

1 **UNDERTAKING J8.7**

2
3 **Undertaking**

4
5 To provide a reference to information contained in board staff IR 81(a).

6
7
8 **Response**

9
10 In EB-2007-0905, OPG provided the following explanation of “on market” in its response
11 to Board Staff Interrogatory # 53:

12
13 *In standard compensation practice the term “on market” refers to a value*
14 *that is within plus or minus 10 percent of the median values. This practice*
15 *reflects the fact that market pricing and comparisons are not exact sciences.*
16 *In order to establish market competitiveness using a survey, there is a need*
17 *to ensure that the job matching process achieves 80 percent accuracy, that*
18 *the age of the various components of the data are equivalent, that outliers*
19 *have been excluded from the analysis, and that no one company’s*
20 *information has skewed the overall data. Given that the above factors*
21 *inherently contribute a level of imprecision to the survey results, the*
22 *accuracy of market pricing comparisons is considered to be between -10*
23 *percent and +10 percent of the median value.*

24
25 The reference document for this explanation is provided below. WorldatWork
26 (www.worldatwork.org) is a not-for-profit organization providing education, conferences
27 and research focused on global human resources issues including compensation,
28 benefits, work-life and integrated total rewards to attract, motivate and retain a talented
29 workforce. Founded in 1955, WorldatWork has nearly 30,000 members in more than 100
30 countries.

31



Market Pricing

Conducting a Competitive Pay Analysis

C17
Compensation



About WorldatWork*
The Total Rewards Association

WorldatWork (www.worldatwork.org) is a global human resources association focused on compensation, benefits, work-life and integrated total rewards to attract, motivate and retain a talented workforce. Founded in 1955, WorldatWork provides a network of more than 30,000 members and professionals in 75 countries with training, certification, research, conferences and community. It has offices in Scottsdale, Arizona, and Washington, D.C.

The WorldatWork group of registered marks includes: WorldatWork, workspan*, Certified Compensation Professional or CCP*, Certified Benefits Professional* or CBP, Global Remuneration Professional or GRP*, Work-Life Certified Professional or WLCP*, WorldatWork Society of Certified Professionals*, and Alliance for Work-Life Progress* or AWLP*.*

WorldatWork Journal, WorldatWork Press and Telework Advisory Group are part of the WorldatWork family.

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%.