

Abstract

The aim of this article is twofold. First, it questions the validity of the still-influential Marxian description of workers as victims of markets, which laments the dissolution of the 'working class' due to the trend towards individualization and consumerism. As an alternative, I offer a description of workers as life-entrepreneurs, who use markets for their own purposes: to better their own chances in life. Second, I propose a wider conception of entrepreneurship than mere commercial activity. This is the concept of life-entrepreneurship, as per the title of this article. This broader vision of entrepreneurship rests on the concept of personal capital based on the reconceptualization of ideas of Adam Smith and Carl Menger. One of the key insights of this paper is that consideration should be given to reducing bureaucratic red tape on companies and the tax burden on employment in order to facilitate job creation, thereby supporting the entry into the world of work ordinary life-entrepreneurs, and helping them avoid becoming welfare recipients.

Keywords: Labor markets; Sociology; Economics; Entrepreneurship; Capital theory.

The aim of this article is twofold. First, it questions the validity of the still-influential Marxian description of workers as victims of markets, while at the same time lamenting the dissolution of the ‘working class’ due to individualization and consumerism. As an alternative, I offer a description of workers as life-entrepreneurs who use markets, in which they seek to better their own life-chances, for their own purposes. Second, I propose a wider conception of entrepreneurship than mere commercial activity.

The word ‘entrepreneur’ has numerous meanings. Typically, the academic literature interprets the term to mean a businessperson who founds a new firm and/or builds up a business using capital and/or credit. For this article I use a wider meaning for entrepreneur; namely, a venturesome person. This is not a new concept: Theodor W. Schulz (1975), and Foss and Klein (2012: 5-8) also proposed such a broader understanding.

The novel approach of this article is that this broader vision of entrepreneurship rests on the concept of personal capital as the subject of entrepreneurial activity. The concept of personal capital builds on a reconceptualization of ideas about the composition of capital and economic goods as proposed by Adam Smith and Carl Menger.

The understanding on which this paper is based is that personal capital is the portfolio of capital available to an individual. This includes the material capital, knowledge capital and the relationship capital at the command of a person. This tripod-like portfolio of capital is nurtured and used by life-entrepreneurs, as per the title of this article.

Gergen and Vanourek (2008) used the concept of life-entrepreneurship to characterize venturesome entrepreneurs. In this article, I apply the concept of life-entrepreneurship to blue-collar workers. The novelty of my approach is that I apply this concept to ordinary people, who live ordinary lives, and who lack material capital or do not have access to credit. Life entrepreneur workers are individuals who persistently struggle to make ends meet from one day to the next. They often face various forms of hardship, risks, and a lack of job security. They are under great pressure to cope with demanding work and must find a balance between work, money, family and their aspirations for a better life, more security, more consumption and more time for themselves. As life-entrepreneurs, despite difficult circumstances, they are constantly searching for a better, more meaningful life; they are interested in professional excellence and professional development, obtaining better pay and doing more autonomous work. They are always alert to new approaches and opportunities, keen to face the new, and to find solutions to the new challenges that they are faced with and are always seeking a better life. Thus, in this article I use the term life-entrepreneur to describe a ‘venturesome’ worker who, albeit lacking physical capital, nurtures his or her own knowledge and relationship capital.

The data that I use to make this argument are derived from in depth interviews that I undertook with a sample of blue-collar workers in the Hungarian construction industry in 2011.¹ The sample size was 20 people. The interviews were semi-

¹ This study was conducted within the framework of the *Walqing* research project, funded by the European Commission’s 7th Framework Programme (SSH-CT-2009-244597).

structured, life-history narratives. Special emphasis was given to understanding the individuals' acquisition of skills, career or work trajectory, and agency at work.

In conclusion, the article discusses the role of markets and marketization in workers' lives, and the implications of a life-entrepreneurship-centered approach for labor market policies.

1. The concept of life-entrepreneurship

Karl Marx (1858: 477) claimed that invisible exploitation takes place in the capitalist labor process. The use value of labor (the value that a worker produces during working hours) is greater than the exchange value of labor (the wage, which equals the amount of money necessary to reproduce the labor force of a human being). The difference between the two is surplus value, which is the source of the profit accrued by capitalists. This hidden process of exploitation creates an antagonistic relationship between workers and capitalists, since the former are reduced to a minimal level of existence (that necessary for the reproduction of their labor), while capitalists appropriate the profits. The concept of the working class arises from the Marxist interpretation of exploitation, as this exploitation will only come to an end if and when workers decide to unite and appropriate the means of production.

Marxism has become one of the most influential theories of the modern era, and decisively shaped the perception of workers as members of the exploited 'working class'.

However, the 'marginal revolution' in economics overturned the labor value theory of Marx on which the concept of exploitation and that of the working class was based. Marginal theory identifies the source of value as rarity (Walras, 1874), scarcity (Jevons, 1871) and subjective valuation (Menger, 1871).² The marginal value theorem nullifies the validity of Marxist exploitation theory (Böhm-Bawerk, 1896; Bates, 1899).

Max Weber's (1978: 926-933) concept of social class can be interpreted as an application of marginal economic theory to sociology. Weber was heavily influenced by Menger and described social class as a phenomenon based on different life-chances shaped by different market positions. Weber did not believe that shared economic interests automatically lead to political class formation (Wright, 2002). Rather, he believed that individuals struggle most of the time within the framework of established laws and organizations (Roth, 1978: xxxv), while mobility within and between classes undermines the 'stability' of people's class positions, and therefore the unity of social classes themselves (Weber, 1978: 302).

The sweeping social and political changes of recent decades have further questioned the viability of the Marxist class concept. A fundamental shift in attitude has taken center stage towards a belief in selfhood and personal autonomy (Lawrence, 2013) which erodes the culture and cohesiveness of working class communities (Charlesworth, 1999: 2). One of the key theorists of fragmentation, Ulrich Beck, has argued that the process of individualization has 'disembodied' individuals from historically prescribed social roles (Beck, 1992a: 128) and that there has been a

² On the differences between Jevons, Walras and Menger, see Jaffé (1976).

general cultural shift toward the pursuit of self-fulfillment, individual agency and choice (Beck, 1998: 39-54). A person's class is no longer an accurate predictor of their personal outlook, relations, family position, or social and political identity (Beck, 1992a: 92). For Beck, security in contemporary society is attained through calculation and clever anticipation (Beck, 1992b). Similarly, Zygmunt Bauman (2000) argues that we are living in a 'liquid society'. In such a Protean society, nothing keeps its shape for long. Mutually reinforcing and unconstrained market forces, coupled with individualist consumerism, demand that people change their tastes, habits, identities, affiliations and even their occupations, with subcultures and job types springing up and fading away incessantly.

Of course, neither Beck nor Bauman created these ideas, which have a long history. Carl Menger, one of the founding fathers of the marginalist school of economics, based his economic theory on individual agency and choice. For Menger (1871), the inherent ability of humans to discover causal connections and thus to generate and implement new knowledge at work ensures the satisfaction of diverse human needs, and at the same time drives the progress of civilization. Menger used a German word - *Wirtschaftender* - commonly given in English as 'economizing' (not to be confused with the common meaning of 'economizing', meaning trying to do most with least) to refer to the inherent drive of humans to discover new knowledge in an uncertain environment, and apply this new knowledge at work in order to create greater security and better satisfaction of needs. Menger considered any individual who takes into account the available means at his/her disposal, and who calculates the best ways to employ these means in order to completely satisfy his or her needs to be an economizing individual and an enterprising person. Economizing involves planning for an uncertain future, as well as calculating and speculating. Another important feature of Menger's description of an enterprising human being is that they do not possess perfect knowledge, but are able to learn from their former mistakes and rethink mistaken causal relationships. Menger distinguished economizing, which is an inherent human trait, from entrepreneurial activity. He considered entrepreneurial activity to be one of the components of labor, which has as a prerequisite command of capital. Only the scarcity of capital limits the number of entrepreneurs among enterprising people. An abundance of credit increases the chance that a wider pool of economizing individuals will become entrepreneurs (Menger, 1871: 172).

Friedrich Wieser, who was one of the key members of the second generation of the Mengerian economic tradition, abandoned the Mengerian concept of ordinary enterprising people: he considered the advance of civilization and economic change to be directed by great individuals, kings, and lawmakers; Nietzsche's *Übermensch* (Anderson, 2009: 77). In the Wieserian frame, the 'entrepreneur' is a great capitalist who represents personal superiority, which in the era of large enterprises gives him a degree of power that translates into capitalist supremacy over the masses. He is the overlord of modern times. The masses are only capable of action through a leader who can bind the multitudes into an active unit (Wieser, 1927: 319-328). Everyone other than the entrepreneurial hero will cling as tightly as possible to using traditional economic methods (Anderson, 2009: 73).

Wieser's line of thinking heavily influenced Joseph Schumpeter (Ebnner, 2003: 137), who is credited with the discovery of the role of entrepreneur in economics as

an agent of creative destruction. Schumpeter's entrepreneurial hero is a brave and heroic person with extraordinary mental energy, who is able to conceive of and carry out acts of creative destruction and enact social leadership (Schumpeter, 2002). For Schumpeter, this entrepreneur is *Homo Creativus* - Nietzsche's *Übermensch* (Anderson, 2009: 34). With the adaptation of the Schumpeterian concept in economics, the original Mengerian concept of the ordinary enterprising person, who is not a silent follower of a hero, nor a member of a faceless mass, was not completely lost.

Ludwig van Mises (1949) reconstructed the original Mengerian idea and again placed the economizing individual front and center. He conceptualized the economizing individual to be an enterprising person who acts to achieve a goal in accordance with their values, and who aims to achieve an end with certain means under conditions of uncertainty.

There are significant individual differences between people, so that one enterprising person is not interchangeable with another. Mises proposed the use of the term 'promoter' for enterprising individuals who also have access to capital. The promoter is driven by calculations of profit and loss (Mises, 1949: 229). With his concept of promoter, Mises built a bridge connecting Menger to Wieser by arguing that it is impossible to imagine a market economy without promoters. Thus, within the Mengerian framework he created a space for the successful capitalist, who is not merely an enterprising individual. The promoter is the driving force behind the market, whose restlessness and eagerness to make as large a profit as possible guarantees unceasing innovation and improvement. In this sense, leadership is no less important in the market than in any other branch of human activity (Mises, 1949: 255).

Friedrich Hayek, who was also a student of Wieser, made an important contribution to the Mengerian concept of the enterprising individual with his emphasis on the specifics of the environment and of local conditions as significant factors in which action is shaped. The individual's environment is a localized world in which local actors typically possess dispersed and sometimes only tacit knowledge. In this decentralized world there is a division of knowledge that is as important as the division of labor (Hayek, 1937).

Among the students of Mises and Hayek, Israel Kirzner and Ludwig Lachmann made important contributions to the concept of the enterprising person. Kirzner introduced the concept of alertness. Alertness is the inherent ability of a human being to perceive, and his/her capacity to transform that perception into information and knowledge, and to thus take advantage of an opportunity and to profit from it (Kirzner, 1973: 68). The Kirznerian concept of alertness is not a process of creative destruction (in contrast to Schumpeter); it does not cause upheaval in the market. Rather, it makes for dynamic equilibrium. This equilibrium is achieved through the discovery of hitherto undiscovered opportunities which enhance the coordination and the well-being of everyone. The Kirznerian concept of the alert entrepreneur is close to Mises' concept of the entrepreneur: they are able to discover opportunities independently of ownership or command of capital (Foss and Klein, 2012: 57).

Ludwig Lachmann further advanced the concept of Mengerian subjectivism. According to Lachmann (1978), in order to understand human action, one must take

into account the subjective as well as objective reality of ends and means. As a plan of action is implemented, the actor will interpret the result in accordance with his/her personal interpretation of reality.

To summarize, for Menger and Mises the entrepreneurial spirit of ordinary people during their economizing activities is key to understanding the role of individuals in the economy. Although Menger used the term entrepreneur only in the sense of a business person, he clearly meant the enterprising person in the more general sense when he used the term economizing individual. Mises went a step further, nearly standing things on their head by distinguishing between ‘promoter’ (a business person who uses capital and runs an enterprise for profit), and ‘entrepreneur’ (the economizing and acting individual). Nonetheless, the Misesian attempt to re-conceptualize the Wieserian-Schumpeterian’ concept of the entrepreneur was by and large not adopted by economists and sociologists.

In this article, following the Mengerian framework, I use the term life-entrepreneur to refer to the type of enterprising individual, employee or worker, who has an enterprising and alert personality. This may involve individual readiness to make choices, creativity, the power of innovation, alertness, and familiarity with ‘the game’. The enterprising individual lives in a particular localized environment, and, due to their alertness, knowledge and ability to think, rethink and adjust to a constantly changing environment, is able to carry out their individual plans to cope with uncertainty and meet their present and future needs as much as possible. They are acting individuals who try to achieve the best within the given circumstances, and certainly not members of a faceless mass subjugated to overwhelming and often incalculable social forces.

As far as the concept of personal capital is concerned, ‘capital’ was originally used to refer to an interest-bearing sum of money. During medieval times the concept broadened to include the goods that could be bought for money. Turgot further broadened the concept by declaring that capital is the sum of accumulated goods, including money. Adam Smith laid down the foundations of modern capital theory by distinguishing between goods hoarded for future consumption, and goods saved for investment (Böhm-Bawerk, 1888: 24-25). For Smith, capital is that part of an individual’s stock which creates revenue and is destined to bring income (Smith, 1776: 363). Smith also changed the concept of capital by considering that capital could be used by an individual and/or a community. A community as a whole cannot enrich itself other than by producing new things. Thus, for a community, capital is the complex structure of the means of production. Accordingly, the capital of an individual, the parent conception of capital, was relegated to the background by this distinction, and the primary subject of economic literature became the capital of the community, the capital of a nation or of an enterprise. The concept of community capital was reduced to the complex structure of production goods (Böhm-Bawerk, 1888: 26). It is important to note that Adam Smith included the acquired and useful abilities of all inhabitants or members of society within the concept of national capital. He argued that an increase in the dexterity of a worker may be considered in the same light as a machine which is used to facilitate labor, and which, although it comes at a certain expense, will recoup that expense, and more (Smith, 1776: 217). Menger followed the Smithian path by employing a narrower concept of capital in his analysis

of the role of capital in the production process. He only included into his concept of capital material capital goods, despite the fact that when he conceptualized his theory of goods, he distinguished between material and intangible, non-material goods. Within non-material goods, he distinguished two subgroups: 1) human relationships and their attributes, such as goodwill, social connections, family connections, friendships, fellowship, etc., and, 2) work and knowledge (Menger, 1871: 52-55).

The concept of life-entrepreneurship requires the resurrection of the concept of personal capital, the pool of goods available to a person that can play a role in income generation. There is a need for a broader concept of personal capital than material capital in the strictly material sense, following the logic of Adam Smith. It is thus logical and useful to broaden the sense of the word 'capital' to include all classes of economic goods, following the logic of Menger, that persons can use to advance themselves to increase their income.

I propose to use the concept of personal capital, which consists of three types of economic goods available to a person. This personal capital which is at the command of each individual may assist them in their plans to generate revenue. The personal capital of each person consists of three types of capital goods: 1) material capital, which may be money, capital goods or available credit; 2) social capital, which comprises reputation, connections and relationships; and, 3) the knowledge and ability which an individual has to carry out his/her tasks (involving work, and dexterity at work). The latter two are non-material capital goods.

These non-material capital goods are personal: they are a part of a person's abilities and capabilities; the human capital of each individual. One's social capital is the goodwill, reputation, relationships and connections that a person possesses. One's knowledge capital is the ability to solve problems, to discover and learn new things and to understand the 'game'. Following Michael Polányi (1958), knowledge capital not only involves knowledge that is acquired through officially sanctioned systems (such as university degrees), but also includes tacit knowledge and informally acquired skills. Hayek also emphasized that knowledge is more than a formal process of skill acquisition at school, and stressed how valuable an asset is knowledge of people, of local conditions, and special circumstances in all walks of life (Hayek, 1945).

Life-entrepreneur workers, in contrast to 'real' entrepreneurs, primarily capitalize on non-material capital goods: they use and increase their reputation, relationship capital and knowledge capital to achieve their plans.

Having clarified the concept of life entrepreneurship, I now demonstrate the applicability of this concept through an analysis of interviews conducted with 20 construction workers in 2011.

2. The utility of the concept of Life-entrepreneurship

In this section I demonstrate the utility of the concept of life-entrepreneurship using a set of interviews I conducted in 2011. The 20 interviews were conducted with low-wage and skilled and semi-skilled workers. Pseudonyms are given to all interviewees.

Some of the workers were approached through trade union contacts, while others were recommended through personal contacts. Others were contacted through the so-called snowball method: workers who had been interviewed were asked to recommend colleagues for interview. Four of the 20 interviews were done in the framework of larger case studies at two firms. At these firms, interviews were conducted with owners, human resource managers, technical managers, and workers as part of a firm-specific case study. In these cases, the names of worker interviewees were put forward by trade union leaders who were aware of the fact that the interview was part of a broader case study about their firm. These two firms were specialized in niche markets, one in the construction of eco-houses, the other in stonemasonry. All interviews were conducted in Budapest or Kecskemét, a city 80 kilometers from Budapest. All interviews except one were done at construction sites or close to them (I interviewed one employee at his home at a small village 100 kilometers from Budapest).

All the interviewees were men, which reflects the employment patterns of the industry. They were aged from 23 to 60. The majority were middle-aged skilled workers (although some were not licensed). While there were no pre-selection criteria, it is likely that those who agreed to be interviewed can be characterized as rather communicative and open individuals.

Their lives were shaped by the fact that they had born into poor and relatively uneducated families of workers. Some of them had had a difficult childhood due to unfortunate circumstances, such as the early death of one of their parents. Consequently, they entered the world of labor early because they needed to earn money as soon as possible. Others were not keen on studying, or had a misspent youth and had ended up in the construction industry, a traditional entry industry for non-skilled men seeking work. Some of the interview partners had entered the construction industry due to family tradition.

The construction industry is highly decentralized. A precarious employment situation characterizes blue-collar workers, save for a few niche-skilled or trusted employees. In this decentralized industry, the share of informal employment practices is higher than normal. Even those who have an employment contract find themselves in a more precarious situation than is usual, and sometimes this is combined with 'black' (off-the-books) work. Thus, a typical construction worker does not work in a large company with an internally defined career path, and lacks the support of a company-backed training and welfare system.

The circumstances of the industry represent a challenging environment for workers. Workers need to be alert and to be able to cope with many forms of insecurity in order to provide for themselves a secure and satisfying life and working environment (as much this is possible).

In the following section, and in light of the interviews, I discuss in greater detail the importance of knowledge acquisition (i.e. the building up of 'knowledge capital', be this skill or tacit knowledge) and the building up of personal social capital (in the form of reputation and connections based on reputation) in the process of securing a satisfying work. In addition, I highlight the importance of personal traits such as alertness and the ability to make choices that fit the personal circumstances of the actor, which are usually treated in the economic literature as characteristics of entrepreneurial decision-making.

2.1. The importance of knowledge capital, skills and tacit knowledge

Some of the workers that were interviewed had received training in vocational training schools. Others had entered the construction industry without such skills, and had acquired experience through on the job training. Géza is an example of the latter: 'A certificate is not important. Never ever has anybody asked for my certificates, and I have never heard of anyone being asked for them at any time. Nobody asks for them. Whenever I am looking for work, the first question is, 'what do you know?'. Others report to having had a similar experience – for example, Vajk: 'I began to work at this firm 5 years ago. We do house insulation. I have learned everything I know here, through the work that I observed others doing. Today, I am one of the best. I know everything. I have to tell you: you could not learn these things at school. There you learn a lot of literature and how to do the work in theory. But practice is totally different. I did attend a vocational training school to be a bricklayer, but it is at this workplace that I learned how to do the work properly. Theory without practice has no value at all (...) I also work as a painter without any papers. No one cares about your papers; what matters is what you can do'.

Acquiring just one skill is, however, rarely enough in this versatile and multi-faceted industry. The main rule of work in this industry is to be multi-skilled and able to multi-task. All of the interviewees emphasized that they are able to do almost any kind of work that is demanded:

'On paper I am only an unskilled worker. However, I can do any kind of work in construction, although I did not learn this at school. But what is important is that I can do any kind of work.' (Előd)

'I am a painter by training... But I can do everything imaginable in construction: bricklaying, carpentry, cleaning, everything. I am old, I am not so quick, but I can do anything and I have lot of experience, so I can solve any problem.' (Viktor)

'There is no strict demarcation between different types of work. One needs to do all kinds of work, whatever comes. Of course, we know who is better at what, and sometimes it is possible for me to specialize in what I know best and for my buddy to do the work at which he is best.' (János).

Being multi-skilled and able to multi-task is one of the key requirements for finding work in the industry. On the other hand, the breaking down of boundaries between skills and multi-skilling means that aspiring and able workers have an opportunity to earn at the level of ‘skilled workers’ without undergoing formal training.

Nonetheless, there are important segments of the industry that have not witnessed the breaking down of skill boundaries and in which workers have job security due to their special skills. We met two such interviewees: Iván is a painter, but he is also a high steel worker. For him, high steel work ensures employment. The other interviewee worked for a firm which specializes in passive solar home construction based on proprietary technology. This firm provided special training, along with steady employment and a nice salary, to full-time employees for the purpose of retaining them and ensuring quality control.

2.2 The importance of personal social capital, reputation and goodwill

In this industry, where casual work, informality and tax-evasion rules, and skill demarcations have broken down, the typical way of finding work is through personal contacts based on reputation. There is pervasive insecurity in the industry. Each construction project involves various levels of contractors and subcontractors so a high importance is placed on personal trust. Employers also suffer from insecurity due to the lack - or often inadequacy of - formal certificates, as explained above, and the lack of a guarantee that ‘good quality’ work will be performed by ‘skilled’ workers, as expected. Thus, the job market is defined by personal contacts and reputation:

‘It is experience that is important. This is a small city. Everybody knows everybody. Entrepreneurs know each other. They know who can do what, they have already seen my work and they know what I am worth. ... It is practice that is important: what your experience is and what kind of work you can do... I was never ever asked to present my papers. They already knew me, or they had at least one employee who knew me and could give a reference for my work. Or the other way around: I have often been asked by my bosses whether I knew this or that person whom my bosses wanted to contract for work, and I would tell my boss what he could expect from that man’ (Géza)

‘Getting work? Basically, depends on whom you know. One can get work only through personal contacts. If they know you.’ (Árpád)

‘Work well, and one always has work. I have the reputation of being a good worker. So people recommend me.’ (István)

‘Those who are lazy and did not work well in the past do not find work later, and they keep complaining.’ (László)

The widespread practice of reputation-based work informally segments the labor market by classifying workers as ‘good’ and ‘trusted’ insiders or ‘unknown’

outsiders. Many workers who have succeeded in building up a good reputation act as informal brigade leaders and take on co-workers whom they supervise. This reputation-based segmentation of the labor market also plays an important role in the entry into the world of construction.

2.3. Alertness and personal choices: making the best out of circumstances

Only a few of our interviewees were in formal full-time employment. Even the formal employment contracts of those who had full-time employment status only partially expressed reality. In the case of János, for example, the nominal wage was defined as the minimum wage. In reality, however, he received double the minimum wage and avoided making taxation and social security contributions. Others were employed completely informally without a written contract, or had their own micro-enterprises and were ‘employed’ as subcontractors, not employees.

Most of our interviewees had a variable career history which involved shifts from full employment to unemployment, informal work, casual employment, self-employment within the framework of micro-enterprises, and better paid work in Germany or Austria. Interviewees tended to be flexible about adapting their ‘employment’ status to the circumstances. While accepting circumstances on the one hand, they also sought their own solutions when they thought it would benefit them:

‘I have worked for various firms, I have also worked in foreign countries – for example, in Austria. When I returned, I set up my own firm, I became a self-employed entrepreneur in the construction industry. But now I will give it up and I will try to get work.’ (Imre)

‘I have been working since I was 20, but I have only had one half-year-long “real job” when I was employed legally. I have worked for this company for the last 7 years.... They asked me whether I wanted to work with them. I answered “yes”, then the boss asked whether I had my own firm. “No, I do not”, I answered. “That’s even better”, he said, as they could only give me work casually and informally. They call me when they need an extra hand....Depending on the type of work, I do it undeclared, or they declare me [officially] for a few months or so...Finally, a few months ago, they formally employed me.’ (Géza)

Becoming self-employed through the establishment of a micro-enterprise was one of the typical strategies of our interview partners, such as Lajos:

‘When I came home from Germany, I went to work for a firm as a painter. But there were long working hours, lot of work, and not too much money. I was constantly tired, very tired and fatigued from work. And I told my wife that things would not be worse if I was self-employed, since I was being exploited so much there. And there were lots of opportunities, so I left the company and I worked for a while on the black economy. Then I told my friend: look, we are stupid to work for others. Why don’t we set up our own firm? At least there will

not be a stupid monkey above us, and we will have at least a day a week when we can afford to have a rest, or go fishing [...].’ (Lajos)

To survive as the owner of a micro-enterprise also requires at least as many ‘tricks’ and as much ‘alertness’ as being a worker does.

Workers are constantly weighing up what should be done, what the best solution would be for their lives: to become micro-entrepreneurs, or to give up being self-employed (through their own companies) and go back to working for somebody else, or go to work on the black market as an undeclared employee, like Lajos:

‘But there are many guys who are only working on the black economy. How can I compete with them? They have a financial advantage of 3-4 million HUF annually. I may go back to the black economy completely. I would earn more, and my only concern would be just to save some money for my old age’. (Lajos)

László had a similar financial dilemma and explained how he combines black work with work done through his micro-enterprise:

‘My enterprise? It is always in the red. I do have money because...because I work in the black economy. Only my wife, who is the accountant for the company, officially receives money from the firm. But I earn my money through doing undeclared work. The price that I am able to charge for my work is so low that if I did the work formally, declaring everything, I could not earn a single forint, because taxes are so high. Big contractors use sub-contractors, and each sub-contractor uses sub-sub-contractors, and at the bottom, where I am, there is no money left. [...] More or less half of the work I do I declare, and the other half is done without being declared [...].’(László)

Being a micro-entrepreneur requires that one learn how to bend the rules and how to do accounting ‘right’:

‘Unfortunately, it is impossible to run a business and observe all of the laws. If an enterprise did everything legally, it would go bankrupt immediately. It is simply impossible. If I followed all the rules, work for which the market price is 1000-2000 forints would cost me 2800 forints. The best kind of work is for private customers, because they do not ask for an invoice. Those are clear earnings. When you do public work, then you need a good accountant, and you need to bend the rules: a bit more on the invoice for materials, only declare four hours of work, etc.’ (Lajos)

The life of a micro-entrepreneur involves working in a decentralized industry and earning income not as a salaried employee, but as an individual contractor. This offers the chance of a higher income and more autonomy, but at the expense of considerable hassle with paperwork. None of the workers who had set up a micro-enterprise became ‘real’ entrepreneurs with enough capital to launch their own construction projects. One of the interviewees, however, provides an example of how

it is possible to become a classic entrepreneur-inventor-innovator. At home, using his 'free time', by constructing a prototype of a windmill for generating energy he may have the chance to change his life. If he succeeds in making a working model, he may in fact become a legitimate entrepreneur.

Those who have not opted to set up their own micro-enterprises told us that they chose to remain employees and earn less because they did not want the hassle of the paperwork and potential legal complications:

'No, I would not like to be self-employed. It is so stressful, you need to run after so many things, it's too much responsibility, you have to deal with accounting, etc. I do not want this; I am better off painting. This is what I am good at.' (Iván)

Some of the interviewees became informal leaders of groups of workers with whom they work in 'work gangs'. István, for example, casually employs one or two unskilled workers when he needs an additional hand. They themselves, as gang leaders, use informal employment practices. István answered a question about whether he employed such individuals legally as follows: 'Of course, I do employ them legally [a smile on his face indicates that he does not]'. Lajos' answer is similar: 'I do employ one or two persons depending on the workload. But I do not declare them; I pay them from my pocket. Since taxes are high, if I declare them, I would not earn a forint. And there are so many regulations to follow, and I would have to pay for their holidays and so on. How could I do this? It would be impossible to cover all of the costs'.

One of the choices open to construction workers is to seek employment outside Hungary, but within the EU. Finding work in Austria, Germany or other Western European countries is always an option. Choosing to work abroad, however, is just as venturesome as working in Hungary. One may have the luck of obtaining a legal, fully official job with a good wage and with employers who follow the employment rules of the country in which they work. However, interviewees report to having had much worse experiences, resembling the sub-rosa work in Hungary:

'I worked in Germany three times, and once in France, and in Spain as well' (Géza)

'I worked in Vienna for two years some time ago, and then I returned again for two years in 1999-2000. But these are not permanent things. They just come and they last while they last. There is no future and security in this. I could not plan my life.' (István)

'We tried several times to go to Germany to get work. There were many frustrating situations, but once we got work for a month. ... There we saw how it is possible to work with better technology and under better working systems. I decided that whenever there is a chance, I will go back because of the better pay and better working conditions. I have lots of friends there. We call them

frequently, asking if there is any chance to get work. If they tell us that there is work, we will go.’ (Vajk)

István, like Vajk, had encountered much better working conditions in Germany than in Hungary. He told us that he would give up his presently chaotic entrepreneurial life if he could find work in Hungary as an official, legal employee with the conditions of employment and wages that he would get for similar work in Germany:

‘I would immediately wind up my small business if there were “normal” formal work. In Germany, work ended at one o’clock in the afternoon on Friday, and we went home and we returned to work on Monday at seven o’clock in the morning. In-between, we had a good rest. This was a good place to work, not a hassle as it is here at home. I miss this [...] I would give up my micro-enterprise If I could land a job with a salary of about 300,000 HUF, I would return to employed work immediately’. (István)

Another option is to quit the construction industry and find work in another industry. Some of our interviewees attempted this but then returned to construction as they thought that it offered better options. The choices they made were conditioned by their personal preferences, expectations, and calculations. Some chose the construction industry because of the potentially higher income, as László explained:

‘Normal people are happy to find work at the minimum wage at a multinational company, and are happy if they are not fired after 2-3 years. ... And this is why people choose construction and black work. At least it is something which surely pays better than minimum wage.’ (László)

Others prefer the relative freedom from direct supervision in a rigid work regime that the construction industry offers. Géza, for example, chose construction after he realized that he could make a nice income from it, and that the nature of the industry fit his autonomous personality. Géza is not alone. Many interviewees consciously opted for hard working conditions, irregular hours and income, and the insecure future that the construction industry offers to lower paid but more secure employment in another industry:

‘I do not know what else I could do aside from this. It would be nice to work eight hours a day, but it is sure that I could not work in a factory on an assembly line. Here, I do not have strict control over my work, I am independent, and it may be that I could not stand to work under a strict regime. So, it would be nice to work less, but it is possible that I could not bear a more disciplined working regime’. (János)

3. Discussion: the role of markets in the lives of workers

Interviewees, despite the precarious nature of the working environment, have ‘casually employed permanent’ employment status, fairly stable work, and a reasonable income which is at least double or treble what they could earn as normal factory workers in an assembly plant in a low-wage industry. According to interviewees, the two key factors for achieving ‘casually employed permanent’ employment status are having an appropriate (sometimes tacit) skill portfolio which is sought after, and having a reputation for being a reliable, good worker: that is to say, having personal knowledge capital and personal reputation capital. Additionally, being alert and having the ability to make choices at the right moment is important in the context of being familiar with the rules of the game.

One may argue that the special circumstances of this industry, such as the insecurity and constantly changing nature of the work, attract more adventurous people than ‘normal’ workplaces. Nonetheless, I note that the life-entrepreneurial phenomenon may also be traced in a more stable employment context: employees may advance their careers by participating in company-based or company-supported training programs and advance up the employment ladder within a company, provided they place emphasis on learning, doing good work and remaining alert to new opportunities and challenges.

The interview findings indicate that the construction workers can also be construed as ‘precarious workers’.³ From this viewpoint, they may be categorized as victims of the market, whose work is atomized, precarious, and for whom insecurity has become an everyday part of life under the impact of laissez-faire economic practices, ‘where hard work seems to lead to nowhere’.⁴ Indeed, some of the interviewees said that they felt the precariousness of their situation and would rather have been traditional workers at a big company with established rules, career paths, training opportunities and a generous company welfare system. Some of the micro-entrepreneurs felt that they were forced to be entrepreneurs.⁵

Part of the reason that their employment status is precarious is that their lives were largely shaped by the fact that they were born into poor and uneducated families – and as such, they were handicapped by their socialization and their personal distaste for studying; in other words, the cultural habitus of their families. This is a component of the situation which leads individuals to early entry into the world of labor as low-paid and non-skilled or skilled blue-collar workers.

Nonetheless, the situation of interviewees was not entirely without hope. In this world of precarious labor they were able to find ways to develop, to acquire new skills and practical knowledge, to train and retrain, to find ways of building up a good reputation and climbing the ladder of established hierarchies within the construction industry. This led to a more rewarding, more satisfactory and more autonomous life.

³ See Standing (2011).

⁴ For such a reading, see, for example, Charlesworth (1999: 5).

⁵ ‘Forced entrepreneurship’ is a widely used concept in the Hungarian social sciences and media. See, for example, Ferge (2006).

They did not become victims of their environment. The core of their success with life-entrepreneurship was their ability to increase and enrich their own human and personal social capital which could be converted in the labor market into better, more meaningful work, higher rewards and income, and more security in finding new work contracts. For this reason, I think that using the concept of life-entrepreneurship is a more accurate way to describe the lives of these interviewees than employing the term precariat.

Indeed, knowledge- and reputation-based social capital allows hard-working people to distinguish themselves and to become known and get ahead. This understanding of knowledge and social capital differs to that of Bourdieu (1984) for whom social and cultural capital is a network and a cultural signifier, with which those located 'above' (the upper and middle classes), maintain their place in the social hierarchy.

As far as the concepts of individualization and risk are concerned, the Beckian and Mengerian approaches lead to similar conclusions: both accept as a fact of life the presence of risk and the trend toward individual risk-taking. However, there is significant difference between them: they differ in their perception of markets and marketization.

Beck takes a negative view of the expansion of markets, arguing that it forces individualization on people and increases risk. Baumann also sees individualization as a negative process imposed on people by markets and consumerism. For Carl Menger, on the other hand, scarcity and risk are inherent characteristics of the world into which human beings are born. For Menger, a parallel increase in knowledge and need is the driver of the emergence of markets. Markets emerge when needs cannot be satisfied within self-sustaining, closed, small groups of humans. My position is that the Mengerian concept of the market, which connects the development of markets to increases in knowledge and human needs, fits the life stories of the interviewee-workers much more accurately than the Beckian concept. A market-based economic order is not, by nature, the enemy of working people: it creates a premium for good work, on which – to a large extent – the self-esteem and reputation-capital of workers is based.

Another important conclusion from the analysis of the interviews relates to the negative impact of the modern regulatory and bureaucratic state on life-entrepreneurship. The burden of heavy taxes and (over) regulation has important consequences for our interviewees. One issue is that the price competitiveness of small firms is based on informal working practices and tax evasion. The need for tax- and rule-evasion gives small firms a competitive edge over large firms which cannot resort to informal work practices. Ultimately, it leads to large firms and traditional employment being driven out of non-capital-intensive sectors such as construction, where wage competition is key to managing costs. The driving-out of large firms severely limits the chances of workers who would prefer to work at larger firms because of a personal preference for employment in more hierarchically structured organizations.

The negative impact of high taxes on employment is a worrying phenomenon. Some interviewees were practically forced to work in the grey economy, or to be

fraudulent micro-entrepreneurs who broke the rules since this was the only way to obtain work and generate adequate income in a high-tax environment.

Working in the informal sector may have numerous long-term negative impacts on workers' lives. Employer-provided formal training is not available to workers in the informal sector. Moreover, the de facto exclusion of informal workers from welfare state provisions causes trouble for informal workers when they get sick, when they cannot get work, and especially in their old age. This topsy-turvy situation deprives the very people for whom the welfare state was created (namely, the lowest classes of society) from the benefits of the welfare state, since they are forced into the grey economy and thus become non-persons.

Finally, the research described in this paper highlighted the pivotal importance of on-the-job training and the motivating impact of work experience on workers. Workplaces can serve as sources of inspiration for workers and may mitigate the negative impacts of a difficult start in life that often leads employees down a low-wage, low-skill path. Through work, on-the-job training, and further work-related training employees may have the chance to increase their knowledge, giving them access to more meaningful work, and more agency and autonomy over their lives. This observation suggests that the currently high levels of unemployment in Europe, especially among young citizens, will have a particularly negative impact on the life chances of the unemployed.

One of the key recommendations deriving from this research is that consideration should be given to reducing the bureaucratic red tape on companies and the tax burden on employment. This would create more jobs and give ordinary life-entrepreneurs a chance to prosper in the world of work, instead of becoming welfare recipients.

References

- Andersen, E. S. (2009) Schumpeter's Evolutionary Economics. London and New York: Anthem Press. DOI: <https://doi.org/10.7135/UPO9781843313359>
- Bauman, Z. (2000) Liquid Modernity. Cambridge: Polity Press.
- Bates, J. C. (1899) The Distribution of Wealth: A Theory of Wages, Interest and Profits. London: The MacMillan Company.
- Beck, U. (1992a) Risk Society: Towards a New Modernity. London: Sage.
- Beck, U. (1992b) How Modern is Modern Society? Theory, Culture and Society, 9(2): 163-169. DOI: <https://doi.org/10.1177/026327692009002011>
- Beck, U. (1998) Democracy Without Enemies. Cambridge: Polity Press.
- Berman, S. (2006) The Primacy of Politics: Social Democracy and the Making of Europe's Twentieth Century. Cambridge: Cambridge University Press. DOI: <https://doi.org/10.1017/cbo9780511791109>
- Blaug, M. (1996) Economic Theory in Retrospect. Cambridge: Cambridge University Press.

- Bourdieu, P. (1984) *Distinction: a social critique of the judgement of taste*. Cambridge: Harvard University Press.
- Böhm-Bawerk, E. (1888/1930) *The Positive Theory of Capital*. New York: G.E. Stechert and Co.
- Böhm-Bawerk, E. (1896/1949) *Karl Marx and the Close of His System*. New York: Augustus M. Kelley.
- Ebner, A. (2003) *The Institutional Analysis of Entrepreneurship: Historist Aspects of Schumpeter's Development Theory*. In Backhaus, J. G. (Ed.) *Joseph Alois Schumpeter: Entrepreneurship, Style and Vision*. New York; Boston: Kluwer. 117-140. DOI: <https://dx.doi.org/10.1007/b101851>
- Charlesworth, S. J. (1999) *A phenomenology of working class experience*. Cambridge: Cambridge University Press. DOI: <https://doi.org/10.1017/CBO9780511489419>
- Dávid, J. (1988) *A gyári társadalom társadalmi integráció? (Néhány szempont a kérdés átgondolásához) (Factory Community and Social Integration)*. In Szalai, J., Lányi, A., Miszlivetz, F., Radnóti, S. and Á. Vajda (Eds.) *Arat a magyar (Hungarian Harvest)*. Budapest: MTA Szociológiai Kutató Intézete.
- Ferge, Zs. (2006) *Struktúra és szegénység (Structure and Poverty)* In Kovách, I. (Ed.) *Társadalmi metszetek érdekek és hatalmi viszonyok, inividualizáció (Society, Interest, Power and Individualization)*. Budapest: Napvilág Kiadó. 479-500.
- Foss, N. J. and P. G. Klein (2012) *Organizing Entrepreneurial Judgment*. Cambridge: Cambridge University Press. DOI: <https://doi.org/10.1017/cbo9781139021173>
- Gergen, C. and G. Vanourek (2008) *Life entrepreneurs: ordinary people creating extraordinary lives*. San Francisco: John Wiley and Sons.
- Hayek, F. (1937) *Economics and Knowledge*. *Economica*, 4(13): 33-54.
- Hayek, F. (1945) *The Use of Knowledge in Society*. *American Economic Review*, XXXV(4): 519-530.
- Héthy, L. and Cs. Makó (1981) *A technika, a munkaszervezet és az ipari munka (Technology, Work Organization and Industrial Work)*. Budapest: Közgazdasági és Jogi Könyvkiadó.
- Jaffé, W. (1976) *Menger, Jevons and Walras Dehomogenized*. *Economic Inquiry*, 14(4): 511-524. DOI: <https://doi.org/10.1111/j.1465-7295.1976.tb00439.x>
- Jevons, W. S. (1871) *Theory of Political Economy*. London: MacMillan.
- Kirzner, I. (1973) *Competition and Entrepreneurship*. Chicago: University of Chicago Press.
- Lachmann, L. (1978/1994) *Vicissitudes of Subjectivism and the Dilemma of the Theory of Choice*. In: Lavoie, D. (Ed.) *Expectations and the Meaning of Institutions: Essays in Economics by Ludwig Lachmann*. London; New York: Routledge. 213-223.

-
- Lawrence, J. (2013) Blue Labour, One Nation Labour, and the lessons of history. *Renewal, a journal of social democracy*, 21(2-3): 6-13.
- Mair, J., Robinson, J. and K. Hockerts (2006) (Eds.) *Social Entrepreneurship*. Basingstoke; New York: Palgrave MacMillan.
DOI: <https://doi.org/10.1057/9780230625655>
- Marx, K. (1858/1993) *Grundrisse*. London: Penguin Books.
- Menger, C. (1871/1976) *Principles of Economics*. New York: New York University Press.
- Mises, L. (1949) *Human Action: A Treatise on Economics*. New Haven: Yale University Press.
- Polányi, M. (1958) *Personal Knowledge: Towards a Post-Critical Philosophy*. Chicago: University of Chicago Press.
- Roth, G. (1978) Introduction. In Roth, G. and C. Wittich (Eds.) *Max Weber: Economy and Society*. Berkeley: University of California Press. xxxii-cx.
- Smith, A. (1776/1993) *An Inquiry Into The Nature And Causes Of The Wealth Of Nations*. Lanham: Rowman & Littlefield.
- Schultz, T. W. (1975) The Value of the Ability to Deal with Disequilibria. *Journal of Economic Literature*, 13(3): 827-846.
- Schumpeter, J. A. (2002) New Translations from *Theorie der wirtschaftlichen Entwicklung*. *American Journal of Economics and Sociology*, 61(2): 405-437.
DOI: <https://doi.org/10.1111/1536-7150.00167>
- Standing, G. (2011) *The Precariat: The New Dangerous Class*. London; New York: Bloomsbury Academic. DOI: <http://dx.doi.org/10.5040/9781849664554>
- Walras, L. (1874/1954) *Elements of Pure Economics, or the Theory of Social Wealth*. London: Allen & Unwin.
- Weber, M. (1978) *Economy and Society: An Outline of Interpretative Sociology*. Berkeley: University of California Press.
- Wieser, F. (1927) *Social Economics*. New York: Adelphi Company.
- Wright, E. O. (2002) The Shadow of Exploitation in Weber's Class Analysis. *American Sociological Review*, 67(6): 832-853.
DOI: <https://doi.org/10.2307/3088972>