

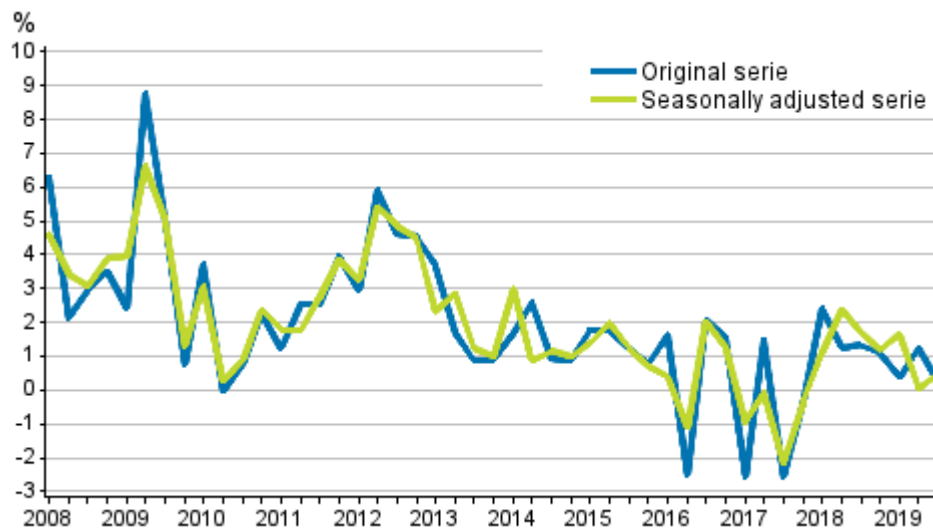
Labour Cost Index

2019, 3rd quarter

Private sector cost of an hour worked increased by 0.2 per cent in July to September year-on-year

According to Statistics Finland, private sector labour costs increased by 0.2 per cent in July to September 2019 when compared with the respective period of the year before. Seasonally adjusted labour costs went up by 0.5 per cent in July to September 2019. There was one more working day in the third quarter of 2019 than in the corresponding period of 2018. In the Labour Cost Index, an increase in the number of working days usually has a decreasing effect on costs.

Year-on-year change in labour costs in the private sector from the corresponding quarter of the previous year



In the private sector, labour costs without one-off pay items, such as performance-based bonuses, increased by 0.2 per cent in July to September 2019 compared to the corresponding quarter one year ago. The rise in costs was mainly due to the growth in wages and salaries subject to preliminary withholding tax. Over the same period, the index of wage and salary earnings for the private sector went up by 2.1 per cent.

In the central government sector, the cost of an hour worked increased by 2.4 per cent in July to September 2019 when compared with the respective period of the year before. The year-on-year change in labour costs without one-off pay items was a 2.4 per cent increase. Seasonally adjusted labour costs went up by

2.4 per cent. The rise in costs was mainly due to the growth in wages and salaries subject to preliminary withholding tax. Over the same quarter, the index of wage and salary earnings in the central government sector went up by 3.2 per cent.

In the local government sector, the cost of an hour worked increased by 0.6 per cent in July to September 2019 when compared with the respective period of the year before. The year-on-year change in labour costs without one-off pay items was a of 0.7 per cent increase. Seasonally adjusted labour costs went up by 1.9 per cent. The increase in costs is mainly due to the fact that the number of hours worked has fallen more than the wages and salaries subject to preliminary withholding tax. Over the same period, the index of wage and salary earnings in the local government sector went up by 3.4 per cent.

Year-on-year change in labour costs according to industry (TOL 2008) and sector, 3rd quarter 2019

Code	Industry/Sector	Labour costs, year-on-year change		
		Labour costs	Labour costs, without one-off pay items	Labour costs, seasonally adjusted
B to S	Total, private sector	0,2	0,2	0,5
B to E	Manufacturing	0,8	0,9	1,0
F	Construction	2,4	2,1	2,2
G to N	Business service activities	-0,9	-1,0	-0,6
J to R	Central government	2,4	2,4	2,4
D to S	Local government	0,6	0,7	1,9

Changes by industry

The cost per an hour worked went up by 0.8 per cent in manufacturing industries (B to E) and by 2.4 per cent in construction (F) in July to September 2019 compared with the corresponding period last year. The cost went down by 0.9 per cent in business service activities (G to N).

In manufacturing industries in the third quarter of 2019, there was a rise in costs of 2.5 per cent in the chemical industry and a rise of 2.3. in the food industry. In the forest industry costs went down by 0.2 per cent and there was no change in the costs in the metal industry. Among service industries, the biggest rise in costs, 3.8 per cent, was in the financial and insurance activities and the biggest fall in costs, 3.2 per cent, was in the information and communication activities.

The seasonally adjusted cost of an hour worked in all manufacturing (B to E) went up by 1.0 per cent in July to September 2019 compared with the corresponding period last year. In construction (F), the seasonally adjusted cost of an hour worked increased by 2.2 per cent and in business service activities (G to N) the cost decreased by 0.6 per cent.

In manufacturing industries, seasonally adjusted cost of an hour worked went up by 0.5 per cent in the forest industry, 2.4 per cent in chemical industry, 0.5 per cent in metal industry and 2.3 percent in the food industry in the July to September period of 2019 from the same period of the previous year. In business service activities, seasonally adjusted costs rose by 3.6 per cent in financial and insurance activities and went down by 3.0 per cent in information and communication activities.

The Labour Cost Index measures the change in wage and salary costs calculated per hour worked

The Labour Cost Index measures the change in wage and salary costs calculated per hour worked. Hours actually worked refer to the working hours an employee has spent on his/her actual duties. Hours worked include Sunday and overtime work but not paid hours off work, like the hours of annual leaves, national holidays or paid sickness absences.

In the index, hours worked or the structure of personnel have not been standardised. The cost of an hour worked is calculated directly as the ratio of industry-specific wages and salaries sum and social insurance contributions to the hours worked for each quarter. The change in average labour costs is affected by changes in regular earnings, performance-based bonuses and other one-off pay components, social insurance contributions, as well as changes in the number of hours worked and the structure of the labour force.

Starting from the first quarter of 2019, the wages and salaries sum of the labour cost index is based on the Incomes Register. Due to this change, there may be some uncertainty in the wages and salaries sum, which has an effect on the statistics.

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Appendix table 1. Labour costs, Labour Cost Index 2016=100

		2017/4	Whole year 2017	2018/1*	2018/2*	2018/3*	2018/4*	Whole year 2018*	2019/1*	2019/2*	2019/3*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	91,0	99,0	99,2	108,6	102,4	92,0	100,5	99,6	109,9	102,6
B-E	Industry	87,2	98,0	99,1	107,5	101,7	88,6	99,2	97,4	110,3	102,6
C	Manufacturing	87,1	98,2	99,0	107,8	101,5	88,6	99,2	96,9	110,4	102,2
10, 11	Food industry	92,6	103,0	102,9	116,1	107,8	94,4	105,3	102,8	111,8	110,3
16, 17	Forest industry	85,9	99,0	101,2	117,3	100,5	87,3	101,6	100,1	120,8	100,3
19-22	Chemical industry	87,9	100,1	99,3	113,2	102,4	89,0	101,0	103,5	114,4	104,9
24-30	Metal industry	84,6	95,6	97,0	101,0	99,1	85,5	95,7	93,1	106,0	99,1
F	Construction	90,8	98,6	99,3	107,6	105,0	94,8	101,7	102,1	107,7	107,5
G-N	Services of the business economy	93,2	100,3	100,5	109,9	103,0	93,3	101,7	101,3	110,2	102,1
G	Wholesale and retail trade	93,6	102,5	103,9	112,8	107,1	95,6	104,8	105,3	115,1	104,5
H	Transportation and storage	92,0	98,3	97,6	107,8	104,1	92,4	100,4	95,7	108,5	104,4
J	Information and communication	94,2	101,6	100,0	110,3	105,0	89,3	101,1	99,7	109,2	101,7
K	Financial and insurance activities	90,7	98,6	99,0	114,6	89,1	91,3	98,5	99,1	117,6	92,5
State sector, J-R	Total	87,4	96,2	90,6	108,1	98,9	92,3	97,5	91,7	110,6	101,3
Local government sector, D-S	Total	89,2	97,4	88,2	100,2	112,4	90,5	97,8	93,1	104,6	113,1

*Preliminary data

Appendix table 2. Labour costs, percentage changes, Labour Cost Index 2016=100

		2017/4	Change 2017/2016	2018/1*	2018/2*	2018/3*	2018/4*	Change 2018/2017*	2019/1*	2019/2*	2019/3*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	-0,3	-1,0	2,4	1,3	1,3	1,1	1,5	0,4	1,2	0,2
B-E	Industry	-1,5	-2,0	2,1	0,1	1,2	1,7	1,2	-1,7	2,6	0,8
C	Manufacturing	-1,5	-1,8	1,8	-0,1	1,1	1,7	1,1	-2,1	2,5	0,7
10, 11	Food industry	1,5	3,0	1,4	3,8	1,9	1,9	2,3	-0,1	-3,7	2,3
16, 17	Forest industry	-0,2	-1,0	4,3	2,3	1,9	1,6	2,5	-1,1	2,9	-0,2
19-22	Chemical industry	0,9	0,1	-1,6	1,9	1,8	1,3	0,9	4,2	1,1	2,5
24-30	Metal industry	-3,7	-4,4	2,1	-2,6	-0,1	1,1	0,0	-4,0	4,9	0,0
F	Construction	-2,5	-1,4	2,9	1,9	3,6	4,4	3,1	2,8	0,1	2,4

		2017/4	Change 2017/ 2016	2018/1*	2018/2*	2018/3*	2018/4*	Change 2018/ 2017*	2019/1*	2019/2*	2019/3*
G-N	Services of the business economy	1,5	0,3	2,7	1,4	1,1	0,1	1,3	0,8	0,3	-0,9
G	Wholesale and retail trade	2,7	2,5	1,8	1,4	3,6	2,2	2,3	1,4	2,1	-2,4
H	Transportation and storage	0,5	-1,7	5,3	1,7	1,7	0,3	2,2	-1,9	0,6	0,3
J	Information and communication	5,5	1,6	3,0	2,6	-2,3	-5,2	-0,4	-0,3	-1,0	-3,2
K	Financial and insurance activities	0,4	-1,4	4,3	-2,3	-2,7	0,7	-0,1	0,1	2,6	3,8
State sector, J-R	Total	-4,2	-3,8	1,8	-1,3	0,2	5,7	1,4	1,1	2,3	2,4
Local government sector, D-S	Total	-1,4	-2,6	0,2	-0,8	1,0	1,5	0,5	5,5	4,4	0,6

*Preliminary data

Appendix table 3. Labour costs, excluding one-off items, Labour Cost Index 2016=100

		2017/4	Whole year 2017	2018/1*	2018/2*	2018/3*	2018/4*	Whole year 2018*	2019/1*	2019/2*	2019/3*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	94,4	98,8	99,0	103,2	103,9	95,9	100,5	100,1	104,3	104,2
B-E	Industry	92,7	99,1	98,6	103,2	105,2	94,2	100,3	98,7	105,4	106,1
C	Manufacturing	92,7	99,4	98,7	103,5	105,2	94,3	100,4	98,5	105,7	106,0
10, 11	Food industry	96,2	102,3	102,0	110,1	107,6	97,9	104,4	103,2	108,6	110,2
16, 17	Forest industry	90,5	99,3	100,8	107,7	104,5	92,5	101,3	100,4	110,5	103,9
19-22	Chemical industry	93,1	99,1	97,2	104,4	106,0	94,1	100,4	99,4	106,2	108,6
24-30	Metal industry	91,4	98,4	98,0	100,1	104,4	92,4	98,7	97,2	103,0	104,6
F	Construction	92,5	97,8	99,3	103,5	104,3	96,8	101,0	102,2	104,0	106,5
G-N	Services of the business economy	95,9	99,6	99,8	103,6	104,6	96,9	101,2	101,1	103,8	103,5
G	Wholesale and retail trade	97,1	101,9	101,7	106,8	110,3	99,5	104,6	103,3	107,7	108,0
H	Transportation and storage	94,8	98,2	99,0	103,7	102,6	95,1	100,1	97,4	104,4	103,0
J	Information and communication	94,6	98,9	99,2	101,5	105,4	94,1	100,1	99,5	101,1	102,0
K	Financial and insurance activities	96,3	98,4	100,1	101,9	94,9	97,3	98,5	101,8	106,0	97,6
State sector, J-R	Total	90,9	97,0	93,8	101,5	102,6	95,8	98,4	95,2	103,8	105,1
Local government sector, D-S	Total	92,6	98,4	91,0	99,6	110,0	93,7	98,6	94,6	104,1	110,8

*Preliminary data

Appendix table 4. Labour costs, excluding one-off items, percentage changes, Labour Cost Index 2016=100

		2017/4	Change 2017/ 2016	2018/1*	2018/2*	2018/3*	2018/4*	Change 2018/ 2017*	2019/1*	2019/2*	2019/3*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	-0,8	-1,2	2,0	1,6	1,6	1,5	1,7	1,2	1,1	0,2
B-E	Industry	-1,0	-0,9	1,5	0,5	1,2	1,7	1,2	0,0	2,2	0,9
C	Manufacturing	-0,9	-0,6	1,1	0,3	1,2	1,7	1,1	-0,2	2,1	0,8
10, 11	Food industry	1,0	2,3	0,8	3,6	1,8	1,8	2,0	1,2	-1,4	2,4
16, 17	Forest industry	0,2	-0,7	3,5	0,8	1,7	2,2	2,0	-0,4	2,6	-0,6
19-22	Chemical industry	0,5	-0,9	0,3	2,1	1,6	1,1	1,3	2,4	1,7	2,5
24-30	Metal industry	-2,3	-1,6	1,2	-1,2	0,3	1,1	0,3	-0,8	2,9	0,2
F	Construction	-2,9	-2,2	2,3	2,0	4,3	4,6	3,3	2,9	0,5	2,1
G-N	Services of the business economy	0,4	-0,4	2,2	1,8	1,6	1,0	1,7	1,3	0,2	-1,0
G	Wholesale and retail trade	1,9	1,9	1,5	2,8	3,7	2,5	2,6	1,6	0,8	-2,0
H	Transportation and storage	0,2	-1,8	4,6	1,8	1,2	0,3	1,9	-1,6	0,7	0,4
J	Information and communication	0,8	-1,1	2,7	2,4	0,1	-0,5	1,2	0,2	-0,5	-3,3
K	Financial and insurance activities	-0,6	-1,6	3,2	-1,6	-1,9	1,0	0,1	1,7	4,0	2,8
State sector, J-R	Total	-4,1	-3,0	2,0	-1,3	0,2	5,4	1,4	1,6	2,3	2,4
Local government sector, D-S	Total	-1,3	-1,6	0,1	-1,1	0,8	1,2	0,2	3,9	4,5	0,7

*Preliminary data

Appendix table 5. Seasonally adjusted labour costs, Labour Cost Index 2016=100

		2017/4	Whole year 2017	2018/1*	2018/2*	2018/3*	2018/4*	Whole year 2018*	2019/1*	2019/2*	2019/3*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	99,8	99,1	100,0	101,2	100,6	101,0	100,7	101,6	101,3	101,1
B-E	Industry	98,1	98,1	98,6	100,1	99,0	99,8	99,4	99,6	100,3	100,0
C	Manufacturing	98,2	98,2	98,6	100,2	98,7	99,9	99,4	99,0	100,3	99,5
10, 11	Food industry	103,7	102,9	103,4	107,4	104,7	105,6	105,3	103,5	103,6	107,2
16, 17	Forest industry	100,2	99,4	101,2	102,1	102,2	102,2	101,9	102,3	102,6	102,7
19-22	Chemical industry	100,6	100,1	98,5	102,5	101,5	102,2	101,2	102,8	103,6	103,9
24-30	Metal industry	95,3	95,8	96,3	96,0	95,2	96,4	96,0	95,3	97,5	95,6
F	Construction	98,5	98,7	100,5	101,7	101,9	103,1	101,8	103,0	102,8	104,2
G-N	Services of the business economy	101,7	100,4	101,8	101,7	101,9	101,9	101,8	102,6	102,1	101,2
G	Wholesale and retail trade	102,9	102,6	103,9	104,3	106,3	105,3	105,0	105,5	106,7	103,9
H	Transportation and storage	100,1	98,4	102,1	100,1	99,9	100,6	100,7	100,2	100,9	100,5
J	Information and communication	105,4	101,8	101,7	102,2	101,3	99,9	101,3	101,6	101,4	98,2
K	Financial and insurance activities	99,6	99,1	100,0	98,5	98,3	99,6	99,1	100,3	101,1	101,8
State sector, J-R	Total	95,2	96,2	97,4	96,3	97,1	100,0	97,7	98,8	98,7	99,4
Local government sector, D-S	Total	98,1	97,8	97,4	97,9	99,3	100,1	98,7	101,5	101,7	101,2

*Preliminary data

Appendix table 6. Seasonally adjusted labour costs, percentage changes, Labour Cost Index 2016=100

		2017/4	Change 2017/ 2016	2018/1*	2018/2*	2018/3*	2018/4*	Change 2018/ 2017*	2019/1*	2019/2*	2019/3*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	-0,3	-0,9	1,1	2,4	1,7	1,2	1,6	1,6	0,1	0,5
B-E	Industry	-1,6	-1,9	-0,1	2,0	1,6	1,7	1,3	0,9	0,1	1,0
C	Manufacturing	-1,5	-1,8	-0,2	1,9	1,4	1,8	1,2	0,4	0,0	0,8
10, 11	Food industry	1,5	2,9	1,7	3,9	1,8	1,8	2,3	0,1	-3,6	2,3
16, 17	Forest industry	0,8	-0,6	2,7	3,2	2,3	1,9	2,5	1,2	0,5	0,5
19-22	Chemical industry	0,7	0,1	-0,3	1,0	1,9	1,6	1,1	4,4	1,0	2,4
24-30	Metal industry	-3,5	-4,2	-1,0	-0,3	0,7	1,2	0,1	-1,0	1,5	0,5
F	Construction	-1,7	-1,3	2,4	2,1	3,3	4,6	3,1	2,6	1,1	2,2
G-N	Services of the business economy	1,4	0,4	2,6	1,5	1,4	0,2	1,4	0,8	0,4	-0,6
G	Wholesale and retail trade	2,7	2,6	1,9	1,5	3,7	2,3	2,3	1,5	2,2	-2,2
H	Transportation and storage	0,4	-1,6	5,2	1,8	2,0	0,4	2,3	-1,8	0,8	0,6
J	Information and communication	5,6	1,8	3,0	2,8	-2,3	-5,2	-0,5	-0,1	-0,8	-3,0
K	Financial and insurance activities	-0,1	-0,9	2,1	-0,8	-1,4	0,0	0,0	0,3	2,6	3,6
State sector, J-R	Total	-4,3	-3,8	1,5	-0,7	0,5	5,0	1,5	1,4	2,4	2,4
Local government sector, D-S	Total	-1,9	-2,2	-0,0	-0,4	2,0	2,1	0,9	4,2	3,9	1,9

*Preliminary data

Appendix table 7. Standard Industrial Classification 2008

Standard Industrial Classification	Code
Mining and quarrying	B
Manufacturing	C
Electricity, gas, steam and air conditioning supply	D
Water supply; sewerage; water supply; sewerage, waste management and remediation activities	E
Construction	F
Wholesale and retail trade; repair of motor vehicles and motorcycles	G
Transportation and storage	H
Accommodation and food service activities	I
Information and communication	J
Financial and insurance activities	K
Real estate activities	L
Professional, scientific and technical activities	M
Administrative and support service activities	N
Public administration and defence; compulsory social security	O
Education	P
Human health and social work activities	Q
Arts, entertainment and recreation	R
Other service activities	S

Revision of data

The data of the statistics have become revised according to the table below. For more information about data revisions, see Section 3 of the quality description (in Finnish).

Revisions to the Labour Cost Index, year-on-year-change¹⁾

Labour cost index	Quarter	Year-on-year change, %		Revision, %-points
		Latest release 9.12.2019	1st release	
Private sector, original series	01/2018	2,4	2,7	-0,3
	02/2018	1,3	0,8	0,5
	03/2018	1,3	1,3	0,0
	04/2018	1,1	1,2	-0,1
	01/2019	0,4	0,5	-0,1
	02/2019	1,2	1,4	-0,2
State sector, original series	01/2018	1,8	1,8	0,0
	02/2018	-1,3	-1,3	0,0
	03/2018	0,2	0,2	0,0
	04/2018	5,7	5,7	0,0
	01/2019	1,1	1,1	0,0
	02/2019	2,3	2,3	0,0
Local government sector, original series	01/2018	0,2	0,3	-0,1
	02/2018	-0,8	-0,7	-0,1
	03/2018	1,0	2,8	-1,8
	04/2018	1,5	1,6	-0,1
	01/2019	5,5	5,7	-0,2
	02/2019	4,4	4,3	0,1

1) 1st release refers to the point of time when data for the reference period were first published. Revision describes the difference on annual change percentages between the first and the latest release. The revisions are calculated from rounded numbers.

Revisions to data on annual changes in the seasonally adjusted labour cost index

Labour cost index	Quarter	Year-on-year change, %		Revision, %-points
		Latest release 9.12.2019	1st release	
Private sector, seasonally adjusted series	01/2018	1,1	1,3	-0,2
	02/2018	2,4	2,8	-0,4
	03/2018	1,7	1,4	0,3
	04/2018	1,2	1,2	0,0
	01/2019	1,6	1,8	-0,2
	02/2019	0,1	0,3	-0,2
State sector, seasonally adjusted series	01/2018	1,5	1,9	-0,4
	02/2018	-0,7	-1,2	0,5
	03/2018	0,5	0,2	0,3
	04/2018	5,0	5,0	0,0
	01/2019	1,4	3,1	-1,7
	02/2019	2,4	2,5	-0,1
Local government sector, seasonally adjusted series	01/2019	4,2	4,2	0,0
	02/2019	3,9	4,3	-0,4

Inquiries

Pekka Haapala 029 551 3460
Tanja Jumisko 029 551 3695
Katri Lepikkö 029 551 3233
Tuomas Lahti 029 551 3299
Director in charge:
Mari Ylä-Jarkko

tvkindeksi@stat.fi
www.stat.fi

Source: Wages, Salaries and Labour Costs, Statistics Finland