

Socio-economic classifications: Part 2

Hello, and welcome to part two of this resource on socio-economic classifications. I'm David Pevalin.

As I mentioned in part one, this part is a deep dive into the UK official classification, the national statistics socio-economic classification, or NS-SEC. Some people pronounce that in NS SEC. And we're just going to take a deep dive into the background to it and the conceptual basis behind it. As we saw in, as I mentioned, in part one, the NS-SEC is what is an adapted version of Goldthorpe schema. So, it has the same conceptual basis, which the classes bring together people who share similar work and market situations. This is through a concept of employment relations, which is sort of like the social relationships at work, regarding employment conditions, the type of employment contracts that are held by people in these occupations. The way that the schema is constructed is that there are these, the schema of constructs empty spaces by for these classes, which are filled by individuals, and we do that in a way of how this is operationalized through the standard occupational classification, and the derivation matrices, which I'm going to do a small supplemental video to this about how that's done. And that's the real nitty gritty bit about how to put the NS-SEC on datasets, but it's also how the concepts of NS-SEC and employment relationships are operationalized in in a way that can work for official datasets. And there's a degree of pragmatism involved in that and what we have to do.

So, a primary distinction with the NS-SEC are between employers, people who buy the labour of others, and have some degree of authority and control over them. The self-employed or own account workers who neither sell their own labour or by the labour of others, and employees who sell their labour to employers and in doing so, put themselves under the authority of those employers. And about up high 80% of people in the workforce are employees. And so obviously, they're not a unified class in and of themselves. And so there's a way of distinguishing between that which I'll get into. And then also within the NS-SEC, there is a place for those excluded from the workforce, such as long term unemployed and those who've never worked. But we'll go into more detail in these. There's no ideal way of going about which order because some overlap with others, but if you bear with me, I'll try and flag up when I'll deal with an issue in greater detail later.

So, if we deal with employers first. In the NS-SEC, we distinguish between employers of, in large establishments and smaller establishments. And pragmatically, this is using a cut off of 25 or more employees for large and less than 25 for small. But there's an exception here. And this exception runs pretty much across all of the, whether it's employers self-employed employees' manager or status and that sort of thing. And that is if you're, if the higher professional occupations always just go to higher professional occupations, and so we would say a professional is a professional, is a professional. And so that overrides the other the other status and this is because, you know, empirically we find that there's some times the borders between self-employment and employment for professionals are hard to distinguish. And other times it's particularly in regard to managerial status. The you have to be a professional to be a manager in that profession first and so that we we've determined that that's the one that takes priority.

So, for large employers, we, you can see here that lower professionals go into the operational category of large employers as does every other occupation. As a little note, here, you see the L1 and the L3, L you could mean long form or these are operational categories who are then clustered together to form classes, which I'll get onto later. So, we see for lower professionals, that being a large employer, or an employee in a large establishment takes precedence over the lower professional occupations. I'll get into the distinguish the differences between higher profession, low occupations are lower professional occupations when we get to employees. And similarly, for employees in small establishments. Apart from low professionals, which do go to L4, which is the lower professional operational category that's that takes precedent over being an employer in the smaller section and all others go to L8, which is this the operational category for in small employers.

If we move on to the self-employed or own account workers, as we say, professionals are professionals, professionals, so high professionals stay that way. Low professionals stay that way. And everybody else who's self-employed goes to L9, which is own account workers. Now, I'm just going to shuffle this slide around to give me a bit more space to deal with employees. Now within the NS-SEC, obviously, not all employees are treated the same. And though, we identify three basic types, a service relationship, an intermediate form of relationship with the employer and a labour contract. So, these broad three positions are how employees are generally regulated by their employers through their employment contracts. And so first the service relationship. This tends to be typified by employees providing a service for compensation. Compensation is usually a salary, it's usually involving a long term employment contract. And these are likely to exist where employees exercise delegated authority for the employers. They have specialised knowledge and expertise, and they use them in pursuit of the employers goals and missions of the organisation. And this inherently entails a certain amount of autonomy and discretion for the employee. And these are typically found in higher professional senior administration and senior management occupations. There's a more restricted or attenuated form of the service relationship. And this is where we distinguish between higher professionals, professional occupations and lower professional occupations, or between higher managerial occupations and lower managerial, occupational occupations and higher technical occupations in that we still, we still think that there's a service relationship there, but it's it's not. It's in an attenuated form compared to the higher, the higher occupations.

In contrast to this stance, the Labour contract, which is usually a relative, least short-term exchange of money for efforts, usually employees are closely supervised and pay is typically for the amount of work done all the time worked. These are usually found in what historically we've called Working Class occupations. But there's an attenuated form of this also, which is found for supervisors and skilled workers. And the intermediate or the mixed form of of employment relations combines aspects of the service relationship and of the labour contract and these are typical in clerical and some technical and sales and service occupations.

Now if we see how these then go work through to the operational categories for the NS-SEC. So, the service relationship will split that between higher and lower or a full-service relationship and a more attenuated form of it. And you'd see for managers, higher managerial occupations go to L2, professionals as before to L3, and for more attenuated service relationships. Lower managerial

occupations go to five, lower professional occupational, to four, and then higher supervisors. They go to L6 and and the supervisors in L6, normally supervise employees who have an intermediate form of employment relationships, and they here are in L7, so the employees are in L7, and their supervisors are in L6.

Within the labour contract, we the NS-SEC split out into supervisory occupations. So, these have an attenuated labour contract. So, they have some more aspects, some smaller aspects of the service relationship within that. So, they go to L10, which is lower supervisors. And then there are technical occupations, lower technical occupations, higher technical occupations go in L4. And then there are semi routine and routine occupations, which should go in L12, and 13. And sometimes you can operationalize for the NS-SEC, the never worked and the unemployed, which go to L 14.

Now, if I just tidy up this slide, I hope that it will we'll remove the duplicates. And then if we order them, we can see how the operational categories then cluster into the different classes. Now, the NS-SEC is a is a nested schema. So, here we have 14 operational categories. And they cluster it in different ways into different numbers of classes. So, there is the eight-class version, which clusters in this way that this is the one that's been adopted by the Office for National Statistics as the official NS-SEC. And sometimes class 1 is split into class 1.1, which is employers and managers and then 1.2, which is high professionals. Sometimes you see 1.1 and 1.2. But it's just a splitting out of of class one in the eight-class version. Sometimes class eight can't be operationalized in your datasets, it depends on on what you've got there.

But because it's nested the NS-SEC can be collapsed into a five-class version. Where there's no distinction between higher and lower managerial and professional occupations, and semi routine and routine occupations are clustered together. And going one step further, there is a three-class version which clusters the lower technical and supervisory occupations with a routine amount with a route semi routine and routine and the intermediate and small employers and known account workers are clustered into class two. You have to remember with the NS-SEC, that it is a nominal classification. Although we use 12345. It's it's not considered ordinal. Because particularly because of the self-employed in class four in the eight class version. There is some argument that the three class versions could be considered ordinal. But there's a debate on both sides of that.

So, what I've covered here is how we get from the conceptual basis of the NS-SEC, into regard of employment relations through to the operational categories and then through to the different versions, different analytic class versions of it. If you're looking back maybe at the 2010 version of the NS-SEC. In the operational categories, instead of just seeing L1 through 13, you might see some likes, particularly in sa 13, you'll see L 13.1 13.2. and they are operational subcategories. These were dropped for the 2020 version. They were originally put in in 2000, to help link back to the former classification, social classifications. But in rebasing for 2020, we decided that it was no longer feasible to maintain these and so now we just have L1 through 13 for for the employment ones within within the NS-SEC.

As I said a bit earlier, there's, I'm going to do a small supplemental on how to actually put the NS-SEC derivation matrices on your dataset and what information you have to have, what variables you have to

have. This is detailed in quite some depth in the standard occupational classification, volume three, which is available online. And also, there is a report there, which details how we rebased the NS-SEC for the 2020 version of of SOC in preparation for the census in 2021. Anyway, good luck with that and I'll see you in the supplemental