



# **National Construction Industry Wage Rate Survey in the Province of Ontario**

## **Methodology Report**

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## Table of Content

<b>1 - BACKGROUND INFORMATION.....</b>	<b>3</b>
<b>2 - METHODOLOGY.....</b>	<b>3</b>
<b>2.1 QUESTIONNAIRE .....</b>	<b>3</b>
<b>2.2 SAMPLE DESIGN AND SELECTION .....</b>	<b>4</b>
2.2.1 <i>Sampling frame.....</i>	<i>4</i>
2.2.2 <i>Stratification.....</i>	<i>4</i>
2.2.3 <i>Sample Selection.....</i>	<i>5</i>
<b>2.3 DATA COLLECTION.....</b>	<b>5</b>
<i>Count .....</i>	<i>5</i>
<b>2.4 DATA PROCESSING.....</b>	<b>7</b>
2.4.1 <i>Verification of Data from Influential Respondents.....</i>	<i>7</i>
2.4.2 <i>Outlier Detection.....</i>	<i>8</i>
2.4.3 <i>Wage Rate Calculation.....</i>	<i>8</i>
2.4.4 <i>Editing .....</i>	<i>8</i>
2.4.5 <i>Imputation .....</i>	<i>8</i>
<i>Description .....</i>	<i>9</i>
<b>2.5 ESTIMATION AND VARIANCE CALCULATION.....</b>	<b>9</b>
2.5.1 <i>Adjustment of sample counts .....</i>	<i>9</i>
2.5.2 <i>Estimation, Variance Calculation and Publication.....</i>	<i>9</i>

# National Construction Industry Wage Rate Survey (Province of Ontario)

## Methodology Report

### 1 - BACKGROUND INFORMATION

The National Construction Industry Wage Rate Survey (Ontario region) was conducted by Statistics Canada on behalf of the client, the Labour Program of Human Resources Skills Development Canada (HRSDC). The main objective of this study was to produce statistical information on wages for a set of occupations supplied by the client at the provincial, regional and unionized / not unionized level in the province of Ontario.

### 2 - METHODOLOGY

The survey was conducted as a census survey using a computer-assisted telephone interview (CATI) methodology.

#### 2.1 QUESTIONNAIRE

Wage survey questionnaires previously developed for other provinces by Statistics Canada were modified based on consultation with unions and employer associations from Ontario region and adapted for the CATI application. In the final questionnaire, respondents were asked to provide the following information for up to 6 occupations in their establishment. The information requested from respondents was only about their activities in the commercial or institutional construction sector.

Variable Name	Description
Q1	Number of full-time employees employed by the establishment at any time during the last 12 months
Q2	Indicates if the establishment had full time employees working in the occupation at any time during the last 12 months
Q3	Indicates if the employees for the occupation are unionized
Q4	Maximum number of full-time employees employed for the occupation at any time during the last 12 months
Q5	Usual number of hours worked per week by full-time employees for the occupation
Q6	Starting wage for full-time employees for the occupation
Q7	Most frequently paid wage for full-time employees for the occupation
Q8	Maximum wage for full-time employees for the occupation

## 2.2 SAMPLE DESIGN AND SELECTION

### 2.2.1 Sampling frame

The National Construction Industry Wage Rate Survey (Ontario) used the February 2004 version of Statistics Canada's Business Register (BR) as its sampling frame. This database is constructed and adopted, using various types of tax records from the Canada customs and Revenue Agency and is also updated regularly, using feedback from other business surveys. The BR contains the universe of establishments in Canada. Establishments in the commercial or institutional construction industry with 6 or more employees were considered to be in scope for this survey.

### 2.2.2 Stratification

Stratification for the survey is defined using four variables: province, region, industry and occupation.

The region component of the stratification was defined using Economic Regions (ER). Up to eleven regions were used for stratification purposes in the Ontario region. They were defined as follows:

<b>Province</b>	<b>Economic regions</b>	<b>Sample Size</b>
<b>Ontario</b>	Ottawa	711
	Kingston	359
	Muskoka	344
	Toronto	1968
	Kitchener Waterloo Barrie	717
	Hamilton Niagara Peninsula	654
	London	602
	Windsor Sarnia	615
	Stratford Bruce Peninsula	291
	Northeast	467
	Northwest	229
<b>Total</b>		<b>6957</b>

These groupings were necessary to increase the likelihood of obtaining publishable results for all of the occupations being targeted.

The industry component of the stratification is defined using the 4-digit level of the 2002 North American Industry Classification System (NAICS) which are in fact the sub-sectors of the construction industry (10 sub-sectors for this survey).

The occupation component of the stratification was defined using the list of occupations developed according to the needs identified by the client and the consultation groups and to the feasibility of finding enough information about them in the survey. The sample covered 36 occupations in Ontario.

### 2.2.3 Sample Selection

Targeting for occupations was done using census tabulations that show the number of people employed in a specific province by 4-digit level NAICS and by 4-digit level National Occupation Classification (NOC) combinations. In each 4-digit level NAICS, a maximum of 12 occupations, whether possible, in terms of percent coverage was selected. In cases where fewer than 12 occupations had employment in a 4-digit NAICS according to 1996 Census data, tabulations were collapsed to the 3-digit NAICS level to fill the remaining list of 12 occupations. If the list of occupations was still fewer than 12 due to there being fewer than 12 occupations with employment at the 3-digit NAICS level, then we would go with a list of fewer than 12 occupations. Each sampled establishment within a certain NAICS and province had the same 12 occupations but in a different order (the order of the occupations was randomized). These establishments were asked, from this list of occupations, to identify up to six of them for which they have had employees in the last 12 months. As a result, in order to keep the response burden low, questions were only asked for a maximum of these six occupations.

### 2.3 DATA COLLECTION

Data collection started on May 02 and ended June 30, 2004. Units where no valid phone numbers were on the file went through tracing in order to locate the establishment.

The final collection status by establishment was as follows:

<b>Completion Status</b>	<b>Count</b>
<b>Complete</b>	2 719
<b>Partial</b>	82
<b>Refusals</b>	237
<b>Out-of-scope</b>	2731
<b>Out-of-business</b>	433
<b>Unable to locate</b>	363
<b>Unable to contact</b>	10
<b>Other non-response</b>	301
<b>Duplicate</b>	81
<b>Total sample selected</b>	6 957
<b>Response Rate</b>	78.2%

The Response Rate is computed as follows:

$$\frac{\# \text{ Completes} + \# \text{ Partials}}{\# \text{ Total Sample Units Selected} - \# \text{ Out - of - scopes} - \# \text{ Out - of - businesses} - \# \text{ Duplicates}}$$

Each establishment included in the sample received a letter in advance of the survey, containing information describing the purpose of the survey, questions that were going to be asked and occupations that were being targeted. This mail-out undoubtedly contributed to keeping the refusal rate fairly low.

The large number of the out-of-scope group is composed of responding establishments that reported they did not have employees doing commercial or institutional construction work, or they did not have any of the occupations listed, or they are classified in an industry that was not in the scope of the survey. The main cause was either a lack of information on the survey frame, identifying establishments doing commercial or institutional construction work; or the nature of the survey itself since we are sampling establishments but ask questions on occupations.

Some establishments, falling into the out-of-business category, could not be located because they are no longer in operation. The Business Register keeps track of businesses' births and deaths, but because of the constant changes to the BR it can never be as up-to-date possible. Some establishments were not able to contact for the following reasons: incorrect phone numbers, no answer, answering machines or language barrier (other non-response). Furthermore, some duplicates occurred when two records in the sample corresponded to the same establishment.

The response rate of 78.2% is considered good for a voluntary survey.

## **2.4 DATA PROCESSING**

The data was converted from an “establishment-level” format to an “occupation-level” format. Each occupation record was examined to ensure that at least one wage question had a response. Records that did not have at least one response to a wage question were removed from the file and were not processed further.

### **2.4.1 Verification of Data from Influential Respondents**

Some respondents reported wage rates that potentially had a large impact on the estimates. Consequently an important step to ensuring estimates of good quality was to verify the data collected from some of the respondents.

Preliminary wage rate estimates were calculated for the most frequently paid wage rate variable prior to the verification and the impact that each respondent had on the estimates was determined. Respondents were then called back to verify that the data collected was correct if any of the following criteria was satisfied:

1. If the number of employees reported by the establishment was at least 100 more than the number of employees according to the BR.
2. When the total number of employees reported in each of the occupations was considerably more than the establishment reported they had in total.
3. If there was at least 100 employees reported by the establishment and there was no response for the number of employees in a particular occupation.
4. If the weight assigned to an establishment for an estimate was at least 33% of the total weights for the estimate.
5. If the wage reported was considered unlikely (outlier).

If an establishment was selected for verification, then the data was verified for all the occupations that the establishment reported. In total, the data was verified for approximately 200 establishments.

Small business and special survey division, which conducted the verification, clarified whether or not the establishment was in scope for the survey (i.e. commercial and institutional construction) The follow-ups conducted verified if they did not have any employees in the selected occupations for that industry, if the occupations classified were properly selected for that industry, if the number of employees reported was correct and that the wages reported were correct (i.e. made sure wages reported excluded vacation pay and benefits).

In some of the cases, the respondent indicated that the data originally collected was correct. In many cases, however, the respondent indicated that their establishment was actually out of scope for our survey, when probed further by the interviewer conducting the verification. In other cases the respondent made corrections to the number employees or the wages they had initially reported.

The data collected from the verification was then used in place of the original data that was collected for those establishments, in all subsequent data processing steps.

## **2.4.2 Outlier Detection**

Outlier detection was performed on the three wage questions in order to detect values that are improbable or influential. This detection was done on the raw data and the method used was based on the standard deviation. If a declared wage rate was further than three standard deviation from the mean, given a specific domain (e.g. Ontario – Ottawa – Bricklayers), then it was flagged as an outlier.

## **2.4.3 Wage Rate Calculation**

Wage rates were provided by respondents according to the time period of their choice: hourly, daily, weekly, biweekly, twice per month, monthly or annually. Wages reported on other-than-hourly basis were converted to hourly rates using information on the usual number of hours worked per week, which was provided for each occupation. Daily rates were multiplied by 5, to give a weekly wage, and then divided by the usual number of hours worked per week. Weekly rates were divided by the usual number of hours worked per week reported for the occupation. Biweekly rates were divided by 2 times the usual number of hours worked per week. Twice per month rates were multiplied by 24, to give the annual salary, and then divided by 52 times the usual number of hours worked per week. Monthly rates were multiplied by 12, to give an annual salary, and then divided by 52 times the usual number of hours worked per week. Salaries reported on an annual basis were divided by 52 times the usual number of hours worked per week. Almost all respondent answers were reported on an hourly basis.

## **2.4.4 Editing**

After calculating the hourly wages, they were reviewed for anomalies. The first test was to examine any case where the hourly wage was below the provincial minimum wage (\$7.15 in Ontario) or over \$75.00. The second test was to examine cases where the most frequent wage rate was not between the starting wage rate and the maximum wage rate an employer was willing to pay. The minimal set of imputations required for the wage variables to pass the edits was then determined and the corresponding wage variables were flagged for imputation.

Consistency edits were performed on the two “number of employees” variables. The respondent was asked to report the “total number of employees in the establishment” and “the number of full-time employees in each specific occupation”. A first test was if the “number of full-time employees in the occupation” was greater than the “total number of employees in the establishment”. A second test compared the number of employees reported by the establishment to the number of employees that the establishment had according to the BR. These cases were reviewed and either fixed, sent to imputation or accepted as is.

## **2.4.5 Imputation**

Imputation was done whenever an expected wage value was missing or whenever one of the two “number of employees” variables was missing or flagged for imputation.

For the wage variables, the first step in the imputation process was to calculate the relationships (trends or proportions) between all non-missing wage variables that were not flagged for imputation. For this, each occupation was treated separately. The next step was to identify a



“base” variable to be used as the basis of the imputation. The base variable is the first non-missing variable that was not flagged for imputation when looking at wage variables one by one in a pre-determined order. For the current survey, the pre-determined order of wage variables for imputation was Q6, Q7 and Q8.

Missing values were imputed, by multiplying the corresponding trend factor by the base wage variable (starting wage). If the resulting value for the starting wage was below the provincial minimum wage, then the minimum wage was imputed. Also, if the resulting value would have been below the minimum provincial wage or above \$75.00, then, after imputation, edits were re-run on the imputed records and adjustments were made to the imputed values, if necessary.

A similar approach was used to impute the number of employees’ variables. First, if the total number of employees in the establishment was missing, we imputed the number of employees that was available from our frame. Then, the other number of employee variable (Q4) was imputed based on the total for the establishment using a trend again. There was no need to impute the usual number of hours worked per week given that every salary could be converted into an hourly wage.

The union variable was imputed with the Impudon SAS macro which is a hot deck imputation module (i.e. donor imputation).

The table that follows gives the imputation rates for all the wage and employee questions

<b>Variable Name</b>	<b>Description</b>	<b>Imputation Rate</b>
Q1	Number of full-time employees employed by the establishment at any time during the last 12 months	0.05%
Q4	Number of full-time employees employed for the occupation at any time during the last 12 months	1.89%
Q3	Employees are unionized or not	0.58%
Q6	Starting hourly wage for full-time employees	1.82%
Q7	Most frequently paid hourly wage for full-time employees	1.72%
Q8	Maximum hourly wage for full-time employees	1.66%

## **2.5 ESTIMATION AND VARIANCE CALCULATION**

### **2.5.1 Adjustment of sample counts**

Before estimation and weighting, sample counts were adjusted for non-response. The adjustment of counts is based on the assumptions that the non-response is random and that a non-respondent is not characteristically different from a respondent.

### **2.5.2 Estimation, Variance Calculation and Publication**

Estimates were produced using GES; the Generalized Estimation System developed at Statistics Canada. GES is a SAS-based application for producing estimates for domains of a population.

Records were assigned weights based on the number of employees in the occupations meaning establishment with more employees for an occupation had a larger contribution to the estimates for that occupation. A weighted-average, hourly wage rate was estimated for every occupation pertaining to full-time employees and for the four different wage concepts (variables q6, q7 and q8). Estimates were also produced by sub-provincial area and union status. The technique used is known as domain estimation, in which records from different strata are grouped together in a “domain”. In this case, a domain regroups all records for a given occupation for the purposes of calculating statistics, regardless of industry and, in some cases, region.

Since all the estimates produced from this survey are based on sample results, they are subject to sampling error. This error can be expressed as a coefficient of variation (CV). The CV is a percentage that expresses the size of the standard error as a proportion of the estimate to which it is related. For example, a CV of 10% indicates that the standard error is 10% of the estimate. If a wage rate estimate is \$9.50 per hour, with a CV of 10%, then the standard error is \$0.95. In the output reports, CVs have been converted to a code that can be interpreted using the following table:

Value of CV	Code	Rating
0 to 5%	A	Very Good
5.01% to 15%	B	Good
15.01% to 33%	C	Good to Poor-- use with caution
33.01% and over	D	Very poor -- may not be acceptable

Most of the wage-rate estimates fall into the Very good category while a few others are in the Good category.

All estimates created with four or fewer sample units – or establishments – have not been released for reliability and/or confidentiality purposes.

At the provincial level, the estimates were released for all occupations of interest. At the regions level, the estimates were released for all occupations with 5 or more respondents. We publish at the union/non-union level whenever possible.