

The Birthrate Mix-up

A number of years ago a large United States corporation originated a public relations event to celebrate one of its anniversaries. In July, they announced that every child born to a company employee that year would receive 10 shares of company stock. The management group that proposed the plan assured senior management that the expense would be modest. This conclusion was reached by multiplying the U.S. birth rate by the number of company employees.

When the year ended, and cost was tallied up, management was shocked to find that they gave out many times the number of shares originally scheduled.

(Ask your students to suggest why this might have happened. Ask for the definition of 'birth rate,' i.e., the number of births per thousand, in this case for one year for the total population of the United States.)

The total population on which the rate was compiled includes children under 18 and adults over 65, two groups not included in the population of the company's workforce. To make matters worse, the company had been growing in size, and had many young blue-collar workers. The company's workforce was actually weighted toward individuals of child-bearing age and proclivity.

Perhaps you have heard the saying, "A little knowledge is dangerous?" The person or persons responsible for this debacle failed to check their labels to see that they were comparing similar universes. When you choose to utilize statistical information, make sure that you check your labels.