LMI 101: Putting LMI to work in HR management

Putting LMI to work in HR management is one of three LMI 101 guides available for download from the HR Council at hrcouncil.ca:
Also available:
• Key concepts
• Putting LMI to work in HR management

What is LMI?

Simply put, labour market information is any information that assists in making a labour market decision (Advisory Panel on Labour Market Information, 2009). As such, it has a key role to play in helping the labour market to function as smoothly as possible. LMI includes a variety of data types, including general information on current trends in the labour force, national statistics, historical data on economic conditions, and projections of future employment needs and trends for Canada as a whole and for specific regions and local areas. The data are targeted at a variety of audiences, including governments, regional economic development organizations, employers and managers, and current and future workers.

LMI can help to clarify the meaning and significance of labour market conditions and trends, both for workers and employers. For example, workers may use LMI to find career outlooks for their region or consult average wages by occupation to determine what they can expect to earn. Employers may use LMI to help in determining where and when to recruit new workers and how to plan for future workforce needs. For analysts both within and outside of government, LMI data are useful as a way to 'check the pulse' of the economy and measure Canada's economic performance.

Integrating LMI into HR Management

While many employers and managers may have heard about LMI or have a basic knowledge of some of the benefits that it can provide, formally integrating LMI into policy and planning can seem daunting. However, as many nonprofit organizations have discovered, becoming familiar with how to find and use LMI can help to improve the results and reduce the stressfulness of staffing and human resources processes.

LMI can be particularly valuable for staffing processes such as creating an employment advertisement, determining a reasonable compensation offer, interviewing candidates, and retaining workers once they have been hired. The following sections explain how LMI can assist organizations at various stages of the staffing process.

Job Descriptions

To hire a worker, an organization generally starts a recruitment process. The first step in finding a pool of potential candidates is often to create a **job description** that includes the worker's duties, desired qualifications, and required level of education. If the organization does not already have a written job description, many positions can be matched to a description within the National Occupational Classification (NOC) framework. The NOC framework provides a job description and set of normal duties, as well as the education and any certifications required to work in the field, and the personal skills or attributes required. The workingin-canada.gc.ca portal includes NOC-based descriptions of jobs, including information that may assist in creating or modifying a job description. This information can be used to create an accurate job listing that will help to ensure that qualified candidates apply.

Good job descriptions are the key to screening applicants, selecting candidates for interviews, and assessing how well a candidate's experience and skills match a position's requirements.

Setting a Rate of Pay

A key consideration in the staffing process is the determination of a salary or salary range for each available position. While a number of factors are usually at play in determining salaries, LMI often plays a key role in determining what is "fair" and "appropriate" for a given position in a particular industry and geographic location. Some possible data sources include:

Average wage data: Available from national and

regional surveys, these data are compiled on working-incanada.gc.ca, a national LMI portal. The data can be searched by job title and region and are linked to the education and skills required. Not all data used on the site are recent. If older data (e.g., from past census years) are used as the benchmark, your organization may need to adjust the rate listed for inflation to ensure that it reflects today's salary expectations[1].

Compensation and salary surveys: Useful in determining appropriate pay rates for workers, these surveys generally provide average wage rates for a range of positions. For compensation data to be a valid and reliable proxy for the appropriate rate of pay for a specific organization, survey data should include organizations of a similar size, use similar job descriptions, and cover a similar geographic area (e.g., urban, rural, etc.). More information about these surveys is available from the HR Council for the Nonprofit Sector as well as from the websites of the organizations listed. If compensation survey data are not available for the area or position in question, an alternate avenue may be to ask similar employers in your area/region about the rates of pay they offer to various types of workers.

Retaining Talent

There is an ongoing role for LMI in supporting good human resources practices, which are essential for employee retention. Large organizations often collect internal LMI, including employee satisfaction surveys and performance reviews. When a worker leaves, organizations often conduct exit interviews as another measure of employee satisfaction. While these formal methods of LMI collection may be cumbersome for small organizations, obtaining the same kinds of information through less formal channels is worthwhile.

Organizations may wish to review their jobs against similar positions that are posted by other employers on an annual basis in conjunction with performance reviews. Information about average pay rates and the rate of inflation can help to determine whether or not the organization is keeping pace with other employers regarding pay and benefits. Information from the NOC classifications and other sources can help to determine whether or not the workers require additional training or professional development to remain up-to-date with the qualifications common in their professions.

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1   More information on adjusting for inflation is provided in the text box below: *Adjusting for Inflation: Using the Consumer Price Index.*

Adjusting for Inflation: Using the Consumer Price Index

The consumer price index, or CPI, is a measure of inflation calculated monthly and annually by Statistics Canada. The CPI measures prices on a "basket of goods" that is designed to simulate the spending of an average Canadian on a range of goods and services, including housing costs, transportation, food, fuel and other items. As the CPI is considered a "headline statistic," the rate is easily accessible on the Statistics Canada homepage.

The CPI is an important piece of LMI. As it shows changes in prices over time, it is often used to adjust wages and salaries to ensure that they keep pace with inflation and maintain workers' purchasing power and standard of living over time.

For example, the CPI for the 12-month period ending in October 2012 was 1.2%. If a worker had been earning $22.00 hourly in the preceding year, and assuming she was receiving no additional pay increases based on experience, seniority or performance, her salary would need to rise to $22.26 per hour to offer the same purchasing power.

Further Reading

For more information on both LMI and human resources management practices, there are many free, online resources available to nonprofit organizations. Some examples are provided below.

HR Council (A wide range of HR management tools and information in the HR Resource Centre and HR Toolkit, as well as LMI)

CANSIM (A source for industry-specific statistics and other labour statistics and analysis operated by Statistics Canada)

Charity Village (Job postings, news and information on nonprofits)

Imagine Canada (Includes an extensive library of non-profit resources)

National Occupational Classification (Explains how jobs are classified and offers a search tool to find particular kinds of positions)

Working in Canada (An online LMI portal including detailed information by job description that is operated by Human Resources and Skills Development Canada)

Compensation Surveys

Several Canadian compensation surveys focus specifically on the nonprofit sector. Data from these pay-for-use surveys can be very helpful in determining appropriate wages and salaries based on the position to be filled, the geographic location, and the organization's size:

- Boland Survey of Not for Profit Salaries and HR Practices
  Peter T. Boland and Associates http://www.ptbaconsulting.com/NonProfitSurvey.html

- Association Executive Benefits and Compensation Report
  Canadian Society of Association Executives (CSAE) http://www.csae.com/Resources/Bookstore.aspx

- Charity Village Compensation and Benefits Study
  Charity Village https://charityvillage.com/topics/special-reports/salary-survey-report.aspx

- Training Resources for the Environmental Community (TREC) salary survey
  Training Resources for the Environmental Community (TREC) http://www.trec.org/index.asp

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