UNDTERTAKING J8.7

Undertaking

To provide a reference to information contained in board staff IR 81(a).

Response

In EB-2007-0905, OPG provided the following explanation of “on market” in its response to Board Staff Interrogatory # 53:

In standard compensation practice the term “on market” refers to a value that is within plus or minus 10 percent of the median values. This practice reflects the fact that market pricing and comparisons are not exact sciences. In order to establish market competitiveness using a survey, there is a need to ensure that the job matching process achieves 80 percent accuracy, that the age of the various components of the data are equivalent, that outliers have been excluded from the analysis, and that no one company’s information has skewed the overall data. Given that the above factors inherently contribute a level of imprecision to the survey results, the accuracy of market pricing comparisons is considered to be between -10 percent and +10 percent of the median value.

The reference document for this explanation is provided below. WorldatWork (www.worldatwork.org) is a not-for-profit organization providing education, conferences and research focused on global human resources issues including compensation, benefits, work-life and integrated total rewards to attract, motivate and retain a talented workforce. Founded in 1955, WorldatWork has nearly 30,000 members in more than 100 countries.
Market Pricing
Conducting a Competitive Pay Analysis

About WorldatWork

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Data Integrity

- Survey integrity
- Accuracy of final market wage
- General rule

Data Integrity

It is important to note that there is no exact market rate for any job. Compensation professionals must rely on market data to determine going market rates for jobs; however, with many options to choose from, this task can be mind-boggling.

- Survey integrity
  - There is an abundance of information from which to pull survey information.
  - Do not, in response to this abundance, go down the path of careless survey selection and inappropriate data.

- Accuracy of final market wage – Factors that impact the accuracy of the final market wage are:
  - Sample size
  - Participant base
  - Statistical analyses
  - Survey methodology
  - Job matching procedures.

- As a general rule
  - Salary information is considered to reflect the marketplace within plus or minus 10%.