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Social Network and Flexibilisation of Labor Market\*

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I. Introduction

One of the central problems of the economic, political and social transformation that has been taking place since 1990 is unemployment. In Hungary, the number of unemployed people rose by 10% in two years (from 2% in 1990 to 12% by 1992). The unemployment rate stabilized after this quick rise at about 12.5%.

Unemployment in Hungary is characterized by three peculiar traits.<sup>1</sup>

First of all, we must mention the long duration of unemployment. In one and a half to two years several tens of thousands did not find work. Since the time to utilize the welfare services for the unemployed had also expired during this period, these people automatically dropped out of the welfare system.

Second, we should stress the territorial imbalance of unemployment rates. The country is split into two from southwest to northeast, and in the inner districts of some eastern Hungarian counties the level of unemployment has risen to above 40%.

Third, 25% of unemployed people in Hungary are ethnically Gypsy. Almost half of all Gypsies are unemployed, on top of which they generally live in areas where both industrial and agricultural conditions are unfavorable.

Parallel to the boom in unemployment, state institutions servicing the labor force developed. The current structure came into existence after several corrections and legal regulations.

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<sup>1</sup>Köllő János: *Background Paper on Unemployment and Unemployment-related Expenditures*. Budapest, 1993. The Blue Ribbon Commission.

We can distinguish two types of state labor market policy means, the so called passive and active means. We call the system of unemployment welfare benefits passive means, while the active means include all labor market programs aimed at improving or correcting the qualifications of the labor force (training, retraining), helping in the creation of new jobs or increasing the chances of certain social groups / layers in finding employment.

The means of state labor force policy are similar to the equivalent western European institutions both in their names and financing systems, especially to the German system, which is considered the main model. Consequently, passive means are based on the principle of social insurance, and active means are determined according to the agreement of labor market partners, although the main financial source for these programs is the state budget. (Mainly the income resulting from privatization.)

The political institutions of state labor market policy -- according to the results of several research groups <sup>2</sup> -- are ineffective. These means have been unable to influence changes of the unemployment rate, and they could only improve the quality and qualification of the labor force by the exclusion of certain groups and at great cost. Contravention of the national employment policy remain a major source of political conflicts, the reform of this policy is therefore very much on the agenda.

However, the real question is whether the transformation of state labor market policy means will really solve the problems? Looking further: are the means of state labor market policy enough to decrease unemployment and to stop the unfavorable trends of labor market?

Our doubt is based on the experiences of several western European countries.<sup>3</sup> These experiences show that the crisis of state labor market policy is neither a temporary phenomenon, nor the result of an accidental coincidence of specific conditions, but an inherited illness that originates mainly in the

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<sup>2</sup> Timár János: *In the last four years productivity has further deteriorated* Népszabadság, 9. May, 1994.

<sup>3</sup>Axel Deeke: *Informelle Beziehungen auf dem Arbeitsmarkt*. Campus Verlag, Frankfurt / New York. 1990.  
Didier Demazière: *Le Chomage en Crise? Universitaires de Lille*, 1992.

existence of state institutions and in the essential nature of all labor market policies.

We will come back to this problem later in the present paper. The question posed above, however, remains valid, since this is the question people -- unemployed and employed alike -- asked themselves, when they decided to fight unemployment. In 1990, when the research constituting the basis of this paper started<sup>4</sup>, the country was abounding with reform ideas which tried to find the remedy to unemployment in a way which got around state labor market policy. Many of these ideas became reality, today they function as labor market institutions.

Our paper aims to describe the forms of self-governed, "grass roots" organizations and non-governmental institutions created by citizens, unemployed and employed alike. Naturally this does not mean that the state is a neutral element in these organizations or that representatives of state labor market policy would not be present in some of them. However, even if they are, we can not speak about state institutions, since state participation does not affect in a relevant way the functioning of these ventures.

According to the hypothesis of our paper -- and our research -- these non-governmental labor market institutions are such innovative forms of the labor market that function in a way completely different from the logic of state activities. The difference results mainly from the fact that in these self-governed organizations the main role is played by the network of social relations among members and/or initiators instead of the bureaucratic, in many cases highly hierarchic official structure.

The organizations based on a network of cooperation consequently have a greater ability to innovate and seem therefore to be more suited to establish flexible labor market processes than the agencies of the state labor market policy.

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<sup>4</sup> The title of the research: "Conflicts resulting from the transformation of the professional structure and methods of solution." The research is supported by the Hungarian OTKA Committee

## II. The different types of self-governed organizations

Before providing a more thorough sociological analysis, we have to become familiar with the main models of citizen initiatives. The types described are considered (and treated) as "ideal types" according to the sociology of Weber.

### II. 1., The collective model of becoming an entrepreneur

The essence of this model is that the (unemployed) initiators who have some potentially marketable ideas form a kind of club to create an entrepreneurial existence for themselves, first together, helping and managing each other, but later -- after the market entry -- separately.

The members must therefore have marketable ideas or entrepreneurial plans. However, there is a long way between the idea and its realization. There are many difficulties that a fired "wage-worker" has to overcome before becoming an entrepreneur.

Preparation for existence as a small entrepreneur is common work. However, the financing of the realization of the ideas depends mainly on the financial possibilities of the individuals. On the other hand it may happen that an already operating small enterprise (Limited) supports the ideas of the club members. In this case it will provide a loan for the preliminary costs and later receives its share of the profit.

### II/2., The individual model of becoming an entrepreneur

The other possibility for the unemployed is the individual way of becoming an entrepreneur. In this case the individual manages himself: estimating the marketability of his idea and establishing his market strategy is his private matter.

The person dreaming of life in business has to take every step on his own, although he might receive some help from advisory companies created specially for this activity. The advisors work mostly on a non-profit basis, although in many cases banks, ventures, foundations, insurance companies (that is market actors) may also support the activity of these advisory companies.

The usual process is that the unemployed person goes to the office of the advisory company, where he gets free advice. The patience is, however, limited: each individual has the right to two failures, after which he has to pay for the services of the company<sup>5</sup>.

### II/3., The model of collective communication

Unemployed people form small groups, where they try to interpret and evaluate their situation through collective discussions. They do not intend to start any enterprise, moreover, their collective action lacks all economic objectives.

The goal of this collective communication is to fight against the "lack of communication" resulting from their jobless situation. Dropping out of employment results in weakened social integration, that is what they would like to work on with these meetings.

The organizer of these gatherings may be, for instance, a job advertising newspaper, or the local government of a community or a city district.

### II/4., The model of civilized dismissal

This model was created in order to provide help during one of the critical moments of dismissal, the loss of one's working place. It has long been known that decisions taken behind closed doors and games played with words and human lives have an important role in the dismissal bargain. Firing actions may be an occasion for the management to show off its power, discipline its remaining employees and threaten those being fired in a way that may affect their employee behavior for the rest of their lives.

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<sup>5</sup> This model seems to be slightly different from the others, since it describes the individual possibilities of a person instead of a collective action by the unemployed. However we think that it is of a great importance. First, because this model is also created and operated by non-state institutions; second, because in some cases the company in question has been founded by a formerly unemployed person, who realized that becoming an entrepreneur needs training (and it may be a good business).

On the one hand, the program of civilized dismissal makes bargaining an open process. On the other hand, it may help rebuilding the confidence necessary for operating the work organization. It may also help in establishing cooperation between those becoming unemployed and the players in the local labor market.

The costs of a "civilized dismissal campaign" however are rather high. In the financing -- but only in the financing -- the state may also take part, by mediating international loans, while the operator of the program can be any of the labor market actors -- with assistance from appropriate experts.

### II/5., The model of unions

This model comprises all actions where the unemployed form unions in order to defend their interests.

Traditional unions were originally created by the employed. In many cases what remains of these initiatives is the general need to create an organization to defend the interests of the individuals, especially those becoming unemployed. Consequently the union of the unemployed wants to have the right of participating in decisions concerning them, taken by others -- the state or the unions of employers.

These unions are characterized by the traditional features of movement: small groups, high activity of the members and intense internal communication. They operate in a way that official and bureaucratic unions should envy, although the latter ones seem to be willing to ignore them.

These organizations are not necessarily called unions, they are as likely to call themselves association, organization or simply club.

### II/6., The model of job search

This model includes common activities centered mainly around employment mediating.

It is related to the model of unions, because in many cases it is the union itself that starts dealing with mediating employment, looking for jobs, placing (and answering) ads. This activity sooner or later becomes "professional", the union must therefore hire a qualified administrator. They keep records, collect

information, prepare lists and meet with companies, entrepreneurs, representatives of parties or local governments. Their organization may "grow up" to the level of official (state run) employment agencies.

We have seen cases where the state organization, slowly "drowning" in its welfare activities, delegated to the union of the unemployed the tasks of employment mediation and consequently the organization of the regional labor market.

#### II/7., The model of distributing new jobs

We include in this model those collective (mainly regional) bargaining processes, that belong to the social agreements related to the distribution of positions -- primarily newly created ones -- and the definition of working conditions.

It is a long process -- and a rare exception under the present economic crisis -- when an unemployed person finds a new job and proper working conditions. In some regions, where the especially difficult economic situation makes it impossible for the unemployed to become entrepreneurs, a rather limited demand for laborers has to be distributed. In the collective bargain of finding employment an agreement has to be reached in the question of who will stay home, who can work part time and who can work full time. In order to reach this agreement, all participants in the labor market must take part in the agreement process.

The function of this model is to provide, organize and manage the forums of this bargaining process. The circle of participants must not be limited to the traditional labor market actors -- unions, employers, the state -- but must include all potential organizations. Part of its novelty lies in this fact. Moreover, this model may establish the basis for a new, complex, local and regional labor market policy, or may find practical solutions which have never before been developed.

The soundness of its financial background depend on the one hand on the resources available to the partners, on the other hand on their willingness to make sacrifices.

#### II/8., The model of human capital investment

We include in this model all those retraining courses which are created, organized and operated by individuals or non-governmental organizations.

At these courses participants are taught trades currently missing from the official educational system, and trained to assume jobs like for instance: social workers, managerial assistants. Students of these courses are unemployed and generally young people, since this is the social group most endangered by unemployment. The financial structure of these courses is very diverse. Some of them are financed by state funds created for this purpose or by special support received by application from national employment programs. Training as an enterprise may be profit-oriented, or may be done on a non-profit basis.

At the end of the training process -- having learnt a new and rare profession -- the unemployed may return on the labor market with considerably improved chances. In many cases, the organizers' wide networks of social relationships ensure that the unemployed find proper jobs in their new trades.

#### II/9., The model of supporting the underprivileged

This model includes the different forms (activities) of social -- or financial - support provided for disadvantaged unemployed people and their families.

The different "family help centers" and networks of social workers soon became aware of the fact that the appearing unemployment endangers principally their clients. Their reaction to this phenomenon was the immediate widening of the scale of their services and the involvement of new groups into their welfare network. Appropriate to the burdens unemployment places on the families, besides social care they include psychological advising and new forms of family therapy in their work.

The network created mainly for handling social (welfare) problems handles its additional tasks on the basis of its existing financial resources. The expertise and experience of the social workers provides relevant help for families that are in many cases definitively excluded from the labor market.

## II/10., The model of company care

This model includes the initiatives of those companies where the management itself tries to provide its dismissed employees with psychological -- sometimes financial -- help.

In this case the initiative comes therefore from the management of the company, where the dismissal takes (or took) place. It often happens -- especially in rural areas -- that the management of the company does not dare to behave too "rudely", dismissal is therefore embedded in a "caring", basically paternalistic social policy.

The interest of the company's management often coincides with that of researchers (sociologists, psychologists) who are themselves in a deteriorating situation and are therefore willing to undertake -- as "hired hands"-- the management of the company's social policy. In this work based on the traditional methods of social policy, in addition to advising they use a wide range of active methods of social sciences (group therapy, case studies, situation analysis). The basic principle of all these actions is a consciously undertaken humane company policy.

## II/11., The "and the last shall be first" model

This model is aimed at helping the disadvantaged. In the framework of this model Gypsies are trained for farming, local entrepreneurs offer outwork for women or disabled persons who will never be able to integrate into the world of organized employment.

Without the functioning (or revival) of the network of local communities this model is not viable. It may be impeded by a mayor, hostile towards Gypsies, longtime conflicts among the traditional "leading families" of the village or the newborn hostility resulting from the auctions resulting from the national compensation process.

Local community members must cooperate, and have a high level of tolerance, the willingness to learn new things, dare to start again from the beginning as well as endure failures for this model to succeed.

## II/12., The illegal model

The main characteristic of this model is the rejection of the organized labor market institutions.

For the actors of this model unemployment benefits are only considered a supplement to incomes gained in the second or third economy, or in illegal work done abroad. At the same time, the welfare replaces their former wage to some extent, being the only stable income, a fixed monthly amount.

This is a strange world, about which we will hardly know more in the future, since collecting information is actually dangerous.

What we do know however, is that the society of illegal labor market actors is rather diverse in many aspects. The so called "human markets" operating at dawn on the main squares of Budapest are parts of it as well as people living close to the western borders, who get in the car early in the morning and head to Austria.

The wages of illegal jobs differ a great deal from each other and the logic of the different networks of "employment agents" is also hard to compare.

## III. Explanatory models

Having introduced the main types of organizations -- models -- we are going to describe the main theories aimed at explaining how these could come to exist and how their sociological character may be described.

### III/1., The aspects of social stratification

The starting point of this explanatory model is the layer and group structure of society. Consequently, this theory traces the different forms of civil organization back to the common social group of the participants, and to the common characteristics of the specific social layers. It therefore considers these organizations to be "layer-specific", and their structure and functioning to be the direct result of the founders' social position.

This explanatory model no doubt contains some elements of reality. In the organizations helping their members to become entrepreneurs, for instance,

intellectuals and highly educated individuals (with at least one university degree) are overrepresented, while in those supporting the disadvantaged unemployed we see mostly former unskilled workers with little or no education.

Nevertheless, in the majority of civil organizations, no specific social stratification may be revealed. On the one hand most of these initiatives are just the symbol of cooperation among different groups and social layers, on the other hand the subject of these activities is in every case the "unemployed individual", regardless of which social group he or she belongs to.

*"There were some who just started to cry, because they heard a normal human word spoken to them. Because rudeness often blocks one's tears. And we already know how it is. The Employment Agency -- however good our relationship is with it -- is just another office, and this is an association. When someone here sits down on the chair, he is our fellow, whether he is a professor or an unskilled worker"* (Organizer of a country association)

### III/2., The crisis of traditional labor market institutions and state labor market policies

Different studies on labor markets, and labor market policies reveal a double crisis: on the one hand the crisis of the actual institutions of the labor market, on the other hand that of the state labor market policies.

Relevant literature noticed the crisis of the classic labor markets already in the fifties. Clark Kerr wrote for instance about the "balkanization" of labor markets, that is the disintegration of traditional (neoliberal or simply liberal) labor markets based on the balance of demand and supply. (Kerr, 1977.) Facts of the fifties' critical analysis have been confirmed by research done in the sixties and seventies. These studies proved the segmentation of labor markets (Sengenberger, 1975.) and described the distinct specific internal structure and dynamics of the different labor markets (Doeringer-Piorre, 1971.) The irrelevance of the classic (neoliberal) approach towards labor markets has become obvious by today, thus certain authors speak about "knowledge-markets" or "trade-markets" ("les marchés professionnels", Marsden, 1989.) instead of using the term "labor market".

Much empirical research informs us of the crisis of state labor market services and their institutions (e.g. Günter Schmid, 1987.) The facts revealed prove that the state is less and less able to effect the developments of the labor market, the most important tendencies have therefore been driven out of the view and authority of the "classic industrial partners", especially the state policy.

The crises of labor markets and state labor market policies are naturally far from being independent from each other. The reason for this interdependence is that the institutions of the state labor market policies have been based and built on the classic labor market model. That is, on the hypothesis that demand and supply can be directly regulated by society. (See appendix)

Today real labor market tendencies have departed considerably from the supposed logic of this model. One of the consequences of the development of segmented labor markets is the fact that today there exists nothing but partial labor markets with specific laws of demand and supply. As a consequence institutions, supposing the existence of a homogenous, interchangeable labor force that can be transferred anywhere, have simply lost touch with reality. The situation is further complicated by the fact that social actors in the individual partial markets (unions of employers and employees) are also rather different from each other, and thus the political consensus of traditional labor market policies (assuming the existence of the so called big industrial partners) also does not function very well.<sup>6</sup>

According to the explanatory model, starting from the crisis of labor markets and state labor market policies, the non-governmental labor market movements and organizations are the consequences of this double crisis. The history of western European unemployment movements seems to confirm this statement. In the history of these societies it is provable that civil organizations and movements were born from the crisis of the social integration systems (Rolf. G. Heinze (editor), 1984.) In many cases, social groups assisting movements of the unemployed took up problems that had long been neglected or unsolved.

<sup>6</sup> Piorre, J. M. - Sibel, F. C.: *The Second Industrial Divide. Possibilities for Prosperity.* New York, 1984.

Heckscher, H. C.: *The New Unionism. Employee Involvement in the Changing Corporation.* New York 1988.

However, the model described above may only be applied partially to Hungarian development. One of the reasons for this divergence is that until the end of the nineteen eighties (for well known political, economic and social reasons) neither the labor market known in western European countries nor the state labor market services existed in Hungary. As a consequence, state and civil labor market institutions were developed at the same time, and established in parallel to each other. In other words, it was not the crisis of labor market institutions and state labor market policies that called civil initiatives into life, but something else. Some inherent mistrust towards the state, perhaps some inherent logic of action independent of the state. The inefficiency of state labor market policies, the more and more obvious impotence of these institutions only confirmed the conviction shared by the members of these movements that they were on the right track.

At the same time, studies examining the Hungarian labor force situation already noticed at the beginning of the nineteen eighties the outlines of a segmented labor market system (Galasi (editor), 1982.; Köllő - Fazekas, 1990.). This diverse and segmented system certainly makes it very difficult to apply the network of state labor market institutions established after 1990 and created on the basis of the traditional western patterns.

This asynchronism might also explain the low level of efficiency of the network of state labor market institutions. In any case, leaders of the state labor market services just as those of international organizations (ILO) seem more and more to consider civil movements and organizations initiated by the unemployed and other citizens a potential way out of the present crisis. <sup>7</sup>

### III/3., The explanation of "civil society"

During the times of political change at the beginning of this decade, many studies tried to interpret the transformation of societies in central-eastern Europe as the dualism of "civil society" and "political society". (Dittrich, 1992.; Gáthy, 1989.)

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<sup>7</sup> Clive Sinclair : *Consideration of Alternative Institutional Arrangements for Implementation of the Employment Policy of the Government. ILO Project on Employment Policies for Transition in Hungary 1993, November.*

According to these studies central and eastern European societies have to face a serious deficit, the lack of "civil" social initiatives. This deficit results on the one hand from the fact that the communist state (and party) suppressed all such initiatives, and on the other hand, from the economic and propriety structure's lack of private property and private capital making the establishment of private societies impossible. According to their point of view, the essence of the changes must therefore be the establishment of the "civil society".

In this framework the initiatives of unemployed and employed citizens are obviously the signs of an awakening self-consciousness in the reviving civil society. They are part of the learning process required by the development of a democratic and not state-oriented society.

Problems in this explanatory model become apparent as soon as we try to separate the initiatives of the unemployed from other organizations functioning in a civil society, e.g. unions or churches. In this case, it is not enough to say that initiatives and actions of the unemployed and other citizens are basic elements of "civil" society. The less so as non-governmental labor market institutions are somehow related to already existing state institutions. On the other hand, with this statement we have described neither the values, norms or motivations of the participants in these movements, nor the structure or functioning of these organizations.

We are therefore convinced that in the analysis of the non-governmental movements -- besides recognizing their "civil" social nature -- we have to go further and understand primarily the internal social relations of the different organizations. According to our hypotheses the participants in these movements may be differentiated from those of other "civil society" movements mainly by the shaping and forming of their collective relationships.

### III/4., The explanatory model of "social capital"

The central element of this model, elaborated by Pierre Bourdieu, is the concept of "social capital" (Bourdieu, 1983. pp. 190-191).

According to Bourdieu's definition it is capital that originates in the association with a given group (or in the possession of the group's network) and that may be exchanged for other institutionally separated economic or

cultural capitals. These exchanges are shaped and regulated by different (institutionalized) social mechanisms.

The exchange between economic and social capital is rather rare, says Bourdieu. It happens much more frequently that social capital is "changed" into cultural capital.

Transformation between different types of capital may be affected by the behavior of the holders of social power. It may occur that certain methods of transformation are prohibited by those holders or they are simply monopolized by certain social groups. In these cases the possibility of transformation into cultural capital gains a special importance. Moreover, the distribution of cultural capital determines more and more the reproduction of social structure. (Bourdieu, 1983. p 198) As a consequence, in cases where the circulation of capital is hindered, possessing social capital may be of outstanding importance. In other words, belonging to groups, possessing the group networks may effect the method and strategy of the reproduction of the entire social structure.

Social capital may never be independent of the markets of the economy or culture, since its essence, reason and function lie precisely in its convertibility. By means of its convertibility, social capital may produce multiple profit (material or symbolic). Its role as a "multiplier" is based on the solidarity institutionalized in belonging to a group.

The social network operating in the background of solidarity is neither a natural, nor a social condition. This network has to be established, maintained and renewed, and all this requires considerable investment. This investment -- the work of institutionalization -- depends on intentional or spontaneous, individual or collective strategies related to the system of social relations. Accidental or inherited social relations -- e.g. neighbors, relatives -- may also constitute a basis for the investment of social capital. The spontaneity of these must however be deliberately built into the investment strategy (for instance by offering presents).

Social capital requires (mutual) acknowledgment from the social actors. This acknowledgment provides its symbolic value, just as its possibility of being converted into something else. This convertibility, however, is limited, this limit being constituted by the acknowledgment of the social relations network of the group or the owner of the capital.

The reproduction of social capital assumes "uninterrupted relation-building". The mutual social recognition must constantly be renewed and this requires the investment of money, time or other important material capital.

Bourdieu's model proves very useful for understanding the historical development of Hungarian society and consequently also for the explanation of the non-governmental labor market movements and institutions.

According to our general sociological hypothesis<sup>8</sup> in the nineteen sixties and eighties Hungarian society successfully utilized the type of social capital described by Bourdieu. The establishment of the social capital network is explained by a number of socio-historical factors.

We think in the first place of the so called "reform-socialist" economic and social management strategy that has gradually spread through Hungarian society since 1968. The main point of this is that -- within certain limits -- it was possible to establish a certain economic and social integration independent from the state (and politics). Consequently, by the nineteen eighties new types of social integration schemes had been created such as the so called "second economy", which did not follow the state or market logic, and a number of social integration organizations built on this economy, which were called "second society" by Hungarian sociologists<sup>9</sup>.

Both the second economy and the second society were established on the basis of the historically inherent relationships of the actors, that they had successfully kept out of political control, such as "family enterprises" in agriculture, circles of friends in the company work group, acquaintances at purchases and sales. The basis of the seemingly confusing network of these

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<sup>8</sup> The relevant literature also confirms our hypothesis. See: Makó Csaba - Simonyi Ágnes : *Társadalmi terek és az autonóm cselekvés lehetőségei (Social spaces and the possibilities of autonomous activity)*, Budapest, 1990.; Szelényi Iván: *Harmadik út? Polgárosodás a vidéki Magyarországon (Third way? The development of the middle class in rural Hungary)*, Budapest, 1992.

<sup>9</sup> See: Hankiss Elemér: *Diagnózisok I - II.*, Budapest, 1982. Kemény István: *Szociológiai írások (Sociological studies)*, Budapest, 1992, Gábor R. István - Galasi Péter: *A második gazdaság (The second economy)*, Budapest, 1981.



transactions was formed by the relationships, the representation of the group the individual belonged to.

Second, we have to mention the fact that although slowly, by fits and starts, the reproduction of private society has also started. To be more precise, through the remaining families, groups of relatives and acquaintances, the lifestyles and cultural values took shape, which defined the way of life and thinking of the great part of Hungarian society. From these formations politics, ~~just as~~ the state and (in a ~~certain~~ period strongly forced) communist-socialist values were completely excluded.<sup>10</sup>

Third, we have to point out the strange coexistence of trust and distrust, which resulted in a contradiction sometimes difficult even for the observer to interpret, i.e. distrust of the state, but trust in private relationships and in the participants of family or acquaintance networks. Since everyone had long historical experiences proving that nothing good ever came from the state, an erosion of state institutions and values started. The attitude gradually spread, that one must use all services -- benefits, welfare etc. -- provided by the state, while state rules and regulations may be deliberately ignored. (This is the reason for the low tax-moral, the insecurity of civil law norms, etc.)

The trust in private relationships, friends and relatives that took the place of the distrust in the state was not, however, able to create a new social integration system. More precisely, these networks did not combine to form a "society", they remained secondary, local configurations.

Pierre Bourdieu's model offers many more useful aspects for our analysis. In Hungarian society relations and group membership were, for instance, also convertible into economic capital or cultural advantages, just as in the model described by Bourdieu. Moreover, these were the relationships that in reality operated the economy, since every other kind of capital accumulation was "prohibited". Thus they provided the only possibility of trade necessary for the

<sup>10</sup> This phenomenon was confirmed by several researches: Kapitány Ágnes - Kapitány Gábor : *Értékrendszereink* (Our value systems), Budapest, 1983. Losonczy Ágnes : *Életmód az időben a tárgyaktól és az értékekben* (Lifestyle in time, objects and values), Budapest, 1977.

functioning of the economy.<sup>11</sup> This "accumulation of the social capital" became visible after the political changes in 1990, when the disappearance of legal and political obstacles made free conversion into economic capital possible.

Members of Hungarian society were therefore proficient in the work of "uninterrupted relation-building". In reality this strategy -- being an indispensable element of social capital accumulation -- was the main life experience, historic conditioning and socialization pattern for many generations. The important role of networking in the learning process was proved by many empirical facts in the relevant literature of pedagogy, sociology of education and sociography.

After examining the above described explanatory models we may conclude that the initiatives of the unemployed and other citizens are those social configurations of the labor market that represent by means of the cooperation of different social groups the awakening self-consciousness of civil society. On the basis of considerable social capital investments these organizations are suited to correct state labor market institutions and create new types of institutions.

In the last chapter of the present paper we are going to describe, by means of micro sociological analysis of these movements, the functioning of these networks and the relationships existing among the participants. While examining the social networks, we are also going to refer to the above described socio-historical processes.

<sup>11</sup> Kolosi Tamás writes about this as follows: "... transmitting culture is the most important factor in the reproduction of social inequality...other social advantages function as real social advantages only if they are convertible into culture and related ways of life and if they are indeed converted" Kolosi Tamás: *Tagolt társadalom* (Divided society), Budapest, 1987. /pp. 222;341/

#### IV. The non-governmental institutions of the labor market as social networks

##### IV/1., The most important aspects of the network analysis

The last chapter of our paper describing non-governmental labor market institutions will be based on the following aspects of network analysis:

We will consider non-governmental labor market institutions as systems of action by the participants, in which on the one hand the actors are important points of reference for each other, and on the other hand, relationships existing among them are constituted by regular -- standardized -- behavioral and motivational patterns. (Knoke - Kuklinski, 1982.)

The relationship among the actors, as a social network, consists of special types of relation between persons, objects and events. These relationships may be arranged in a number of different special networks, the common elements of which, however, always remain the "network focal points" which connect them with each other.

The structure of the relations between the individuals and their position within the network have an important effect both on the specific units and on the entire network system. (Mitchell, 1969.)

Membership in voluntary associations links the individuals in several social networks. We might mention primary and secondary networks, those connecting people who already know each other and those introducing people to each other. These relationships function on different levels, their intensity depending on the joint effect of several social conditions.

The systems of relations within the networks may be classified in zones with different parameters. (Kadushin, 1974.) The different zones and network circles may include different interactive, or goal-oriented activities. For instance the so called "integration circles" are the "scene" for collective emotion-flow and working out experiences, and as such, they are generally connected to specific social configurations (institutions).

Human relationships arranged into networks and socio-structural relations built on these play an important and irreplaceable role in the movements of the labor market. (Granovetter, 1974.) The "strength of ties" between individuals connected to a network is also of great importance. Under different conditions -- levels of unemployment different in space and time, special

characteristics of specific profession-groups etc. -- weak and strong ties affect in different ways labor market movements and job searching habits. General experience proves however that "bridging weak ties" play an important role in finding employment.<sup>12</sup>

A high level of unemployment most likely creates strong ties instead of weak ones. Those organizations involving a high level of mutual trust also correspond better to the norms of formerly existing "reciprocity networks" between specific concerned social groups. (Lomnitz, 1977.)

Human relationships in institutionalized networks differ in strength. It is sometimes the dominance of "weak ties", in other cases that of the "strong ties" that serves best the efficiency of the organization. It is therefore very important to analyze the dynamics of these groups and organizations.

We have not mentioned all theories of the relevant sociological literature, since our aim is only to find starting points to help us go a little further in the description of non-governmental labor market institutions.

Since we did not have the means to carry out a truly thorough examination of this field, we are going to restrict the following description to the example of the "Association of Unemployed and Job-Seekers"

##### IV/2., The example of the "Associations of Unemployed and Job-Seekers"

The unemployed first started to organize in their local communities, especially in bigger towns or in regions particularly afflicted by unemployment. The first social associations were created with 15 to 50 members and were registered by the court as independent legal entities. According to the law on associations no one but the members has the right to intervene in the internal functioning, structure or financial management of the association.

As independent legal entities, these associations created a national federal organization in 1992, which could be rather described as a loose network of

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<sup>12</sup> Granovetter: *The Strength of Weak Ties. A Network Theory Revisited*. In: *Social Structure and Network Analysis*. (ed.: Marsder - N. Lin.) Sage, Beverly Hills 1982.

information and coordination. This network works in a decentralized way, keeping decision making authority at local level.

We have only contradictory information about the number of the associations and their members. One of the people we interviewed in 1991 spoke of 60 associations operating in the country, with about 35.000 members all together. The number of associations seems to be accurate according to the legal registrations. (In 1991 13 of them worked in the capital and 47 in the countryside. The distribution of the associations within the counties is rather uneven, for instance 10 in one county, but only 2 in another.) If we estimate the number of members at about 200 persons, that means 12.000 in the entire network. This is only 2.8% of the number of unemployed in 1991, and if we estimate the number of active members -- organizers, those responsible for job searching etc. -- at 20-30 persons per association that does not even constitute 1% of the entire unemployed population.<sup>13</sup>

#### IV/2.1., The formation of the associations

What motivated the establishment of the associations? There are several answers to this question. One of them is that since at the state employment agencies *"There isn't time to comfort people or give them more detailed information, we have to do this."* (Founder of a provincial association) This motivation therefore sees the elimination of the bureaucracy's lack of services as essential. Tragedies occurring within the ranks of the unemployed also threw light on the irreplaceable importance of human caring. *"One kid killed himself at the beginning of the founding of the association. He couldn't take it any longer and he went crazy. This happened just at the beginning of his second year of being unemployed, and this is one of the most problematic periods. The suicide immediately caused a crisis at the outset, but in the end we all learned the lesson."* (Founding member of a provincial association)

Another motivation refers to the above-cited "common fate".

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<sup>13</sup> The network of associations we have examined is naturally only one of the several non-governmental unemployed organizations. The total number of the participants is however still well under 10% of the unemployed population, about 2% if we count only the active members.

*"The whole thing started because of the fact that each one of us had become unemployed, and after several attempts we realized that individually it was impossible to handle and improve our situation. However, if we experimented with some sort of organizational form, then we would have a chance."* (Founder of a provincial association)

The foundation is much more conscious than would normally be expected in the case of the unemployed -- whom the specialist literature often describes as a group resigned to their fate. It is the manifestation of this consciousness that the organizers immediately think of associations, and in this way they "leave nothing to chance."

*"We wanted to establish a direct, well-operating association. We could have done immediately, but instead we gathered information all summer. We also publicized it, so that as many people as possible would come. We were very amazed when fifty people showed up at the formation meeting. All were unemployed, from different professions and age groups. We didn't know half of them, we hadn't even spoke with them before-hand. But it was too late to back out, and we formed the association."* (Organizer)

The foundation of an association was usually preceded -- as our precious interview excerpt showed -- by a longer period during which the "founders" made inquiries and mobilized themselves. Not only did regulations force them to do this (as opposed to our interview subjects information, an association cannot be founded with less than 15 people), they couldn't have even imagined the establishment of the association otherwise. The inquiries covered the state employment agencies, political parties as well as local governments.

*"A few of us got together, we discussed things and everybody liked the idea. Then we went to a meeting/event where we met similar people, and this made us even more determined. ... We tried to begin building contacts with people who work in the employment field, if they really thought they could help us in this matter."* (Association organizer)

*"...In our work, we would like to lean on the members working in our association. But we would also like to reach those professionals living in our town. They would be the leaders of our professional circles and clubs. They must be found, and we must believe that this is going to work."* (Provincial association organizer)

*"At first we joined neither parties nor professional organizations anywhere. We wanted to represent the unemployed as an impartial organization. As president we elected Feri, ('uncle Feri'), who had been everywhere -- even to Pest -- so he had good connections. Alongside him we selected a 4-5 member board, which had to maintain relations with the members."* (Member of executive board of association)

So the foundation on the one hand utilized already-existing connections and personal acquaintances, while on the other hand it became the beginning of a period of conscious contact-building. It soon became clear that one of the associations' most important partners would come from among the political parties, while the other would be the employment agency itself. The "official" contacts, however, were woven into the network of personal acquaintances.

*"The MSZP (Hungarian Socialist Party) helped in the formation of the association...We received from them office space, where we meet twice a week; besides this someone can always be there on duty. They gave us a phone line, which is extremely important, and an annual allotment of 10.000 Ft for mailing costs and other expenses of this type."* (Association treasurer)

*"We assembled our data bank from several channels. The most important of these was our own circle of friends and acquaintances. Our contacts working in the Employment agency, in the personnel department of companies, for the press -- mainly at county newspapers -- and for the city television station gave tips about vacant positions, who was needed where. I would stress that are in direct contact with the companies, so we can see these jobs crystal-clear as well. It's not the same as if a worker from the Employment Agency keeps in contact with the companies from the office."* (Association organizer)

The development of contacts was facilitated by the fact that the associations were established on a wide social basis. Thus everybody brought his own contacts, and background.

*"A member doesn't necessarily have to be unemployed. It is enough if he/she is beginning a career, looking for a job, but he can be retired as well. If someone used to be a member, but in the meantime has found work, he can also be a member. At first we had a stipulation that only Hungarian citizens could be members, but this is no longer the case. if someone has a work permit in Hungary, he can be a member. We recently placed with great*

*success some Arab guys as errand boys."* (Organizer of an association in the capital)

*"Deciding who will do what in the association depends on what kind of person comes into the association. the knowledge which he brings with himself and which we can use also depends on this."* (President of an association in the capital)

The tasks and goals of the associations have been articulated on many levels, most consciously by those who consider the protection of interests as the primary objective of their activity.

*"The main profile of the association is the protection of interests...The protection of interests is registered at the court, and this is included in our papers. But people also have to be represented somehow, because the trade union movement doesn't operate in this field."* (Executive member of a provincial association)

Besides the protection of interests the other important task is searching for jobs. It is true that their activity is parallel with the activity of the state employment agency. the parallel task divides the leaders of associations as well, since *"... in the opinion of many association leaders, we shouldn't undertake state tasks, nor should we look for workplaces, because if we do, then the state will rid itself of its obligations. There are others who ask: why should we stand around waiting for something to happen to us? Both are equally true, one association does this, the other does that."* (Federal organization charge d'affaires)

The job search is at the same time a network-building activity, and to give it up would be suicide. In many cases, unemployed people go to the associations' programs expressly because of the employment opportunity of associations. they trust that the association's nucleus will find an appropriate job through its connections. *"...First of all we tried to draw people closer...The attracting force was the news spreading by word-of-mouth that we could place people. Thus our number in this town rose to 400."* (Association organizer)

*"After the formation, the number of unemployed swelled. We announced in the local newspaper that at such and such a time we would have office hours. So many came that we couldn't leave. So then we changed everything, and now we're here eight hours a day, but even this way we can hardly keep up."* (Association founder, later social worker)

Contact-building later gradually turned into organizational work. The unemployed are recruited at the employment agency, and their acquaintances are also used in the interests of the association's success, with this the tasks of the association spread in a wide circle, and everybody who comes into contact with them learns of this.

*"We got the postmen to deliver our publication together with the welfare checks. After several runs, this worked also. In this way we found a couple of people who were willing to work with us... We were driving for this, and we were pretty persistent about it."* (Founder of a Budapest association)

*"When we founded the association, we were all sure of one thing -- somehow we had to find a way first of all to the local governments as well as to the unemployed. earlier I knew the committed people of the town, and I tried to make contact with these. they got to know us as people, because they knew us before professionally. Anyway, these were human contacts on the first place, sort of like making friends. But now it seems that it had to be done this way in order to reach later a contract of cooperation"* (Founder of a provincial association)

With their contact-building, the associations offer new opportunities for social integration to their members. They recognized that not only do the unemployed lose their source of revenue, their social contacts are damaged as well. therefore the association offers members an irreplaceable service -- human contacts.

*"Psychological problems begin when a person realizes how good it was after all to go into the factory, to see Maria or Pisti, with whom they could talk about each others problems. Now at home as an unemployed person, he is surrounded by four walls, and his relationships are broken of... Sitting at home, his loneliness drives him nuts ... he simply can't talk with people. he has no money for a newspaper, then he sells the color TV, and after that the black and white one, his radio stops working, but he can't get it repaired...Next comes the drinking. Tons of people have chosen this solution. Out of boredom he beats his wife and children, and so the family falls apart. Of the people who come to us, many are like this."* (Job manager of a provincial association)

It would be an exaggeration to claim that the founders and the nucleus of the association are guided by some abstract notion of love for one's fellow

man. They articulated their goals quite rationally when they stated the following about the purpose of the associations:

*"We're not here to do good or to wait for something good to happen. We're here so that we can live ourselves, and that's why we are able to give more assistance to others than they can get elsewhere. We try to fill those needs which we experience here and there."* (Executive of a national organization)

#### IV/2.2., The founders

From the previous excerpts taken from our interviews it becomes clear that somebody organized the associations. But who are these people, what kind of previous life did they have, what kind of contact network did they possess, and how and why did they attempt this job? The answer to these question is also important because in almost every association a nucleus or "old guard" may be observed.

Those in the first group have serious organizational experience.

*"My practical experience dates from the time when I was just starting out -- I worked as a club manager. For seven years I was manager of one of the best-operating clubs in the country seat. Armed with this experience, I dared to undertake what I did."* (Organizer of a provincial association)

People who worked for years as community "managers" also belong in this category.

*"I'm a veteran association-founder by now. I've participated in the founding of three associations, and this was one of them. I was a founding member here, I even took part in the first attempt, when we were only three."* (Social worker of a provincial association)

We list in the second group those people who worked in the field of employment and so this is why they undertook this. Their experience doesn't necessarily cover organizing smaller communities for collaborative efforts, but they compensate for this disadvantage with their professional knowledge.

*"In the fall of 1991 I worked in the employment department of the ZEBU company. I also had to sign the dismissal papers, and this was an awfully bad feeling...I tried to picture myself in their position, and I felt we had to help*

*these people somehow, or at least inform them what rights they have and what their opportunities are...This however was impossible within the company. This feeling of mine was reinforced by the course I took. It gave me lots of new knowledge about employment problems. So this is how the idea of forming an association came about."* (Organizer of an association)

The third type is unemployed himself, but has not resigned himself to his situation.

*"I came into contact with the unemployed people when I myself became unemployed. I have a degree in civil engineering and one in hydraulic engineering, and at the beginning of the 90's I worked at one of the construction companies as head engineer. During the course of political "cleaning up", I was dismissed as a "former leader", so I became unemployed...With the help of the retraining program I completed a manager-training course, and I also learned English well. I got myself some work too, but this only lasted until the frost came. So afterwards, in the fall several of my colleagues and I decided we would form an association"* (One of the organizers of an association)

The fourth type "steps out" of the local community and tries to organize within a larger framework -- regional or national. He might even export the pattern -- idea -- of the association to his home area.

*"There were a few of us in town who went to Debrecen, where there was already a well-running association, and so we thought we should do this too...I had already been in contact with people from here, we were all members of the Socialist Party. besides this, as a university student, through research I came into contact with many people who were somehow involved with caring for unemployed people."* (Organizer of an association)

The common feature of each group is the wide network of acquaintances. This can be local or national, and it may apply to politics or the economy.

*"I know a lot of people in town. I can establish contact with lots of people, much more easily than anyone else among us. I have lots of acquaintances not only in the town but elsewhere in the country as well, so I can go anywhere to anybody if something is needed. This has meant a lot to the association. These personal acquaintances speed up matters."* (Founder and current president of a provincial association)

*"I wanted to ensure that in the life and work of the association there would be continuity. I contacted the national alliance, then at a conference I got to know the job manager of the organization also. A good relationship developed between us, which resulted in the leaders of the national alliance coming down here to visit us for a few days."* (President of a provincial association)

*"Previous to this I worked in a recreational club as a manager. They didn't pay me, but it meant much more to me that I could reach more places than ever before. I ran into more important persons than ever before. Among these were, for example, a former Minister of the Interior, the secretary of the Parliament's social committee, and parliamentary representatives. I didn't know them before, but I had certain channels through which I could reach them. These connections are now paying off interests at the "Association of Job-Seekers". I could say we live off this."* (President of a provincial association)

Contacts, however, if not paired with certain other abilities, are in themselves worthless. The nucleus, therefore, needs such "emphatic" abilities, leadership skills, and gifts which assure them of key positions within the association.

*"I can speak the language of people, and I can adapt to them. I understand them, so I can immediately react to their situation. Consequently I can make a good impression, even if I can't give them a job. But there have been cases where I drove up a job opening with my own car, in my own free time, which I then gave to one of my colleagues. I feel you can't afford to let such opportunities pass by you. You can't wait for hours, because if you don't go there and jump on these jobs, tomorrow they won't be there."* (Social worker of a Budapest association)

To summarize, we may state that the organizers and people in key positions are equipped with a wide network of strong connections. They have certain experience in organizing people to cooperate and in managing groups of people. This experience is completed by certain personal character traits as well. Based on all these things, the key figures are the mediators and movers of job offers and the stream of information about the labor market. Around them is organized the network, which is assembled from both members and outside people.

#### IV/2.3., The members

Sometimes members join the associations almost "accidentally". They don't have real connections with the organizers, or they are connected to them only by rather weak ties.

*"One day in February around 5 in the afternoon I read in the newspaper that some kind of unemployed association was having its first meeting at 6. ... So I showed up around 6:15, after somehow putting my papers together. I have worked in tourism, unfortunately without speaking any foreign languages. I did a bunch of schools and training courses, but they are not worth anything anymore. ... I had been unemployed for a year, when I saw the ad and decided to go to this meeting. ... It was announced a second time and still there were only three of us. But now the three of us did not give it up, and finally managed to gather the number required by the law and formed the association. ... The constitution was common work, we just made it up by ourselves."* (Founding member of a provincial association)

*"I came here to the association, because my former relationships ended, I live alone, but I wouldn't like to fall completely out of the world and withdraw into myself."* (57 year old skilled worker, association member)

One of the most important motivations for joining an association -- as we have mentioned before -- is the reconstruction of broken down social relations. The member hopes that he will not stay alone, since the experience of common problems may hold the group together.

*"I feel that I have found a community here. I don't like everyone, but we have common problems here. We are in the same situation and if nothing else, we can have a nice chat. We have other kinds of common difficulties, family problems, let's say. Sometimes we can also find solutions for these...So we try to help each other, if with nothing else, then at least with words."* (57 year old skilled worker, association member)

Second, we have to mention another motivation, a slightly more conscious than the first. In this case, the member joins the association in order to gather information concerning the labor market. He hopes that the "inhuman", impersonal nature of the official employment agencies may be compensated for by direct -- face to face -- relations.

*"I came here because I read about it in the newspaper and I thought that maybe here employers and workers could meet directly. You don't have to run here and there, not them, or me, if, let's say, a good job comes up....It is a little easier for both sides to find out about each other, collecting information, it is easier to build relationships this way."* (57 year old skilled worker, association member)

The third factor motivating the members is the hope that through the association -- through social contacts -- they will be able to preserve the professional and social knowledge they had gathered in the previous "working" period of their lives.

*"Why am I here? Because I don't want to lose the knowledge I have. I always preferred not to eat but to buy all the relevant books. I don't have any serious education, that is why I always had to teach myself, but -- dammit -- I have been learning in my entire life. Like this, today I know a lot about modern technology and marketing, and I also know that westerners are ahead of us in everything. But if the whole country joined forces, just like in this association, we would maybe be able to catch up with them."* (56 year old semi-skilled worker, association member)

Fourth, we have to mention the need for emotional "recharging".

*"People who come here all realized after a while that they were really defenseless and were handled like objects. They would have liked to be together in some kind of community, just like in the factory. In the old days they just went to work, there was a community there, they liked to go there, and they also did their work. They miss all this, miss it, because they don't have a place where they can tell their problems, their troubles and worries."* (President of a provincial association)

*"People who come in here leave with some kind of plus they get, they get emotionally a little recharged, they leave maybe a little more happy and relaxed. Many of them tell to acquaintances and neighbors in town that: finally there is a place where I could complain, it's so good that they helped me, wrote the application for me or filled my tax return papers for me."* (Member of board of an association)

The internal division of labor is based on the relations between the board and the members. Those are two different groups, the board being more stable while the membership is more mobile. The membership does not require such

strong ties as the board, moreover it lies on a series of loose relations (weak ties).

*"Here we have membership. One has to pay something even if it's only a token amount. Our operation is regulated by the law on associations, therefore there must be basic rules for the board, and everything...Then there are the ones who just come in sometimes, to ask things or just to look around. Of course we don't send them away, since they are our comrades too. And anyway what would that look like?"* (Association member, 45 years old)

*"Of the 5 members of the board today only two of us are the same. The others changed. It has many reasons, one of them must be the situation of the association. An association like this must be run by strong management in order to operate. And not everyone accepts the style I represent"* (Leader of an association)

Besides some personal and role conflicts, it seems that everyone accepts the dichotomy of a board (founders, nucleus) and the membership. On the other hand it is open to everyone to turn the looser membership relation into a tighter "nucleus" (or board) relation. This requires, of course, a lot of patience, understanding and tolerance. And, if necessary, even official rules or formalities may have to be ignored.

*"In my opinion people shouldn't be frightened away with that 'well, now sit down and vote' method. It all has to take shape, it takes months for a good team to be formed of people who come here regularly and who -- besides trying to find solutions to their own problems -- also come back to take care of other people's troubles, who are willing to do things for others, who would, for instance, say: we all belong together, since we all know each other. You shouldn't force something on them from above, like: 'come on, form that association!'"* (Organizer of a national association)

*"Now I asked the others to organize a general assembly to decide about next year's plans. It shouldn't always be my idea that gains ground, the ideas of others are just as good, sometimes they might even be better than mine. The ideas of the others may also be used, that only brings things further."* (Job manager of a provincial association)

Through mutual cooperation members may also learn things from each other, they may develop each other's knowledge or capacities. Therefore they become

models for each other in a way that doesn't exist outside the association, except perhaps at school.

*"It happened that girls who came from high school picked up the phone -- upside down ... They didn't know how to introduce themselves, what to say about themselves.... At the association they help each other, share their experiences, tell each other how to do things...this is self-management, it can be done nicely in a friendly way, or officially. However, the important thing is that everyone does it, because if they see it in their own familiar environment or feel the effect of the examples, see how it works and what the results are, then we have better chances to succeed."* (Manager of a provincial association)

Through this mutual cooperation members also learn to develop social contacts. This process is based on the "social diversity" of the association.

*"... We have everybody here, from nurses to assistants, office managers, people with college degrees, engineers, we have had people from almost every profession...The majority is between 30 and 40 years old, maybe they are more affected by unemployment. There are also young people, at the beginning of their careers, but less than middle aged people."* (Job manager of a Budapest association)

However, the functioning of these associations is not without failures. There are drop-outs and some people are unable to adapt to the life of the association. It may also happen that someone finds a job and doesn't consider it necessary to maintain his membership -- although generally this is not the case. However, in every case the loose network system makes it possible to withdraw and leave the social net of the association without more serious conflicts.

*"It happened several times that we failed. There were some people who left in a way that we were just happy not to see them any more. They only produced conflicts and tension for us."* (Leader of an association)

*"We naturally have to count on permanent fluctuation among the members. But I think people who come to the association are also very frustrated. In many cases the only thing they normally get is nice words, so we try to give them more than that. Those people, who get something from us that they couldn't get from others, will continue to be attached to us even when they find jobs."* (Executive of a national organization)



#### IV/2.4., The operation of the associations

Having described the founders and the members, we are going to present the "dynamics" of the associations, that is, the functioning of the group. How do they build their networks, what means do they use toward the realization of their objectives and tasks?

The functioning of the associations is governed by a well defined internal division of labor. The division between the board and the members almost coincides with the limit between active and passive participants.

*"There are about 10 people on the board. They work actively, on a voluntary basis. One of them is the president and the others have personalized tasks. There is one who is treasurer, one who goes regularly to the State Employment Agency during office hours, some visit companies to find jobs, there is one who tried to create a youth section within the association."* (Member of board in a provincial association)

However the functioning of these associations may be characterized by some kind of direct community democracy.

*"It works so that anytime anyone can be asked to help, but if I have a problem, I tell someone that I cannot come and ask someone to fill in for me. It never happened that none of us came. We always talk these things over, but also tell each other where we're going and what we're doing. Who goes to the ministry and who to the local government? Then we talk about what we have achieved."* (Job manager of a provincial association)

Direct democracy also governs the internal relationships, although it considers the active members more than the association as a whole. However, democracy is the basis of the contact between different associations as well and thus becomes the main coordinating principle of horizontal relationships.

*"There are many ways of keeping contacts. One of them is when someone thinks of something and will simply call the other. This is a very simple way. Besides this, the associations operating in the capital have a meeting every week... We created a mailbox there, where we put all the information material or pick up our messages."* (Job manager of a Budapest association)

The associations generally consider external personal relationships to be very important. The network established with the actors of the given region, their field of activity, is often much more important than infrastructure or even the

solving of the internal problems of the association's every day functioning. The board members' higher level of activity may perhaps also be explained by the exceptional importance attributed to the building and maintenance of relationships, since -- as we have seen -- it is they who really possess a wide circle of acquaintances.

*"It is not the computer that is looking for jobs, the computer only deals with a database... Only human relationships are capable of finding a job for someone, not the machine. Of course it is also possible that I personally have an extreme social sensitivity."* (President of a provincial association)

Relationships are directed -- just as at the moment of foundation -- directly towards the most important organizations, parties and actors of the community and the region. First on the list are the local government and/or the local public. Local press provided these associations with considerable help at their foundation, so it is not surprising that they take special care to maintain good relations with the media.

*"It works pretty well. Of course, we have to go to a lot of places, work a lot for it...For instance, I called the local government of my own district and asked for an appointment. We wanted to meet to exchange information, tell them about our plans and gain support, and other practical issues... We also established contact with the journalists of the district. I gave them our little brochure and they published it in the local newspapers."* (manager of a Budapest association)

However, the public of a city or town is wider than the press and the local government. For many association members the community is a "social space", the network of human relations and this network isn't necessarily divided into institutions.

*"This town is too small not to become familiar through our acquaintances with the other side of things. I would call it a sort of social game in which we are one side and everyone else is the other."* (Job manager of an association)

In addition to local governments, the press and the citizens, economic actors of the region (that is: the companies) also play a very important role in the establishment of relations.

*"We visited many companies, because we asked the Employment Agency to give us the names of the companies who reported the number of workers they wanted to dismiss. We talked to these companies by phone, and my colleagues visited many of them. They went there and put out our posters, at least where some people were still working."* (Executive of a Budapest association)

Relations with companies are often built "behind the back" of the state labor market organizations. It is understandable, since the associations were often created precisely to fill in gaps in the operation of these institutions. However, this kind of action may coexist peacefully with the previously described types of cooperation, since this "double sided" networking follows directly from the main objectives and tasks they have undertaken at the time of the association's foundation.

*"We contacted the companies and asked them to inform us directly about available jobs, not only through the Employment Agency. First we had a very good relationship with them, but later it went bad. They said that we had sent people who were not able to do what was expected of them."* (Leader of an association)

The opinion above represents one aspect of the problems that occur in establishing direct contacts with companies. Another is the fact that the economic crisis may also ruin the relationships that existed at the moment of founding.

*"When we founded the association, we tried to establish personal contacts with the companies. We contacted them through acquaintances and neighbors... The problem is that these companies had been transformed, gone bankrupt or disappeared since then. That is why the contacts we had then do not work any more."* (Association member, 52 years old)

State employment agencies are also important actors in the regional labor markets. Besides the characteristics mentioned above, another important attribute of the relationships between these and the associations is the fact that these contacts are also often based on the network of personal acquaintances and friendships. The duality mentioned above between the associations' activity (cooperation with and correction of state institutions) could not be maintained without this more detached, informal network of relationships.

*"Our relationship with the Employment Agency is not so institutionalized, but based on personal relations, contacts realized between individuals. In some*

*cases these are harmonious and good relations, in other cases a lot of tension is involved in them."* (Executive of a national organization of associations)

Charity organizations are relatively new actors in local and national public life. Their number is constantly increasing and their role -- for instance in supporting the poor -- is ever more important. Although they should logically have a great deal of common ground with associations of unemployed people, cooperation between them is surprisingly weaker than that between the associations and local government or state labor market institutions.

*"The different social and charity institutions are not willing to establish closer relations with each other. They keep a kind of distance, although if they could sit down around, let's say, a round table, they could move their cause considerably further just like that of the community"* (Social worker at a provincial association)

One of the possible reasons for this distance may be the fact that the founders of the associations had been present in the regional network of relations long before the appearance of the charity organizations. Another possible source of this gap must be the different background of those organizations working mostly under the auspices of the Church. However, we may also find examples of excellent cooperation, based mainly on previous relations with the formerly "illegal" charity organizations.

*"Our relations with other charity organizations are relatively good. It is not too rare, although not too common either, that I count on their help. Like this, whenever I go to them, they can be sure that I need their help... Together we can arrange things very quickly, we don't wait too much, since those needing help can not wait too much either."* (President of a provincial association)

In addition to the establishment and maintenance of external relations, one of the most important problems for the associations is the operation of the internal network of relationships between the members, the constitution of a professional institutional structure. This is a very problematic procedure involving many conflicts, since the operation and norms of a network are considerably different from the operation of a professional organization which often implies a strict hierarchy and bureaucratic procedures. However, the challenge is of vital importance since this issue greatly influences the professional success of the association.

*"We already wrote many applications, but with the most important ones we always failed. The reason is maybe that we don't have any experts, economists or lawyers. So we hardly fit the conditions of the applications."* (Manager of a provincial association)

*"We would need full time experts in order to operate professionally. Because to place people, we have to call many times, we have to move, to talk, to bustle a lot. And this would require at least two people working full time."* (President of a provincial association)

However paradoxical it may seem, becoming professional is also based on personal contacts. That is how associations gather their information, become familiar with legal issues and in many cases it is through these relationships that they can hire assistants or experts.

*"It came up at a meeting with the leaders of the association that we should hire two or three full time people. The mayor supported the idea so since then we have had a full time social worker. Otherwise the mayor helps us in just about everything. He follows the activity of the association, he even explains, if he has to, to people why it is important to have an association like this. So finally we made a cooperation agreement with the mayor's office, in which we put exactly what they assume and what we give."* (Leader of a provincial association)

In some cases these efforts result in a truly professional operation, that concerns the realization of their tasks -- seeking jobs or providing psychological support -- as well as a more thorough and organized development of their external relations. These associations have more than vague ideas about where to go and who to contact. This fact also effects the recruitment of their members. They have professional connections -- or at least the promise of such relations -- to offer to the market. In other words, they have bridging strong ties to offer to the unemployed, who only have weak ones, due to the loss of all social contacts.

*"We have just established our information center, which is, among other things, supposed to ensure free information flow in all directions. Another important thing is the training of the association's leaders. In order to accomplish our job as well as possible, we have to be educated and well informed."* (Leader, former organizer of an association)

*"We also have a brochure and posters that we put up in employment agencies, local government offices, cultural centers, in every place where a lot of people go. In addition to this our people go to these agencies and they get in personal contact with the people there. They give them the brochure, and if someone is interested we can provide further information right away."* (President of an association)

In these cases the existence and operation of relations are offered automatically and almost in an institutionalized way to anyone who comes into the association's offices, regardless to membership.

*"If someone comes to us, we try to offer them work. Or -- if they want to go to a retraining course -- we tell them where to go, what kind of retraining possibilities are offered... But the most important thing is that we have a conversation with them, we have time to spend with their cases. They can think over what their possibilities are, what they are capable of doing, where they should enroll. In the employment agencies they have no means to do that...Also, if we have any programs organized, we'll inform them, or if we find a proper job for them, we'll also send a letter. Then they come in to pick up the address and we'll tell them where to go, then they call us back to say how it worked out...There are about 10 people who found stable jobs, so they don't come any more, but there are about 40 people who keep coming back. They tell us about their daily problems, or if something comes up in the family."* (Job manager of a provincial association)

Besides its obvious success, this intensive strategy of network building also raises many problems, since the present condition of the Hungarian infrastructure, the lack, or limited availability of phone connections, technical means and proper office space make this work extremely difficult.

*"Our biggest problem is that we don't have a place of our own where we can sit down...The other important thing we miss is the phone. It is simply a must...If we cannot call, we are dead...Because in many cases people have problems that can not bear any delay. It happens very often that the only way to arrange the problem is if I pick up the phone immediately, dial the number, and whoever is on the other end of the line -- a friend, an acquaintance or a neighbor of mine -- helps to solve the problem. An official institute would be unable to do this, that is where we can give more."* (Job manager of a provincial association)

Office space is very important for these associations. This is the place for organizing -- and maintaining -- the network of human relationships. That is why they do everything to find a place and are helpless without it.

*"In my opinion, one of the most important things for an association is to get a proper clubroom. Because there people can get together to talk with each other. It means that they have a place to talk about their problems. If the place is not so club-like, the whole procedure will immediately seem more official and people will feel uneasy...Because most of the people who come here have already had their feelings seriously hurt. There was someone who had been sent away by companies three or four times because he was too old, and they even told him that like this, right to his face. He got so upset that he almost had a nervous breakdown...Now that is why it is important that we do our work in a good environment, and not so officially as elsewhere."*  
(president of a Budapest association)

The problem of space also affects the future development of the association, infrastructure conditions may therefore be vital from the point of view of their prospects.

*"If we do something, we announce it and people always come. That's how we can slowly build something... If we already have a network of connections, if many people know that we are here, we have much better chances."*  
(Assistant of a district association)

*"We announce our meetings weekly and we also publish our job offers once a week. We say that people can come here, we help in any kind of problem, whether they are legal issues, family or even work problems."* (Social worker of a provincial association)

Since they have been active, the associations -- in addition to their horizontal relations -- also established their national organization. This brings up many problems that may not be solved on the basis of local networks.

*"The leaders of the organizations are people from the countryside, it is a big problem for them to build connections with the capital. In Budapest the network of relationships constituting the basis of the whole thing also works harder."* (Leader of a Budapest association)

The actual development proceeds through the tightening of loose internal relations and the establishment of a stronger union in order to defend their

interests. The creation of a national forum for better exchange of information is also on the agenda.

*"This spring I started to work on the creation of a coordination council, an organization where different initiatives and ideas could be harmonized which could represent us in a unified way to, for instance, the Capital Labor Market Council...We also have to establish an internal forum of information. I don't mean meetings and things like that, but a regular publication for internal use. In this we should write about practical issues, for instance many of our associations don't know where to apply for support, what kind of applications are available. We have to help the associations in shaping their own activities."*  
(Organizer of a national organization)

One of the main reasons underlying the currency of this issue is the increasing number of unemployed people. The other reason is the so called strategy of "escaping forward". Naturally many conflicts come up in the associations' activities -- between the members and the board as well as among the members themselves -- which endanger the association's existence. One of the ways to save the association is establishing stronger ties, replacing the loose -- more informal -- cooperation.

One of the signs of the crisis may be decreasing activity, vanishing enthusiasm.

*"At the beginning people were very active, but later it changed. Those who had found work left, those who didn't find anything got disappointed and also stopped coming. We couldn't present enough results to really make people move."* (Treasurer of an association)

Another sign is the dissolution of the strong ties of the "nucleus", the board and the founders.

*"Now we hardly have any members on the board. Everyone is upset, because we don't get any support. Maybe it was an illusion in the first place to expect people to work for each other, when everybody has his own problems. That has to be solved as well."* (43 year old association member)

The crisis of relationships leads directly to giving up all of the association's basic principles and objectives, including solidarity, helping one another, taking care of each other.

*"...There is simply no more solidarity, people are completely uninterested. The only thing they see is that everything becomes worse, prices are going up, public security is getting worse, now everybody should just close his mouth and be happy to live."* (Board member)

Which tendency is typical in these associations today? Are they moving towards dissolution or development into a stronger organization? Since our research was carried out in 1991, it is very difficult to answer these questions without further investigation.

## V. Conclusion

We may however conclude that the aspects of network analysis helped us considerably in understanding the sociological characteristics of the non governmental labor market movements and prove the following statements:

- membership in voluntary associations connects the unemployed to several social networks;
- organizers of these associations are linked to the important actors in the labor market and the local community with strong ties;
- organizers offer these strong ties to members, who will, on this basis, build bridging weak ties with both the leaders of the associations and the actors in the labor market;
- within the associations several different internal circles, networks and activity zones are formed;
- the network operated by the associations plays an important role in the dynamics of the labor market;
- the high level of unemployment is moving the network in the direction of stronger ties, which is also represented by the establishment of local and national organizations of associations;
- the members of the network serve as references for each other, which is called "fellowship" or common learning.

We think that the following fields require further examination:

- networks of the members and local communities;
- relationships among the members;
- the common network of civil organizations.

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