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PROPOSALS FOR REVISION OF THE RECOMMENDATIONS OF THE
POPULATION COMMISSION ON THE INDUSTRIAL OR SOCIAL
STATUS CLASSIFICATION

(Memorandum prepared by the Secretariat)

I. INTRODUCTION

1. Another paper (E/CN.9/43-E/CN.3/C.1/22) prepared by the Secretariat for consideration of the Population Commission and the Statistical Commission at their fifth sessions, summarizes the comments of various Governments and of the International Labour Organisation on the proposals of the Population Commission and the Statistical Commission for defining and enumerating industrial or social status groups which were set forth in E/CN.9/C.2/3/Rev.2. In view of these comments, certain modifications of the Commissions' original proposals may seem advisable. The changes which appear to the Secretariat to be desirable are pointed out in the following paragraphs. As originally drawn up, the classification was intended to be applied to the economically active population. For use in population censuses, however, provision must be made for applying the classification to the total population, including dependents. Suggestions for extending the classification so that it may be used for this purpose are also presented in this paper.

II. MAJOR DIVISIONS — CONTENT AND DEFINITIONS

2. Since the majority of the Governments which submitted comments indicated it would be feasible for them to provide data on the four major industrial or social

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status groups listed in the proposals, no modification of the list of major groups appears to be necessary. Although several countries emphasized the difficulties of separating employers and workers on own-account, most of them expressed a willingness to make special efforts to provide such data if required for international use.

No major changes appear to be called for in the proposed definitions of three of the four major groups: employers, workers on own-account and employees, as contained in paragraphs 23 through 25 of document E/CN.9/C.2/3/Rev.2. It is suggested, however, that a revision in the wording of sub-paragraph (3) of paragraph 23 might help to clarify the proposed treatment of managers and directors and other employees of incorporated businesses:

"(3) all employees of incorporated businesses, including managers, directors, etc., whether or not they own all or part of the capital stock of the incorporated business, and even though they may perform the same functions as employers;"

In the case of unpaid family workers, consideration should be given to the possibility of modifying the definition stated in paragraph 26 of the memorandum with respect to two points. The first concerns the selection of a minimum amount of working time as a criterion for determining who shall be enumerated as an unpaid family worker. In view of the sentiments expressed by the small number of countries commenting on this point, the recommendation stated in the first sentence of paragraph 26 might be extended to endorse the proposals of the Food and Agriculture Organization^{1/} that family members who worked without pay in the family agricultural holding for at least one-third of a normal work period be enumerated as unpaid family workers and included in the economically active population. Such a rule could be applied under situations where the census data on economic activities refer to different time periods, e.g., a week or some longer period such as a year, and its adoption would greatly aid in improving the comparability of statistics on the economically active population. It would also be advantageous to have agreement between the recommendations of the Population Commission and the Statistical Commission and those of the FAO on this point.

The second aspect of the unpaid family worker definition which appears to require clarification is the treatment of family members who receive some kind of payment, which may or may not be directly related to the work performed. In

^{1/} Food and Agriculture Organization of the United Nations. Program for the 1950 World Census of Agriculture, Washington, December 1948, pages 19-20.

accordance with the definitions which have been set forth, family members who are paid an actual wage for their work should be separated from those who receive allowances which are not directly dependent upon the work performed. It is recognized, however, that this distinction may be difficult to make in some cases. Consideration might be given to the possibility of determining the proper classification on the basis of the amount of any cash allowances received: persons receiving less than a stated minimum to be enumerated as unpaid family workers and those receiving that amount or more to be returned as employees.

6. In order to take account of the major points discussed above, the following rewording of paragraph 26 of the original memorandum is proposed:

"Unpaid family workers

This group should be defined as including persons working without pay, for a specified minimum amount of time or a minimum proportion of a full-time day, week, month, or year (depending on the time reference of the census questions on economic activities) in an economic enterprise operated by any member of the household. Wherever practicable, the minimum adopted should be equal to approximately one-third of what is considered to be a normal amount of working time during the period to which the questions refer. Although unpaid family workers usually receive room and board, and often receive cash allowances, this should not be considered as pay in their ~~case~~, since it is not dependent on the work performed. All such persons should be included in the category of unpaid family workers, and only those who receive an actual wage or salary for their work should be classified as 'employees'."

III. SUB-DIVISIONS OF EMPLOYEES

7. On the basis of the comments received from the Governments and from the International Labour Organisation, it is obvious that further study is required in order to arrive at satisfactory standard definitions of the various sub-groups of employees suggested by the Population Commission and the Statistical Commission (in paragraphs 10 and 11 of E/CN.9/C.2/3/Rev.2). Further consideration must be given to the relation of these sub-groups to the standard international occupational and industrial classifications. For example, one of the proposed sub-groups - "domestic service" - is also shown as a sub-category in the International Standard Industrial Classification. Two of the other recommended

/sub-groups of

sub-groups of employees, "managers and directors" and "professional workers earning wages or salaries" are groups which are at least partly occupational in nature, although they are not shown as separate major categories in the occupational classification which was approved by the Seventh International Conference of Labour Statisticians. The Conference considered that, in the development of sub-categories in the occupational classification, special attention should be paid to those occupational designations which touch on the related classification of industrial or social status.^{1/}

8. The sub-groups of "wage earners" and "salaried employees" are definitely germane to the classification by industrial or social status, but there is difficulty in selecting a satisfactory criterion for differentiating between these two groups, as pointed out in the comments received from a number of Governments. The problem of developing standard definitions for these groups which would be appropriate for international use will require further work in collaboration with the ILO. It is extremely unlikely that such definitions can be established in time for use in 1950 censuses.

9. In view of the above considerations, it appears to be premature at this stage in the development of international statistical standards, to include any sub-groups of employees in the industrial or social status classification adopted for international use.

IV. APPLICATION OF CLASSIFICATION TO TOTAL POPULATION

10. The Population Commission has suggested that, in population censuses, it is important that the classification by industrial or social status should be applied not only to the economically active population, but also to the total population, including dependents. The classification can easily be adapted for this purpose by dividing the population into three major categories:

I. The economically active population

- (a) Employers
- (b) Workers on own-account
- (c) Employees (including the armed forces)
- (d) Unpaid family workers
- (e) Unemployed persons who have not previously been employed^{2/}
- (f) Industrial or social status unknown

^{1/} See document E/CN.3/C.1/15, paragraph 14.

^{2/} The Population Commission has recommended that unemployed persons who have not previously been employed should not be classified by industrial or social status but should constitute a separate group within the economically active population (document E/1313, Annex II, paragraph 37).

- II. Dependents, not economically active, of persons in group I, classified by industrial or social status of the household head
- (a) Employers
 - (b) Workers on own-account
 - (c) Employees (including the armed forces)
 - (d) Unpaid family workers
 - (e) Unemployed persons who have not previously been employed
 - (f) Industrial or social status unknown
- III. All other persons, not classified by industrial or social status^{1/}
- (a) Inmates of penal, mental, and charitable institutions
 - (b) Other persons, including independent persons such as pensioners, persons living on dividends, interest, rents, etc. and their dependents.

^{1/} The sub-groups of this category (items a and b) are among the groups which the Population Commission recommended should be identified in tabulations of the total population dependent on various types of economic activities. (See document E/1313, Annex II, paragraph 41).

Annex A. SUMMARY OF POPULATION AND STATISTICAL COMMISSIONS'
PROPOSALS ON INDUSTRIAL OR SOCIAL STATUS

1. At its fourth session, held in April 1949, the Population Commission made the following observations regarding an industrial or social status classification in connexion with its discussion of desirable tabulations of data on the economically active population:^{1/}

"In the classification by industrial or social status at least four major groups should be distinguished: (i) employees (persons who work for wages or salaries in cash or in kind), (ii) employers (persons who operate economic enterprises in which they hire one or more employees), (iii) workers on own account (persons who operate economic enterprises without employees) and (iv) unpaid family workers (persons who do a specified minimum amount of work without pay in economic enterprises operated by other members of their households). It is useful to subdivide group (i) into the following categories: wage earners, salaried employees, directors and managers, professional workers who are employed for wages or salaries, and domestic servants. Where there are many persons who work for companies or employers but who receive a percentage of sales as remuneration, these persons also may be shown as a separate sub-division of category (i). For the purpose of establishing these sub-divisions of group (i), use may be made of other questions on the schedule in addition to that on industrial or social status notably the question on occupation."

The Commission also indicated that "Unemployed persons who have not previously been employed should be shown as a separate category in classifications by industry, occupation, or industrial or social status".

2. The Statistical Commission, after considering the proposals of the Population Commission at its fourth session, suggested that the proposed classification of employees into the groups outlined above should be amended as follows: directors and managers, professional workers who are employed for wages or salaries, other salaried employees, domestic service workers, and other wage earners.^{2/}

3. The Population Commission also requested^{3/} that the following proposed definitions of the four major industrial or social status categories be incorporated in a paper which should be submitted to the various Governments and specialized agencies for comment:

^{1/} Report of the Fourth Session of the Population Commission (E/1313)
Annex 2, paragraph 38.

^{2/} Statistical Commission. Summary Record of the 43rd meeting.
(E/CN.3/SR.43, pages 5-8).

^{3/} Report of the Fourth Session of the Population Commission.
(E/1313, paragraph 14).

"Employees

This group should be defined as including all persons working for public or private employers and receiving remuneration for their work in money wages, salary, commission, tips, piece-rates, or pay in kind. Among the groups to be classified as employees are the following:

- (1) All persons working for private employers (or private organizations) for wages or salary;
- (2) all persons working for any branch of the government, including paid elected officials and members of the armed forces;
- (3) managers, directors and other salaried officials of economic enterprises who do not own the businesses in which they work, even though they may perform the same functions as employers;
- (4) persons who work for companies or employers and who receive a percentage of their sales as remuneration (except persons who by virtue of their share of proceeds of an enterprise are classified as own-account workers);
- (5) persons who work solely for tips, without wages or salary;
- (6) persons doing piece-work at home or in a shop for one or more employers rather than for their own clientele;
- (7) all domestic servants (not including persons who take in laundry, sewing, etc. in their own homes);
- (8) professional persons who work for salaries or wages."

"Employers

This group should be defined as including all persons who operate their own economic enterprises, or who engage independently in a profession or trade for profit or fees, and who employ in connection with their businesses one or more workers other than unpaid family workers or unpaid apprentices. Persons operating economic enterprises in partnership should be classified as employers if their enterprises engage employees. An individual who employs no persons other than domestic servants in the home does not meet the requirements for inclusion in the employer group, unless such servants are employed in connection with an economic enterprise, e.g., a boarding house."

"Workers on own account

This group should be defined as including all persons who operate their own economic enterprises, alone or in partnership with other owners, or who engage independently in a profession or trade for profit or fees, or who operate a farm which they own or rent for cash or share of the crop or proceeds, and who have no employees in their enterprises other than unpaid family workers or unpaid apprentices. Persons who work for profit or fees in their own home should be included.

/ "Unpaid family

"Unpaid family workers"

This group should be defined as including persons working without pay of any kind, for a specified minimum amount of time or a minimum proportion of a full-time day, week, month, or year (to be determined by the individual countries on the basis of prevailing practices) in an economic enterprise operated by any member of the household. Although unpaid family workers usually receive room and board this should not be considered as pay in kind in their case, since it is not dependent on the work performed. All types of work which contribute to the operation of the family farm or business should be considered as unpaid family work, but home housework duties should be specifically excluded. In a farmer's household, all work done in connection with cultivation, harvesting, preparation of products for sale, care of livestock, repair of farm equipment, and the like, should be included."^{1/}

^{1/} Document E/CN.9/C.2/3/Rev.2, "Proposals for Standardizing Definitions and Methods of Enumerating Industrial or Social Status Groups in Population Censuses", paragraphs 23-26.