An Overview of Socio-Economic Status

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Abstract

Socio-economic status (SES) is defined as a measure of one's combined economic and social status and tends to be positively associated with better health. This entry focuses on the three common measures of socioeconomic status; education, income, and occupation include definitions, theoretical background, and empirical support for each of these SES indicators and their relationship with health. SES is generally thought to influence health through three avenuesSES influences health through the ability to purchase health promoting resources and treatmentssocialization of early health habits and continuing socialization of health habits differs by SES and it has been posited that rather than SES influencing health, health influences SES, less healthy individuals complete fewer years of school, miss more work, and earn lower incomes.

Keywords: *Socio-economic status, income, education, occupation, factors, population*

Introduction

Socio-economic status (SES) is the economic and sociological standing combined total measure of an individual's or family's economic standard of a social hierarchical structure. The Socio-economic status depends on combination of variables including earner's education, family income, occupational type, residenceand religion. Sociologists often use socio-economic status as a means of predicting behavior revealing inequities in access to resources, issues related to privilege, power and control.Socio-economic status is more commonly used to depict the economic difference in a society by Economists. Social Scientists go further by using the socio-economic status impacting in personal behavior. The Socio-economic data is gathered and analyzed by a wide range of institutions and organizations most probably by the government to determine everything on their populations from tax rates to political representation. But in general, whenever the Socio-Economic status is utilized its in the context of social science as the

socio-economic data is also collected and analyzed by NGOs (Non-government Organizations) and research institutes to study people's behavioral science and actual economics status.

Primary Factors

Social Scientists categorize socio-economic data into three primal main factors used to calculate SES (Socio-economic status):

- Education

    An individual level of education has a direct impact on their earning ability, with higher earning power leading to more educational opportunities that in turn increase future income potential. According to Annette Lareauthe middle class parents plays a vital role in children's educational development by fostering and organized activities through encouraging random discussions. The language skills are impacted by their higher or lower Socio-Economic standard affecting abilities to learn and exacerbate the problem of education disparity.

- Occupation

    This factor is more difficult to assess because of its subjective nature. Occupational status reflects the education qualification required for job and income levels that varies within ranks of workplace. Occupational status measures social position by describing job characteristics, decision-making ability and control, and psychological demands on the job. Occupation is the most difficult factor to measure as there are so many competing scales based on the skill level fromlabor to professional by combining the education level required at cost of income.

- Income

    Income refers how much an individual or family earns including wages, salaries, profits, rents, and any flow of earnings such as investments, worker's compensation, pensions, interests or dividends, royalties, trusts, alimony, savings and public or family financial assistance.

    - According to Economist John Maynard Keynes Absolute income is the relationship in which the consumption increases simultaneously increasing their savings rate but not

at the same rate.Absolute income still theorized but practically economists assert that individuals view their income and financial position in absolute terms.

- James Duesenberry demonstrates the Relative income hypothesis dictates an individual's or group's savings and consumption based not only on absolute income but on the family's income in relation to others.Duesenberry argued a consumer will consider his income as it relates to the income of another before making purchase decisions.

- Gini Coefficient:

  Gini coefficient also known as Gini index or Gini ratio was developed by the Italian statistician and sociologist CorradoGini and published in his 1912 paper *Variability and Mutability*is a statistical measure of distribution intended to represent the income or wealth distribution of a nation's residents. It is most commonly as a gauge of economic inequality, measuring income distribution or, less commonly, wealth distribution among a population. A higher Gini coefficient indicates greater inequality, with high income individuals receiving much larger percentages of the total income of the population.

The major factors income, education and occupation together best represent SES while considering structure of family. SES affects student's cognitive abilities and academic success.

Socio-Economic Status and Health

Socio-economic status has been related to healthcare and those in the higher social hierarchy enjoy better healthcare than lower socio-economic status. Socioeconomic status is an important source of health inequity as there is a robust positive correlation between socio-economic status and health.
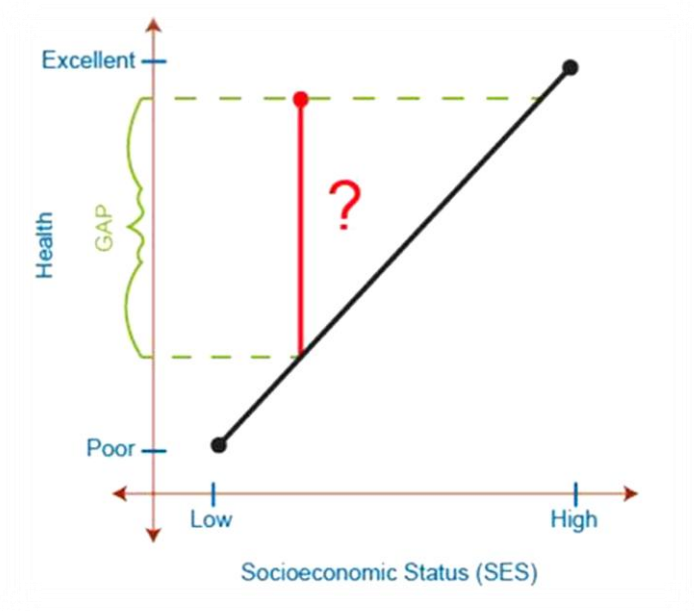
Figure 1 significance of SES over health

This correlation denotes that only the poor tend to be sick while other have excellent healthcare but there is a continual gradientof the socio-economic ladder on status over health. The health gap between the poor and excellent healthcare is often called the "SES Gradient" or the "Social Gradient". Family with low socioeconomic status cannot afford the healthcare.This graph shows a typical socio-economic status affecting the health equity. Lower socio-economic status has been prone to health inequity like chronic obstructive pulmonary disease, ulcers,cardiovascular disease, diabetes, inflammatory disorder, cancer and genetic disorder.

Literature Review

- ❖ B.G Prasad classification was developed in 1961 considering per capita monthly income as a variable, modified in 1968 and 1970. It was later modified by Kumar due to the inflation in economy in 1993-94. Now currently year 2001 is taken as the base year by the ministry of labor, Governments of India. Linking factors which link the All India Consumer Price Index (AICPI) between 2 years i.e. between 1961 and 1982 as well as between 1982 and 2001 are available.

- ❖ Kuppuswami scale is used to measure the socio-economic status of a person in urban communities based on three variables education, occupation and income. Later on modification of scale were done, where the education and occupation of head of the family and income per capita per month was used.

How SES is measured

In SES scale, there are many components like education component, occupation component, and income component. Each component has different level and we will give number from highest to lowest. A variety of methods has been proposed.

A. B.G PRASAD'S CLASSIFICATION (1961)

This classification is based on the following factors:

- Per capita monthly income = total family monthly income /total members of family.
- AIACPI (All India Average Consumer Price Index).

Table 1 Modified Prasad's SES Classification

Socio-Economic Classification	Per capita monthly Income (1961) Rs	Multiplication factor x per capita monthly Income		Per capita monthly Income (2019)Rs	
		Lower Limit	Upper Limit	Lower Limit	Upper Limit
I	100 and Above	|(MF x 100)|	∞	7533	∞
II	50 – 99	|(MF x 50)|	|(MF x 100)| - 1	3766	7532
III	30 – 49	|(MF x 30)|	|(MF x 50)| - 1	2260	3765
IV	15 – 29	|(MF x 15)|	|(MF x 30)| - 1	1130	2259
V	Below 15	0	|(MF x 15)| - 1	0	1129

MF - Multiplication Factor = (4.93 x 4.63 x AICPI)/100

AICPI – (All-India Average Consumer Price Index) for December 2019 = 330

B. UDAI PAREEK SCALE (1964)

Pareek's classification is used for rural areas as it is based on nine characteristics.

Table 2 Rural Characteristic's component score

Components	Score	Components	Score
1. Caste		2. Occupation	
Schedule caste	1	None	0
Lower caste	2	Labor	1

Artisan caste	3	Caste occupation	2
Farmer caste	4	Business	3
Prestige caste	5	Independent profession	4
Dominant caste	6	Cultivation	5
3. Education		Service	6
Illiterate	0	**4. Social Participation**	
Can read	1	None	0
Can read and write	2	Member of a group	1
Primary School	3	Member of groups	2
Middle School	4	Office Person	3
High school	5	Public leader	6
Graduate	6	**5. Home**	
Post Graduate and above	7	No Home	0
6. Land		Hut	1
No Land	0	Mud House	2
< 1 Acre	1	Wood House	3
1 – 5 Acres	2	Stone House	4
5 – 10 Acres	3	Bungalow	5
10 - 15 Acres	4	**7. Material Possession**	
15 – 20 Acres	5	Bullock Cart	0
> 20 Acres	6	Bike	1
8. Farm Power		Radio Receiver	2
No Drought animal	1	Furniture	3
1 -2 animals	2	Mobile	4
3 -4 animals	4	Television	5
5 -6 animals	6	Refrigerator	6
9. Family Type			
Single	1		
Joint	2		
Extended	3		

For interpretation of the Socio economic status add score for nine items. Weightages appear in parentheses.

Table 3Classification of SES according to UdaiPareek SES scale

Symbol	Category	Score on the Scale
A	Upper Class	Above 43
B	Upper – Middle Class	33-42
C	Middle Class	24-32
D	Lower – Middle Class	13-23
E	Lower Class	Below 13

C. KUPPUSWAMY SOCIOECONOMIC CLASSIFICATION (1976)

This scale is a composite score of educationand occupation of the head of the family along with family monthly income. It classifies the study population into high, middle and low SES. There is a steady inflation of the rupeeperiodically revisions the income variable. The changes in the income scale are proportional to the change in AICPI.

This socio-economic classification is based on the following factors:

1) The education of the head

Table 4Education socio-economic classification

S.No	Education of the Head	Score
1	Honors	7
2	Graduate or Post Graduate	6
3	Diploma	5
4	High School Certificate	4
5	Middle School Certificate	3
6	Primary School Certificate	2
7	Illiterate	1

2) Occupation of head

Table 5Occupation socio-economic classification

S.No	Occupation of the Head	Score
1	Professional	10
2	Shop Owner	6
3	Clerical	5
4	Skilled Worker	4
5	Worker	3
6	Unskilled Worker	2
7	Unemployed	1

3) Income per capita per month

Table 6Income - Kuppuswamy socioeconomic classification

S.No	Family Income per month in Rs (1976)	Family Income per month in Rs (2019)	Family Income per month Score
1	Above 2000	≥ 48510	12
2	1000 – 1999	24255 – 48509	10
3	750 – 999	18191 – 24254	6
4	500 – 749	12128 – 18190	4
5	300 – 499	7277 – 12127	3
6	101 – 299	2450 – 7276	2
7	Below 100	≤ 2426	1

Current income groups = Original family income groups X All India Consumer Price Index (AICPI) X 0.0735 (multiplication factor).

D. S.C TIWARI SCALE (2005)

The scale consisted of seven profiles with five mutually exclusive sub-categories of each profile. They are alternatives given in the series profiles of the scale should be redefined from time to time preferably after every five years.

1. House profile - two sub parts

    a. Land area - includes constructed + unconstructed area

    b. House type - covers different type walls, floorings and a roof of a house.

2. Material possession Profile - two sub parts

    a. Household gadgets – The quantity and total cost of the gadgets

    b. Conveyance facility – common household possession and conveyance facility included according to their average cost.

3. Educational status - achieved by those members of the family who have crossed the school going age. Weighted scores for achieved educational status were given '0' for illiterate and '10' for higher studies.

4. Occupational profile - occupation of the family members.Weighted scores for achieved occupational status were given '0'for no gainful employment and '10' for equivalent jobs

5. Per capita income of the family - total family income from all sources divided by total number of family members..

6. Possessed land/House cost profile - defined according to the cost of land owned or cultivated by the family..

7. Social profile - two sub parts

    a. Understanding - defined according to the knowledge of social issues and

    b. Participation - defined according to their involvement in social activities.

All the seven profiles were equally weighted, each having a maximum score of 10.

Conclusion

The Indian government focuses on socio economic stratification for understanding the affordability of the community health services, amenities and purchasing behavior.

Prasad's classification only variable income as it is easy to calculate applicable both for urban as well as rural families as this classification can be applied for all sections of the societybut also need for updating in AICPI value over the frequent interval.The variables included inpareek'sscale were found to be significant in indicating socio-economic status of rural families making the data collected with the scale more valid. The scale becomes not possible for illiterate or semiliterate villagers as farming surpasses other factors contributing to Socio-economic data rather than socio-economic status.Kuppuswamy's scale composed of education and occupation of head of the family and income per capita per monthprecisely depicting the Socio-economic status of the individual. There is one tiny loophole as the scale doesn't consider size of the family so a nuclear family with a particular income will have higher SES status than extended family with same income contradicting the whole socio-economic status. Therefore the scale of seven profiles covers the limitations of previous scales covering most of the critical factors affecting the socio-economic scale is suited for an ideal scale to calculate socio-economic status.

These scales are mostly used by economists to determine the GDP but in these recent times social scientists and researchers require SES more than ever to study the psychology of each individual and to find root cause of any upcoming cataclysm.The socio-economic status is now have to be used by sociologists and doctors to predict any abnormal characteristic behavior of an individual or a group in any circumstances and to prevent any pandemic disorder yet to orchestrate in undetermined future.

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