing skills supply and individual employability in a ‘flexible’ deregulated labour market (Leitch Review of Skills, 2006; Skills That Work for Wales, 2008). Under HCT, the expectation would be that when offered a more qualified labour force, utility maximizing firms will respond rationally to market signals by constructing higher value-added competitive strategies and increasing the number of quality jobs relative to poorer low wage ones. This utility maximizing equilibrium was not part of the experience of workers at AA. It points to a market failure of HCT orthodoxy, and the opportunity bargain endorsed by neo-liberal policy-makers appears a broken promise (Brown et al., 2011).

Evidently, not all countries approach skill formation and jobs policy in the same manner as espoused by HCT and neo-liberal policy orthodoxy in the UK. In relation to how different country-specific factors impact upon skill, human resource utilization, and job creation, the varieties of capitalism literature informs us that there are still significant national differences between what have been termed liberal market economies (LMEs) such as the UK and Ireland, and coordinated market economies (CMEs), such as the Nordic countries, Germany, Netherlands (Author 1; Hall and Soskice, 2001; Hancke et al., 2007; Streeck, 2010). The core difference is that LMEs primarily rely on market arrangements to regulate activities relating to industrial relations, training and skills, corporate governance, inter-firm relations. CMEs more commonly use non-market institutions and involve a broader range of stakeholders to regulate these activities (Gallie, 2007). For example, institutional differences between CMEs and LMEs generally lead to different skill formation and job patterns. The stronger employment regulations/protections and stronger unions present in CMEs (compared to more laissez faire LMEs) seem to provide more incentives (and pressures) for employers to invest in training and up-skilling, focus on job quality, and reduce polarisation of labour market opportunities, and make it more difficult to hire and fire workers.

An issue here is that more coordinated economies like Germany and Finland are better placed than liberal market economies by virtue of having in place an integrated institutional and policy framework supporting the national 'skills eco-systems' approach outlined by Finegold (1999) and, more recently by other researchers (Brown et al., 2011; Bryson, 2010; Gallie, 2007; Keep et al., 2010; Keep and Mayhew, 2010). The task for researchers and policy-makers is to consider how these eco-system factors interact with each other and impact upon human resource capability and job outcomes in different contexts (Keep et al., 2010). Our findings at Anglesey Aluminium contribute to knowledge by indicating that skill supply policy orthodoxy informed by Human Capital Theory cannot work in a 'silo' disconnected from a wider coordinated eco-system approach. The effect of following HCT policy orthodoxy at AA has been market failure: a paradoxical disequilibrium of overqualification and underemployment. The fulcrum of a skills eco-system would require a coordinated state interventionist industrial policy (strategically focusing on supporting innovation and job quality in high-value added sectors like the green economy) as a corrective to the market failure generated by HCT approaches and neo-liberal policy orthodoxy.

There are tentative signs that Anglesey Council may be thinking along similar strategic interventionist policy lines:

Our key priority was to ensure that as many of those individuals were in employment, one priority locally but if not, actually that they got employment somewhere rather than became redundant, if you like, and at home. ...So we looked at it two ways, the short term, which was the assistance and the advice etc and then longer term, (that is when you start turning it into a strategic development issue then), which is more associated with what is the direction of the economy in terms of creating new opportunities. Which is where the Energy Island came in.

(Iestyn)

The 'Energy Island'^{ix} concept referred to in the quote has a strategic vision for Anglesey as providing a mix of different (renewable and non-renewable) energy sources including wind and wave, a second nuclear power plant and biomass. Strategic policy-making along these lines will be a necessary antidote to the deindustrialisation and precariousness experienced by ex-AA workers and others in regional communities like Anglesey.

To conclude, this paper makes a number of contributions to knowledge. First, we found that ex-AA workers have a spectrum of individual experiences of and responses to redundancy as a 'critical life event'; which are shaped by a conjuncture of enabling and constraining contextual structural and agency factors (Gardiner et al., 2009). One notable response is to pragmatically 'make do and mend' in response to difficult economic circumstances, as ex-AA workers found themselves part of the expanding labour 'precariat' (Standing, 2011). Second, ex-AA workers are suffering decline in human capital as they are no longer able to use their (non transferrable) specialist skills and are thus taking low skilled jobs. Third, even when they re-train and take up new skills there are simply not the quality jobs available so they still have to take low skill jobs. This has revealed a paradox of overqualification and underemployment. Fourth, we have argued that this disequilibrium between qualifications/re-training and job opportunities constitutes a market failure of Human Capital Theory, and - as Brown et al., (2011) suggest - a broken promise of the opportunity bargain espoused by neo-liberal policy-makers. Finally, we have argued that a coordinated skills eco-system approach is required as a corrective to HCT prescriptions and associated market failure.

Notes

ⁱ http://news.bbc.co.uk/1/hi/wales/north_west/8281699.stm

ⁱⁱ <http://www.wiserd.ac.uk/about-us/wiserd-research-themes/data-collection-in-a-number-of-welsh-localities/>

ⁱⁱⁱ Source: Annual Survey of Hours and Earnings

^{iv} Source: national statistics

^v <http://wales.gov.uk/topics/housingandcommunity/regeneration/communitiesfirst/?lang=en>

Communities First is the Welsh Assembly Governments' regeneration scheme for communities identified as 'most deprived' on the Welsh Index of Multiple Deprivation

<http://wales.gov.uk/topics/statistics/theme/wimd/?lang=en>

^{vi}

<http://wales.gov.uk/topics/educationandskills/skillsandtraining/reactemployers/redundancyaction/what/?lang=en>

^{vii} Source: Anglesey County Council

^{viii} Biographical availability is a concept drawn from social movement theory and relates to theories of mobilisation; McAdam (1996) notes that people take part in protest activity when they have high levels of 'biographical availability'; when they are young, so they generally have no children, mortgage, family care responsibilities- and are thus able to spend time developing social networks and to bear the significant costs of high risk activism.

^{ix} <http://www.anglesey.gov.uk/business/energy-island/>

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