

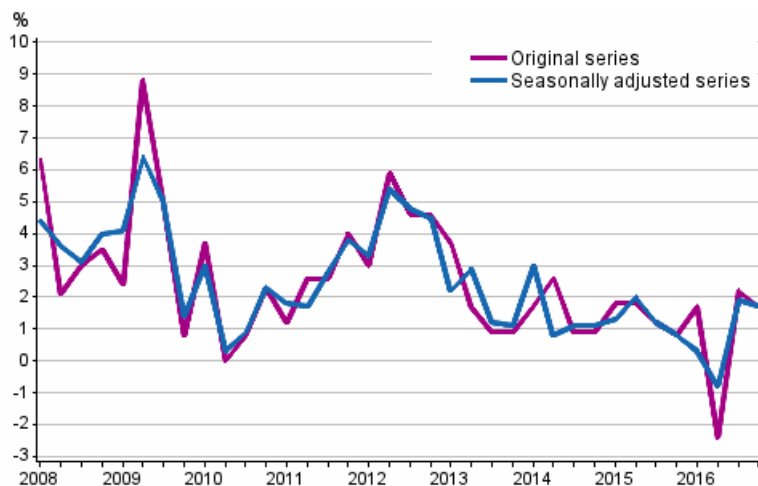
# Labour Cost Index

2016, 4th quarter

## Cost of an hour worked went up by 1.7 per cent in October to December year-on-year

Private sector labour costs rose by 1.7 per cent in October to December 2016 when compared with the respective period of the year before. Seasonally adjusted labour costs went up by 1.7 per cent in October to December 2016. Labour costs without one-off pay items, such as performance-based bonuses, increased by 2.2 per cent compared to the corresponding quarter one year ago. Over the same period, the index of wage and salary earnings for the private sector went up by 1.0 per cent.

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



In the central government sector, the cost of an hour worked decreased by 0.2 per cent in October to December 2016 when compared with the respective period of the year before. Seasonally adjusted labour costs went down by 0.8 per cent. Labour costs without one-off pay items declined by 0.1 per cent over the same period. Over the same quarter, the index of wage and salary earnings in the central government sector went up by 1.1 per cent.

In the local government sector, the cost of an hour worked rose by 2.8 per cent in October to December 2016 when compared with the respective period of the year before. The increase in costs is explained by

a fall in hours worked. The year-on-year change in labour costs without one-off pay items was 2.8 per cent. Over the same period, the index of wage and salary earnings in the local government sector went up by 1.0 per cent.

Compared to the year before, the average increase of labour costs during 2016 was 0.7 per cent in the private sector and 0.8 per cent in the local government sector. In the central government sector, the average costs per hour worked fell by 1.5 per cent in 2016. The faster fall in hours worked than in wage and salary costs mostly explains the rise in the annual level labour costs in the private sector and the local government sector. Lower social insurance contributions in the central government sector had an effect on the decrease in annual level labour costs in central government. Seasonally adjusted average changes in labour costs in 2016 were a growth of 0.8 per cent in the private sector and a fall of 1.1 per cent in the central government sector.

#### Year-on-year change in labour costs according to TOL 2008, 4th quarter 2016

Code	Industry	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	1,7	2,2	1,7
B to E	Manufacturing	0,6	2,1	0,6
F	Construction	0,8	1,0	0,8
G to N	Business service activities	2,0	2,1	2,0
J to R	Central government	-0,2	-0,1	-0,8
D to S	Local government	2,8	2,8	..

The cost per an hour worked rose by 0.6 per cent in manufacturing industries (B to E), by 0.8 per cent in construction (F), and by 2.0 per cent in business service activities (G to N) in October to December 2016. In the manufacturing industries, the rise in other extraordinary and one-off pay items and the decrease in hours worked accelerated the increase in labour costs.

In manufacturing industries, the biggest rise in costs of an hour worked in the fourth quarter was in the food industry, 2.7 per cent. In the forest industry, costs went up by 0.7 per cent and in the chemical industry by 2.1 per cent. Among service industries, the rise was biggest in trade, 2.8 per cent. In financial and insurance activities, the costs went up by 1.8 per cent.

The seasonally adjusted cost of an hour worked in all manufacturing (B to E) went up by 0.6 per cent in October to December 2016 compared with the corresponding period last year. In construction, the seasonally adjusted cost of an hour worked rose by 0.8 per cent and in business service activities by 2.0 per cent.

The seasonally adjusted cost of an hour worked rose by 0.7 per cent in the forest industry and went down by 1.2 per cent in the metal industry in the October to December period of 2016 from the same period of the previous year. In trade, seasonally adjusted costs increased by 2.9 per cent.

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.

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**Appendix table 1. Labour costs, Labour Cost Index 2012=100**

		2015/1*	2015/2*	2015/3*	2015/4*	Whole year 2015*	2016/1*	2016/2*	2016/3*	2016/4*	Whole year 2016*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	103,2	114,3	107,1	94,8	104,8	104,9	111,5	109,4	96,4	105,5
B-E	Industry	105,1	114,1	108,2	93,4	105,2	107,5	110,0	112,1	94,0	105,9
C	Manufacturing	105,0	114,0	107,8	93,3	105,0	107,5	109,9	111,9	93,8	105,8
10, 11	Food industry	106,7	116,8	107,7	92,5	105,9	103,7	110,4	107,6	95,0	104,2
16, 17	Forest industry	111,4	128,2	108,3	94,8	110,7	114,7	123,2	107,5	95,4	110,2
19-22	Chemical industry	110,2	113,4	108,4	89,8	105,4	113,5	109,0	104,9	91,6	104,8
24-30	Metal industry	102,8	111,0	109,6	94,4	104,4	105,5	106,4	118,0	93,1	105,7
F	Construction	106,8	113,0	109,3	99,1	107,1	106,2	111,1	111,5	99,9	107,2
G-N	Services of the business economy	102,9	115,4	105,7	95,0	104,8	104,4	113,2	107,9	96,9	105,6
G	Wholesale and retail trade	104,7	116,0	104,1	94,9	104,9	107,5	115,5	108,4	97,6	107,2
H	Transportation and storage	97,6	114,1	108,9	93,3	103,5	100,0	110,7	109,2	93,9	103,5
J	Information and communication	107,3	119,1	110,4	94,8	107,9	106,7	115,5	112,3	96,4	107,7
K	Financial and insurance activities	104,1	131,8	98,1	95,6	107,4	106,2	126,2	100,0	97,4	107,5
State sector, J-R	Total	95,7	121,6	107,6	94,4	104,8	99,4	115,0	104,4	94,2	103,3
Local government sector, D-S	Total	96,9	111,6	122,7	94,3	106,4	99,1	108,7	124,3	97,0	107,3

\*Preliminary data

**Appendix table 2. Labour costs, percentage changes, Labour Cost Index 2012=100**

		2015/1*	2015/2*	2015/3*	2015/4*	Change 2015/2014*	2016/1*	2016/2*	2016/3*	2016/4*	Change 2016/2015*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	1,8	1,8	1,2	0,8	1,4	1,7	-2,4	2,2	1,7	0,7
B-E	Industry	2,8	0,4	2,5	2,6	2,0	2,2	-3,6	3,6	0,6	0,7
C	Manufacturing	2,9	0,2	2,6	2,8	2,1	2,4	-3,6	3,8	0,5	0,7
10, 11	Food industry	1,6	5,8	2,5	1,6	3,0	-2,8	-5,5	-0,1	2,7	-1,7
16, 17	Forest industry	8,1	3,5	4,6	2,8	4,7	3,0	-3,8	-0,8	0,7	-0,4
19-22	Chemical industry	3,3	2,0	2,1	-5,3	0,7	3,0	-3,9	-3,2	2,1	-0,6
24-30	Metal industry	2,4	-1,8	5,3	6,1	2,8	2,6	-4,2	7,7	-1,3	1,2
F	Construction	1,9	1,0	-1,1	1,4	0,8	-0,6	-1,7	2,1	0,8	0,1

		2015/1*	2015/2*	2015/3*	2015/4*	Change 2015/ 2014*	2016/1*	2016/2*	2016/3*	2016/4*	Change 2016/ 2015*
G-N	Services of the business economy	1,9	2,6	0,7	0,2	1,4	1,5	-1,9	2,1	2,0	0,8
G	Wholesale and retail trade	0,4	3,1	-0,6	1,1	1,1	2,6	-0,4	4,1	2,8	2,2
H	Transportation and storage	0,1	2,4	0,5	-2,4	0,3	2,4	-2,9	0,3	0,7	-0,0
J	Information and communication	4,0	5,6	4,3	0,6	3,7	-0,6	-3,0	1,7	1,7	-0,2
K	Financial and insurance activities	3,6	1,3	1,2	-0,2	1,5	2,0	-4,2	2,0	1,8	0,1
State sector, J-R	Total	0,9	-0,6	-0,2	0,8	0,2	3,9	-5,4	-3,0	-0,2	-1,5
Local government sector, D-S	Total	2,3	2,1	0,7	1,1	1,5	2,3	-2,7	1,3	2,8	0,8

\*Preliminary data

**Appendix table 3. Labour costs, excluding one-off items, Labour Cost Index 2012=100**

		2015/1*	2015/2*	2015/3*	2015/4*	Whole year 2015*	2016/1*	2016/2*	2016/3*	2016/4*	Whole year 2016*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	103,3	108,5	107,7	97,7	104,3	104,7	106,0	109,2	99,9	104,9
B-E	Industry	104,2	108,8	109,4	96,2	104,6	105,7	105,3	110,0	98,2	104,8
C	Manufacturing	104,0	108,7	109,1	95,9	104,4	105,6	105,1	109,6	98,0	104,6
10, 11	Food industry	105,9	113,2	106,8	96,0	105,5	103,4	105,9	107,6	98,9	103,9
16, 17	Forest industry	109,3	117,5	110,4	97,9	108,8	112,4	114,0	109,9	98,7	108,7
19-22	Chemical industry	106,7	107,7	110,3	94,2	104,7	109,1	102,5	107,0	96,5	103,8
24-30	Metal industry	102,5	106,5	111,0	96,1	104,1	104,2	103,3	111,6	97,5	104,1
F	Construction	106,1	108,9	107,2	99,9	105,5	105,9	106,8	109,6	100,9	105,8
G-N	Services of the business economy	103,3	108,8	106,9	98,4	104,3	104,7	106,8	109,2	100,5	105,3
G	Wholesale and retail trade	104,4	108,8	107,3	98,7	104,8	106,0	108,3	111,6	101,6	106,9
H	Transportation and storage	99,6	110,0	107,6	96,2	103,3	102,0	106,4	107,6	96,9	103,2
J	Information and communication	106,1	110,5	109,5	99,2	106,3	107,0	108,5	112,2	100,8	107,1
K	Financial and insurance activities	105,0	113,1	101,8	99,8	104,9	107,1	108,9	104,3	102,4	105,7
State sector, J-R	Total	99,1	111,1	111,5	98,2	105,0	103,0	104,7	108,3	98,1	103,5
Local government sector, D-S	Total	100,3	109,9	117,6	98,2	106,5	102,6	107,1	118,8	100,9	107,3

\*Preliminary data

**Appendix table 4. Labour costs, excluding one-off items, percentage changes, Labour Cost Index 2012=100**

		2015/1*	2015/2*	2015/3*	2015/4*	Change 2015/ 2014*	2016/1*	2016/2*	2016/3*	2016/4*	Change 2016/ 2015*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	1,4	1,5	0,7	0,2	0,9	1,4	-2,3	1,3	2,2	0,6
B-E	Industry	2,3	0,3	1,6	1,1	1,3	1,5	-3,2	0,6	2,1	0,2
C	Manufacturing	2,3	0,2	1,6	1,2	1,3	1,6	-3,3	0,5	2,1	0,1
10, 11	Food industry	2,3	5,8	1,7	1,6	2,9	-2,3	-6,5	0,7	3,0	-1,5
16, 17	Forest industry	5,5	2,6	4,4	2,1	3,7	2,8	-2,9	-0,5	0,8	-0,0
19-22	Chemical industry	3,1	1,7	1,8	-0,8	1,5	2,2	-4,9	-2,9	2,4	-0,9
24-30	Metal industry	1,9	-1,4	3,4	1,6	1,4	1,6	-3,1	0,5	1,4	0,1
F	Construction	1,6	0,7	-0,6	1,4	0,7	-0,3	-2,0	2,2	1,0	0,2
G-N	Services of the business economy	1,4	2,0	0,3	-0,1	0,9	1,3	-1,9	2,2	2,1	0,9
G	Wholesale and retail trade	0,1	1,9	-0,7	1,0	0,6	1,5	-0,4	4,0	2,9	2,0
H	Transportation and storage	0,2	1,8	0,2	-2,4	0,0	2,4	-3,2	0,0	0,7	-0,1
J	Information and communication	3,1	4,3	2,9	0,2	2,6	0,8	-1,9	2,5	1,6	0,7
K	Financial and insurance activities	3,1	1,8	0,3	-1,2	1,0	2,1	-3,7	2,5	2,6	0,7
State sector, J-R	Total	0,7	-1,2	0,5	1,0	0,2	3,9	-5,7	-2,8	-0,1	-1,4
Local government sector, D-S	Total	2,2	1,9	1,1	1,1	1,6	2,2	-2,6	1,0	2,8	0,8

\*Preliminary data

**Appendix table 5. Seasonally adjusted labour costs, Labour Cost Index 2012=100**

		2015/1*	2015/2*	2015/3*	2015/4*	Whole year 2015*	2016/1*	2016/2*	2016/3*	2016/4*	Whole year 2016*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	104,7	105,6	104,3	104,6	104,8	105,0	104,7	106,3	106,3	105,6
B-E	Industry	105,1	105,2	104,4	105,5	105,1	105,0	104,6	107,5	106,2	105,8
C	Manufacturing	104,9	105,1	104,3	105,4	104,9	105,1	104,4	107,4	106,1	105,7
10, 11	Food industry	105,4	107,3	104,9	104,3	105,5	103,6	103,1	104,5	105,6	104,2
16, 17	Forest industry	110,4	111,6	110,3	109,9	110,6	112,0	108,3	109,7	110,7	110,2
19-22	Chemical industry	105,3	106,6	106,9	103,0	105,5	106,9	102,8	104,1	104,9	104,7
24-30	Metal industry	102,7	105,4	103,4	105,8	104,3	105,4	101,3	111,0	104,6	105,6
F	Construction	107,7	107,5	105,9	107,1	107,0	107,0	105,8	108,1	107,9	107,2
G-N	Services of the business economy	104,5	106,4	103,8	104,1	104,7	106,0	104,5	106,0	106,2	105,7
G	Wholesale and retail trade	104,8	107,3	103,1	104,1	104,8	107,6	106,9	107,4	107,1	107,2
H	Transportation and storage	102,3	105,6	103,3	102,3	103,4	104,6	102,6	103,5	103,1	103,5
J	Information and communication	108,6	110,1	106,3	106,2	107,8	108,0	106,8	108,1	108,1	107,8
K	Financial and insurance activities	107,3	108,4	107,5	107,6	107,7	107,9	106,7	108,0	108,0	107,6
State sector, J-R	Total	104,5	105,7	105,3	104,9	105,1	105,0	103,2	103,4	104,1	103,9

\*Preliminary data



**Appendix table 6. Seasonally adjusted labour costs, percentage changes, Labour Cost Index 2012=100**

		2015/1*	2015/2*	2015/3*	2015/4*	Change 2015/2014*	2016/1*	2016/2*	2016/3*	2016/4*	Change 2016/2015*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	1,4	2,0	1,2	0,9	1,3	0,3	-0,8	2,0	1,7	0,8
B-E	Industry	2,0	1,2	2,1	2,6	2,0	-0,1	-0,6	3,0	0,6	0,7
C	Manufacturing	2,1	0,9	2,3	2,7	2,0	0,1	-0,6	3,0	0,6	0,8
10, 11	Food industry	1,8	4,5	1,8	1,0	2,3	-1,8	-3,9	-0,4	1,2	-1,2
16, 17	Forest industry	5,7	3,6	5,3	3,3	4,4	1,5	-3,0	-0,5	0,7	-0,3
19-22	Chemical industry	1,8	2,9	2,8	-4,7	0,6	1,5	-3,5	-2,6	1,8	-0,7
24-30	Metal industry	2,3	-1,6	5,0	6,2	2,9	2,6	-3,9	7,4	-1,2	1,2
F	Construction	1,8	1,2	-1,1	1,3	0,8	-0,6	-1,5	2,0	0,8	0,2
G-N	Services of the business economy	1,8	2,6	0,8	0,2	1,3	1,5	-1,8	2,1	2,0	0,9
G	Wholesale and retail trade	0,4	3,1	-0,6	1,1	1,0	2,7	-0,4	4,2	2,9	2,3
H	Transportation and storage	0,1	2,3	0,5	-2,2	0,2	2,3	-2,9	0,2	0,8	0,1
J	Information and communication	4,0	5,6	4,4	0,6	3,6	-0,6	-3,0	1,7	1,7	-0,1
K	Financial and insurance activities	2,3	1,9	0,8	0,7	1,4	0,5	-1,5	0,5	0,3	-0,0
State sector, J-R	Total	-0,5	-0,1	0,5	0,2	0,0	0,5	-2,4	-1,8	-0,8	-1,1

\*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-change<sup>1)</sup>

Labour cost index	Quarter	Year-on-year change, %		Revision, %-points
		Latest release 10.3.2016	1st release	
Private sector, original series	02/2015	1,8	1,3	0,5
	03/2015	1,2	1,0	0,2
	04/2015	0,8	0,8	0,0
	01/2016	1,7	1,5	0,2
	02/2016	-2,4	-2,4	0,0
	03/2016	2,2	2,1	0,1
State sector, original series	02/2015	-0,6	-0,6	0,0
	03/2015	-0,2	-0,2	0,0
	04/2015	0,8	0,8	0,0
	01/2016	3,9	3,9	0,0
	02/2016	-5,4	-5,4	0,0
	03/2016	-3,0	-3,0	0,0
Local government sector, original series	02/2015	2,1	2,1	0,0
	03/2015	0,7	0,1	0,6
	04/2015	1,1	1,0	0,1
	01/2016	2,3	2,4	-0,1
	02/2016	-2,7	-2,6	-0,1
	03/2016	1,3	0,4	0,9

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 10.3.2017	1st release	
Private sector, seasonally adjusted series	02/2015	2,0	1,3	0,7
	03/2015	1,2	1,2	0,0
	04/2015	0,9	1,8	-0,9
	01/2016	0,3	0,5	-0,2
	02/2016	-0,8	-0,9	0,1
	03/2016	2,0	1,8	0,2

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Source: Wages, Salaries and Labour Costs, Statistics Finland