

Labour Cost Index

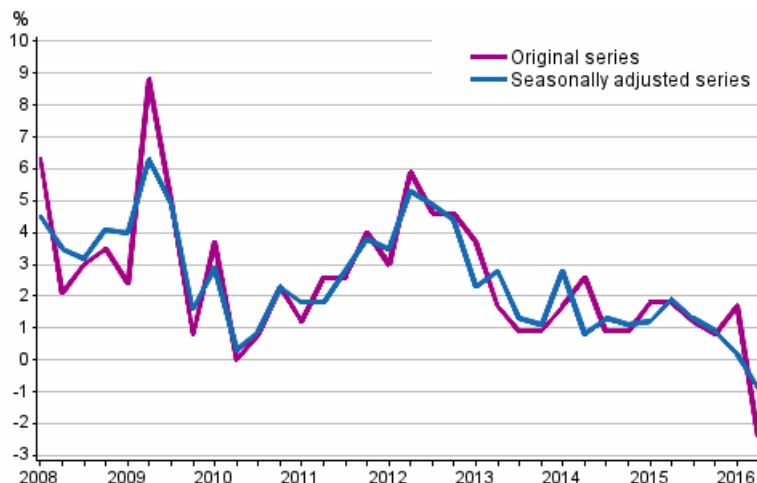
2016, 2nd quarter

Cost of an hour worked decreased by 2.4 per cent in April to June year-on-year

Private sector labour costs decreased by 2.4 per cent in April to June 2016 when compared with the respective period of the year before. Seasonally adjusted labour costs went down by 0.9 per cent in April to June 2016. The drop is mainly explained by the fact that in the second quarter of 2016 there were three more working days than in the corresponding quarter in 2015.

Differences in the number of working days and, thus, also in working hours, were mainly caused by Easter falling on the first quarter in 2016, while in 2015 it was in the second quarter. In the private sector, labour costs without one-off pay items, such as performance-based bonuses, decreased by 2.2 per cent in April to June 2016 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 1.3 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 declined by 5.4 per cent in April to June 2016 when compared with the respective period of the year before. Labour costs without one-off pay items decreased by 5.7 per cent over the same period. Seasonally adjusted labour costs went down by 3.5 per

cent. Over the same period, the index of wage and salary earnings in the central government sector went up by 2.0 per cent.

In the local government sector, the cost of an hour worked decreased by 2.6 per cent in April to June 2016 when compared with the respective period of the year before. Labour costs without one-off pay items went down by 2.5 per cent. Over the same period, the index of wage and salary earnings in the local government sector went up by 1.2 per cent.

Also in the public sector, the decline is primarily explained by the higher number of working days during the second quarter of 2016 compared to the corresponding quarter of the previous year.

Year-on-year change in labour costs according to TOL 2008, 2nd 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	-2,4	-2,2	-0,9
B to E	Manufacturing	-3,2	-2,8	0,6
F	Construction	-1,5	-1,9	-1,3
G to N	Business service activities	-2,1	-1,9	-1,9
J to R	Central government	-5,4	-5,7	-3,5
D to S	Local government	-2,6	-2,5	..

The cost per an hour worked in manufacturing industries (B to E) decreased by 3.2 per cent, in construction (F) by 1.5 per cent, and in business service activities (G to N) by 2.1 per cent in April to June 2016. In manufacturing industries, the decrease in wages and salaries subject to preliminary withholding tax accelerated the drop in labour costs. In construction, the growth in hours worked strengthened the decline in costs.

In manufacturing industries, the biggest drop in the cost of an hour worked was found in the metal industry, 4.2 per cent. The cost of an hour worked without one-off pay items fell by 3.0 per cent in the metal industry. In the forest industry, costs went down by 2.9 per cent, and in the food industry by 3.5 per cent. In service industries, the biggest decline was seen in financial and insurance activities, 4.3 per cent. In trade, the costs went down by 0.1 per cent.

The seasonally adjusted cost of an hour worked in all manufacturing (B to E) increased by 0.6 per cent in April to June 2016 compared with the corresponding period last year. In construction, the seasonally adjusted cost of an hour worked fell by 1.3 per cent and in business service activities it decreased by 1.9 per cent.

The seasonally adjusted cost of an hour worked went down by 1.7 per cent in the forest industry and by 4.0 per cent in the metal industry in April to June 2016 from the same period of the previous year. In wholesale and retail trade, costs decreased by 0.1 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

		2014/3*	2014/4*	Whole year 2014*	2015/1*	2015/2*	2015/3*	2015/4*	Whole year 2015*	2016/1*	2016/2*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	105,8	94,0	103,4	103,2	114,2	107,1	94,8	104,8	104,9	111,5
B-E	Industry	105,5	91,1	103,1	105,1	114,0	108,1	93,4	105,2	107,6	110,4
C	Manufacturing	105,1	90,8	102,9	105,0	114,0	107,8	93,3	105,0	107,6	110,4
10, 11	Food industry	105,1	91,0	102,9	106,8	116,8	107,7	92,5	105,9	104,5	112,7
16, 17	Forest industry	103,6	92,2	105,7	111,4	128,0	108,0	94,6	110,5	115,8	124,4
19-22	Chemical industry	106,2	94,7	104,7	110,2	113,4	108,4	89,8	105,5	113,5	109,2
24-30	Metal industry	104,1	89,0	101,6	102,8	111,1	109,6	94,4	104,5	105,3	106,4
F	Construction	110,4	97,8	106,2	106,9	113,0	109,3	99,2	107,1	106,2	111,4
G-N	Services of the business economy	105,0	94,9	103,3	102,9	115,4	105,8	95,1	104,8	104,5	113,0
G	Wholesale and retail trade	104,7	93,8	103,8	104,7	115,8	104,0	94,8	104,8	107,5	115,7
H	Transportation and storage	108,4	95,5	103,2	97,7	114,3	109,2	93,5	103,7	100,2	111,1
J	Information and communication	105,8	94,3	104,0	107,9	119,1	110,4	94,9	108,1	106,5	115,5
K	Financial and insurance activities	97,0	95,8	105,8	104,0	131,8	98,1	95,6	107,4	106,2	126,1
State sector, J-R	Total	107,8	93,6	104,7	95,7	121,6	107,6	94,4	104,8	99,4	115,0
Local government sector, D-S	Total	122,0	93,4	104,9	97,0	111,8	122,5	94,5	106,4	99,3	108,9

*Preliminary data

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

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

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

*Preliminary data

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

		2014/3*	2014/4*	Whole year 2014*	2015/1*	2015/2*	2015/3*	2015/4*	Whole year 2015*	2016/1*	2016/2*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	107,0	97,5	103,3	103,3	108,5	107,7	97,7	104,3	104,7	106,1
B-E	Industry	107,7	95,2	103,3	104,2	108,8	109,3	96,2	104,6	105,8	105,7
C	Manufacturing	107,4	94,8	103,1	104,0	108,7	109,0	95,9	104,4	105,8	105,6
10, 11	Food industry	105,1	94,5	102,5	105,9	113,2	106,8	96,0	105,5	104,1	108,1
16, 17	Forest industry	105,8	95,9	104,9	109,3	117,4	110,0	97,7	108,6	113,4	114,7
19-22	Chemical industry	108,3	95,0	103,2	106,7	107,7	110,3	94,2	104,7	109,1	102,4
24-30	Metal industry	107,4	94,6	102,7	102,5	106,5	111,1	96,1	104,1	104,0	103,4
F	Construction	107,9	98,5	104,7	106,1	108,9	107,2	99,9	105,5	105,9	106,8
G-N	Services of the business economy	106,6	98,5	103,4	103,4	108,8	106,9	98,4	104,4	104,7	106,7
G	Wholesale and retail trade	108,1	97,7	104,2	104,4	108,7	107,2	98,7	104,7	106,1	108,6
H	Transportation and storage	107,4	98,5	103,3	99,7	110,2	107,9	96,5	103,6	102,3	106,8
J	Information and communication	106,3	99,0	103,6	106,6	110,5	109,4	99,2	106,4	106,7	108,5
K	Financial and insurance activities	101,5	101,1	103,9	104,9	113,1	101,8	99,8	104,9	107,2	108,8
State sector, J-R	Total	111,0	97,2	104,8	99,1	111,1	111,5	98,2	105,0	103,0	104,7
Local government sector, D-S	Total	116,5	97,2	105,0	100,5	110,0	117,4	98,3	106,6	102,8	107,2

*Preliminary data

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

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

*Preliminary data

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

		2014/3*	2014/4*	Whole year 2014*	2015/1*	2015/2*	2015/3*	2015/4*	Whole year 2015*	2016/1*	2016/2*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	103,4	103,8	103,4	104,6	105,2	104,7	104,7	104,8	104,8	104,3
B-E	Industry	103,4	103,8	103,3	104,6	105,0	105,1	105,4	105,0	105,4	105,6
C	Manufacturing	102,3	102,5	102,8	104,7	104,8	104,9	105,2	104,9	104,9	103,9
10, 11	Food industry	101,9	102,5	102,8	106,0	108,5	104,5	104,2	105,8	103,7	104,7
19-22	Chemical industry	104,1	108,3	104,8	105,5	107,1	105,8	103,5	105,5	106,9	104,8
F	Construction	107,2	105,8	106,2	107,5	107,2	106,2	107,2	107,0	106,8	105,8
G-N	Services of the business economy	103,1	103,9	103,4	104,5	106,3	104,0	104,3	104,8	105,9	104,2
G	Wholesale and retail trade	103,8	102,8	103,8	104,7	107,3	103,1	103,9	104,7	107,5	107,2
H	Transportation and storage	102,7	104,5	103,2	102,4	106,0	103,5	102,4	103,6	104,9	103,1
J	Information and communication	101,9	105,6	104,0	109,1	110,1	106,3	106,2	107,9	107,7	106,8
K	Financial and insurance activities	106,9	107,0	106,3	107,6	108,2	107,8	107,9	107,9	107,8	107,4
State sector, J-R	Total	104,2	103,4	104,6	104,7	106,2	104,1	104,2	104,8	106,6	102,5

*Preliminary data

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

		2014/3*	2014/4*	Change 2014/ 2013*	2015/1*	2015/2*	2015/3*	2015/4*	Change 2015/ 2014*	2016/1*	2016/2*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	1,3	1,1	1,5	1,2	1,9	1,3	0,9	1,3	0,2	-0,9
B-E	Industry	1,6	1,6	1,7	1,7	1,7	1,7	1,6	1,7	0,7	0,6
C	Manufacturing	1,2	1,2	1,8	2,1	0,8	2,6	2,7	2,0	0,3	-0,8
10, 11	Food industry	-0,2	-0,8	1,1	1,6	5,8	2,5	1,6	2,9	-2,1	-3,5
19-22	Chemical industry	0,9	7,4	2,7	1,9	3,5	1,6	-4,4	0,6	1,4	-2,1
F	Construction	3,5	0,5	1,6	1,8	1,2	-1,0	1,3	0,8	-0,7	-1,3
G-N	Services of the business economy	0,5	0,7	1,3	1,8	2,5	0,9	0,3	1,4	1,3	-1,9
G	Wholesale and retail trade	1,2	-1,3	1,1	0,4	3,0	-0,7	1,0	0,9	2,7	-0,1
H	Transportation and storage	3,0	3,6	2,8	0,2	2,5	0,8	-2,0	0,4	2,5	-2,8
J	Information and communication	-0,3	1,7	2,0	4,6	5,6	4,3	0,6	3,7	-1,3	-3,0
K	Financial and insurance activities	2,6	2,0	2,3	2,1	1,9	0,8	0,9	1,4	0,2	-0,7
State sector, J-R	Total	-0,1	-0,7	1,9	0,5	-0,2	-0,2	0,8	0,2	1,8	-3,5

*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 8.9.2016	1st release	
Private sector, original series	04/2014	0,9	0,6	0,3
	01/2015	1,8	1,9	-0,1
	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
State sector, original series	04/2014	-0,7	-0,7	0,0
	01/2015	0,9	0,9	0,0
	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
Local government sector, original series	04/2014	0,2	0,2	0,0
	01/2015	2,3	2,1	0,2
	02/2015	2,2	2,1	0,1
	03/2015	0,4	0,1	0,3
	04/2015	1,2	1,0	0,2
	01/2016	2,3	2,4	-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 8.9.2016	1st release	
Private sector, seasonally adjusted series	04/2014	1,1	0,9	0,2
	01/2015	1,2	1,7	-0,5
	02/2015	1,9	1,3	0,6
	03/2015	1,3	1,2	0,1
	04/2015	0,9	1,8	-0,9
	01/2016	0,2	0,5	-0,3

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Source: Wages, Salaries and Labour Costs, Statistics Finland