

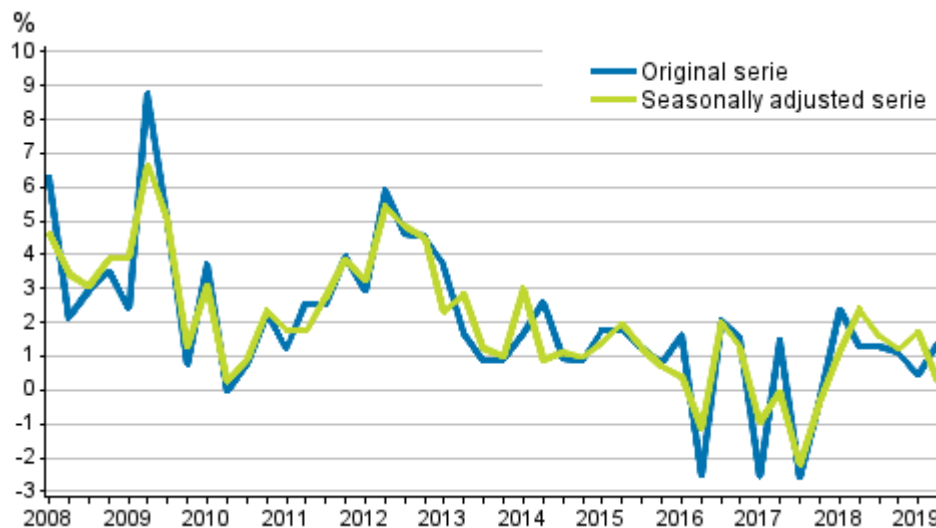
Labour Cost Index

2019, 2nd quarter

Private sector cost of an hour worked increased by 1.4 per cent in April to June year-on-year

According to Statistics Finland, private sector labour costs increased by 1.4 per cent in April to June 2019 when compared with the respective period of the year before. Seasonally adjusted labour costs went up by 0.3 per cent in April to June 2019. There were one less working day in the second quarter of 2019 than in the corresponding period of 2018. In the Labour Cost Index, a decrease in the number of working days usually has an increasing 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 1.2 per cent in April to June 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 2.2 per cent.

In the central government sector, the cost of an hour worked increased by 2.3 per cent in April to June 2019 when compared with the respective period of the year before. The year-on-year change in labour costs without one-off pay items increase was 2.3 per cent. Seasonally adjusted labour costs went up by

2.5 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 3.4 per cent.

In the local government sector, the cost of an hour worked increased by 4.3 per cent in April to June 2019 when compared with the respective period of the year before. The year-on-year change in labour costs without one-off pay items increase was 4.4 per cent. Seasonally adjusted labour costs went up by 4.3 per cent. The rise in costs was mainly due to the growth in wages and salaries subject to preliminary withholding tax and the decrease in the number of hours worked. Over the same period, the index of wage and salary earnings in the local government sector went up by 3.8 per cent.

Year-on-year change in labour costs according to industry (TOL 2008) and sector, 2nd 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	1,4	1,2	0,3
B to E	Manufacturing	3,0	2,4	0,4
F	Construction	0,4	0,8	1,4
G to N	Business service activities	-0,1	0,0	0,1
J to R	Central government	2,3	2,3	2,5
D to S	Local government	4,3	4,4	4,3

Changes by industry

The cost per an hour worked went up by 3.0 per cent in manufacturing industries (B to E) and by 0.4 per cent in construction (F) in April to June 2019 compared with the corresponding period last year. The cost went down by 0.1 per cent in business service activities (G to N).

In manufacturing industries in the second quarter of 2019, there was a rise of 3.1 per cent in the forest industry. In the food industry costs went down by 2.3 per cent. In the chemical industry labour costs went up 1.1 per cent and in the metal industry 4.6 per cent. Among service industries, the biggest rise in costs, 3.2 per cent, was in financial and insurance activities. In information and communication activities costs decreased by 2.8 per cent.

The seasonally adjusted cost of an hour worked in all manufacturing (B to E) went up by 0.4 per cent in April to June 2019 compared with the corresponding period last year. In construction (F), the seasonally adjusted cost of an hour worked increased by 1.4 per cent and in business service activities (G to N) increased by 0.1 per cent.

In manufacturing industries, seasonally adjusted cost of an hour worked went up by 1.0 per cent in the forest industry, 1.1 per cent in chemical industry and 1.7 per cent in metal industry in the April to June period of 2019 from the same period of the previous year. In business service activities, seasonally adjusted costs rose by 2.5 per cent in financial and insurance activities and went down by 2.6 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

		2017/3*	2017/4*	Whole year 2017*	2018/1*	2018/2*	2018/3*	2018/4*	Whole year 2018*	2019/1*	2019/2*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	101,0	91,0	99,0	99,2	108,6	102,3	92,0	100,5	99,7	110,1
B-E	Industry	100,5	87,2	98,0	99,1	107,5	101,7	88,6	99,2	97,5	110,7
C	Manufacturing	100,3	87,1	98,2	99,0	107,8	101,4	88,6	99,2	97,1	110,9
10, 11	Food industry	105,8	92,6	103,0	102,9	116,1	107,8	94,4	105,3	103,0	113,5
16, 17	Forest industry	98,6	85,9	99,0	101,2	117,3	100,5	87,3	101,6	100,2	121,0
19-22	Chemical industry	100,6	87,9	100,1	99,3	113,2	102,4	89,0	101,0	104,0	114,4
24-30	Metal industry	99,2	84,6	95,6	97,0	101,0	99,0	85,5	95,6	93,0	105,7
F	Construction	101,4	90,8	98,6	99,2	107,6	104,9	94,8	101,6	102,6	108,1
G-N	Services of the business economy	101,9	93,2	100,3	100,5	109,9	103,0	93,3	101,7	100,8	109,8
G	Wholesale and retail trade	103,3	93,6	102,5	103,9	112,8	107,1	95,7	104,9	105,4	115,0
H	Transportation and storage	102,3	92,0	98,3	97,6	107,8	104,0	92,4	100,4	96,0	108,5
J	Information and communication	107,5	94,2	101,6	100,0	110,3	105,1	89,2	101,2	98,7	107,2
K	Financial and insurance activities	91,6	90,7	98,6	99,0	114,6	89,2	91,3	98,5	99,1	118,2
State sector, J-R	Total	98,7	87,4	96,2	90,6	108,1	98,9	92,3	97,5	91,7	110,6
Local government sector, D-S	Total	111,3	89,2	97,4	88,2	100,2	112,4	90,5	97,8	93,1	104,5

*Preliminary data

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

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

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

*Preliminary data

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

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

*Preliminary data

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

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

*Preliminary data

Appendix table 5. Seasonally adjusted labour costs in private sector by industry (TOL 2008). Labour Cost Index 2016=100

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

*Preliminary data

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

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

*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 6.9.2019	1st release	
Private sector, original series	04/2017	-0,3	-0,2	-0,1
	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
State sector, original series	04/2017	-4,2	-4,2	0,0
	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
Local government sector, original series	04/2017	-1,4	-1,3	-0,1
	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

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 6.9.2019	1st release	
Private sector, seasonally adjusted series	04/2017	-0,3	-0,4	0,1
	01/2018	1,1	1,3	-0,2
	02/2018	2,4	2,8	-0,4
	03/2018	1,6	1,4	0,2
	04/2018	1,2	1,2	0,0
	01/2019	1,7	1,8	-0,1

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Source: Wages, Salaries and Labour Costs, Statistics Finland