

Labour Cost Index

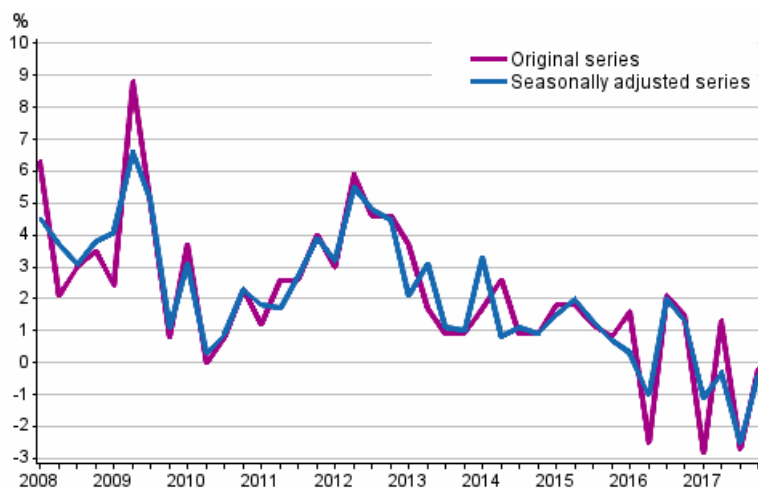
2017, 4th quarter

Cost of an hour worked decreased by 0.2 per cent in October to December year-on-year

Private sector labour costs decreased by 0.2 per cent in October to December 2017 when compared with the respective period of the year before. Seasonally adjusted labour costs decreased by 0.4 per cent in October to December 2017. There was one less working day in the fourth quarter of 2017 than in the corresponding period of 2016. In the Labour Cost Index, a decrease in the number of working days usually has an increasing effect on costs.

In the private sector, labour costs without one-off pay items, such as performance-based bonuses, decreased by 0.7 per cent in October to December 2017 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 0.6 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 4.2 per cent in October to December 2017 when compared with the respective period of the year before. The extension of working time according to the Competitiveness Pact and lower social insurance contributions had an effect on the decline in labour costs. Seasonally adjusted labour costs went down by 3.6 per cent. Labour costs without

one-off pay items decreased by 4.1 per cent over the same period. Over the same quarter, the index of wage and salary earnings in the central government sector went down by 0.8 per cent.

In the local government sector, the cost of an hour worked decreased by 1.3 per cent in October to December 2017 when compared with the respective period of the year before. The decline in labour costs was mainly caused by lower social insurance contributions. The year-on-year change in labour costs without one-off pay items was a fall of 1.3 per cent. Over the same period, the index of wage and salary earnings in the local government sector went down by 1.0 per cent.

Compared to the year before, the average decrease of labour costs during 2017 was 1.1 per cent in the private sector, 3.8 per cent in the central government sector and 2.6 per cent in the in the local government sector. The faster rise in hours worked than in wage and salary costs mostly explains the fall in the annual level labour costs in the private sector. About a third of the decline in costs was due to lower social insurance contributions. In the public sector, both cuts in holiday bonuses according to the Competitiveness Pact and lower social insurance contributions had a significant effect on the decrease in annual level labour costs. Seasonally adjusted average changes in labour costs in 2017 were a decline of 1.1 per cent in the private sector and of 3.6 per cent in the central government sector.

Year-on-year change in labour costs according to TOL 2008, 4th quarter 2017

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	-0,2	-0,7	-0,4
B to E	Manufacturing	-1,4	-0,9	-1,5
F	Construction	-1,1	-1,6	-1,2
G to N	Business service activities	1,4	0,3	1,3
J to R	Central government	-4,2	-4,1	-3,6
D to S	Local government	-1,3	-1,3	..

The cost per an hour worked went down by 1.4 per cent in manufacturing industries (B to E) and by 1.1 per cent in construction (F) in October to December 2017. In business service activities (G to N), the cost of an hour worked went up by 1.4 per cent over the same period.

In manufacturing industries in the fourth quarter of 2017, there was a rise of 1.3 per cent in the food industry and of 0.8 per cent in the chemical industry in the cost of an hour worked. In the metal industry and the forest industry labour costs went down by 3.4 per cent and 0.2 per cent respectively. Among service industries, the biggest rise in costs, 6.1 per cent, was in information and communication. The rise in costs was due to the growth in wages and salaries subject to preliminary withholding tax. In transportation and storage, costs increased by 0.9 per cent.

The seasonally adjusted cost of an hour worked in all manufacturing (B to E) went down by 1.5 per cent in October to December 2017 compared with the corresponding period last year. In construction (F), the seasonally adjusted cost of an hour worked decreased by 1.2 per cent and in business service activities (G to N) increased by 1.3 per cent.

In manufacturing industries seasonally adjusted cost of an hour worked went down by 3.4 per cent in the metal industry and up by 1.4 per cent in the food industry in the October to December period of 2017 from the same period of the previous year. In business service activities, seasonally adjusted costs rose by 2.7 per cent in trade, by 6.0 per cent in communication activities and by 0.8 per cent in transportation and storage. In financial and insurance activities there was a 0.5 per cent fall in the seasonally adjusted costs.

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

		2016/1*	2016/2*	2016/3*	2016/4*	Whole year 2016*	2017/1*	2017/2*	2017/3*	2017/4*	Whole year 2017*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	104,8	111,4	109,3	96,2	105,4	101,9	112,9	106,4	96,0	104,3
B-E	Industry	107,3	110,3	112,1	93,7	105,8	102,0	113,3	106,3	92,3	103,5
C	Manufacturing	107,4	110,2	111,9	93,5	105,7	102,1	113,7	106,0	92,2	103,5
10, 11	Food industry	103,7	110,4	107,6	95,1	104,2	105,7	116,5	110,2	96,3	107,2
16, 17	Forest industry	114,3	123,2	105,9	94,2	109,4	106,1	125,4	107,8	94,0	108,4
19-22	Chemical industry	113,5	109,0	104,9	91,2	104,6	105,6	116,2	105,1	91,9	104,7
24-30	Metal industry	105,8	107,4	118,6	93,4	106,3	99,4	109,6	105,4	90,2	101,2
F	Construction	106,4	111,1	111,5	99,8	107,2	103,3	113,1	108,7	98,7	106,0
G-N	Services of the business economy	104,4	113,0	107,7	97,0	105,5	103,2	114,3	107,3	98,3	105,8
G	Wholesale and retail trade	107,6	115,6	108,3	97,8	107,3	109,4	119,0	110,4	100,5	109,8
H	Transportation and storage	100,0	110,6	109,3	95,0	103,7	96,1	110,1	106,3	95,8	102,1
J	Information and communication	106,6	115,4	112,1	96,0	107,5	104,4	115,5	115,6	101,8	109,3
K	Financial and insurance activities	107,1	128,1	101,0	98,1	108,6	102,9	127,1	99,7	98,8	107,1
State sector, J-R	Total	99,4	115,0	104,4	94,2	103,3	91,9	113,1	101,9	90,2	99,3
Local government sector, D-S	Total	99,4	109,2	125,3	97,4	107,8	94,8	109,0	120,2	96,1	105,0

*Preliminary data

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

		2016/1*	2016/2*	2016/3*	2016/4*	Change 2016/2015*	2017/1*	2017/2*	2017/3*	2017/4*	Change 2017/2016*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	1,6	-2,5	2,1	1,5	0,6	-2,8	1,3	-2,7	-0,2	-1,1
B-E	Industry	2,1	-3,3	3,6	0,3	0,6	-5,0	2,8	-5,2	-1,4	-2,2
C	Manufacturing	2,3	-3,3	3,8	0,2	0,7	-4,9	3,2	-5,2	-1,4	-2,1
10, 11	Food industry	-2,8	-5,5	-0,1	2,8	-1,6	2,0	5,5	2,4	1,3	2,9
16, 17	Forest industry	2,6	-3,8	-2,3	-0,6	-1,1	-7,1	1,8	1,8	-0,2	-1,0
19-22	Chemical industry	3,0	-3,9	-3,3	1,6	-0,8	-6,9	6,6	0,3	0,8	0,1
24-30	Metal industry	2,9	-3,3	8,2	-1,0	1,8	-6,0	2,1	-11,1	-3,4	-4,8
F	Construction	-0,4	-1,7	2,1	0,7	0,1	-2,9	1,8	-2,5	-1,1	-1,1

		2016/1*	2016/2*	2016/3*	2016/4*	Change 2016/ 2015*	2017/1*	2017/2*	2017/3*	2017/4*	Change 2017/ 2016*
G-N	Services of the business economy	1,5	-2,1	1,9	2,0	0,7	-1,2	1,1	-0,3	1,4	0,2
G	Wholesale and retail trade	2,7	-0,3	4,0	3,1	2,3	1,7	3,0	2,0	2,7	2,4
H	Transportation and storage	2,5	-3,1	0,3	1,8	0,2	-3,9	-0,4	-2,7	0,9	-1,6
J	Information and communication	-0,7	-3,1	1,6	1,2	-0,4	-2,0	0,1	3,0	6,1	1,7
K	Financial and insurance activities	3,0	-2,8	3,0	2,6	1,1	-3,9	-0,7	-1,4	0,8	-1,3
State sector, J-R	Total	3,9	-5,4	-3,0	-0,2	-1,5	-7,5	-1,6	-2,4	-4,2	-3,8
Local government sector, D-S	Total	2,3	-2,6	1,6	2,9	0,9	-4,6	-0,1	-4,1	-1,3	-2,6

*Preliminary data

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

		2016/1*	2016/2*	2016/3*	2016/4*	Whole year 2016*	2017/1*	2017/2*	2017/3*	2017/4*	Whole year 2017*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	104,7	105,9	109,0	99,8	104,8	101,4	106,3	107,1	99,1	103,5
B-E	Industry	105,7	105,3	109,8	98,0	104,7	101,0	107,2	108,7	97,1	103,5
C	Manufacturing	105,6	105,2	109,4	97,6	104,4	101,2	107,5	108,6	96,9	103,5
10, 11	Food industry	103,4	105,9	107,7	99,0	104,0	105,2	110,5	109,8	99,8	106,3
16, 17	Forest industry	112,0	114,0	107,7	97,3	107,8	104,9	115,1	110,6	97,5	107,0
19-22	Chemical industry	109,0	102,5	107,0	96,0	103,6	100,3	105,9	108,0	96,4	102,6
24-30	Metal industry	104,5	103,7	112,0	97,8	104,5	99,6	105,4	108,9	95,8	102,4
F	Construction	106,1	106,7	109,5	100,8	105,8	102,6	107,3	105,9	99,2	103,7
G-N	Services of the business economy	104,7	106,7	109,0	100,6	105,3	102,7	107,0	108,2	100,9	104,7
G	Wholesale and retail trade	106,1	108,4	111,5	101,9	107,0	107,1	111,0	113,3	103,9	108,8
H	Transportation and storage	102,0	106,2	107,6	97,9	103,4	97,9	105,6	104,9	98,5	101,7
J	Information and communication	106,8	108,4	112,0	100,3	106,9	103,2	106,0	112,5	101,7	105,8
K	Financial and insurance activities	108,8	110,4	105,2	103,8	107,0	103,4	110,4	103,6	103,4	105,2
State sector, J-R	Total	103,0	104,7	108,3	98,1	103,5	95,2	106,5	106,1	94,1	100,5
Local government sector, D-S	Total	102,9	107,5	119,8	101,3	107,9	97,9	108,7	117,9	99,9	106,1

*Preliminary data

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

		2016/1*	2016/2*	2016/3*	2016/4*	Change 2016/ 2015*	2017/1*	2017/2*	2017/3*	2017/4*	Change 2017/ 2016*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	1,3	-2,4	1,2	2,1	0,5	-3,1	0,4	-1,7	-0,7	-1,3
B-E	Industry	1,4	-3,1	0,4	1,8	0,1	-4,4	1,8	-1,0	-0,9	-1,1
C	Manufacturing	1,6	-3,2	0,3	1,8	0,0	-4,2	2,2	-0,7	-0,8	-0,9
10, 11	Food industry	-2,4	-6,5	0,8	3,2	-1,4	1,8	4,3	2,0	0,8	2,2
16, 17	Forest industry	2,5	-2,9	-2,5	-0,6	-0,9	-6,3	0,9	2,7	0,2	-0,7
19-22	Chemical industry	2,2	-4,9	-3,0	1,9	-1,1	-8,0	3,4	0,9	0,4	-0,9
24-30	Metal industry	1,9	-2,7	0,9	1,8	0,4	-4,6	1,6	-2,8	-2,1	-2,0
F	Construction	-0,1	-2,0	2,2	0,9	0,2	-3,3	0,5	-3,4	-1,6	-1,9
G-N	Services of the business economy	1,3	-1,9	2,0	2,2	0,9	-1,9	0,2	-0,8	0,3	-0,5
G	Wholesale and retail trade	1,6	-0,3	3,9	3,2	2,0	0,9	2,4	1,6	2,0	1,7
H	Transportation and storage	2,4	-3,4	0,0	1,8	0,1	-4,0	-0,6	-2,5	0,6	-1,6
J	Information and communication	0,7	-1,9	2,4	1,1	0,5	-3,4	-2,2	0,4	1,4	-1,0
K	Financial and insurance activities	3,6	-2,4	3,4	3,9	2,0	-5,0	0,1	-1,5	-0,3	-1,7
State sector, J-R	Total	3,9	-5,7	-2,8	-0,1	-1,4	-7,5	1,7	-2,0	-4,1	-3,0
Local government sector, D-S	Total	2,2	-2,5	1,3	2,8	0,9	-4,9	1,2	-1,6	-1,3	-1,6

*Preliminary data

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

		2016/1*	2016/2*	2016/3*	2016/4*	Whole year 2016*	2017/1*	2017/2*	2017/3*	2017/4*	Whole year 2017*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	105,3	104,6	106,4	105,5	105,4	104,1	104,3	103,6	105,1	104,3
B-E	Industry	105,4	104,4	107,9	105,3	105,7	103,3	104,1	102,5	103,7	103,4
C	Manufacturing	105,3	104,1	107,9	105,2	105,6	103,2	104,2	102,4	103,7	103,4
10, 11	Food industry	103,0	102,5	104,5	106,9	104,2	105,1	108,2	107,0	108,4	107,2
16, 17	Forest industry	112,0	108,6	107,5	108,7	109,2	106,7	108,2	109,2	108,6	108,2
19-22	Chemical industry	107,5	102,6	103,5	104,5	104,5	102,6	106,6	104,1	105,2	104,6
24-30	Metal industry	106,8	102,1	110,4	104,3	105,9	100,8	103,9	98,4	100,8	101,0
F	Construction	107,4	105,9	107,9	107,1	107,1	105,1	107,0	105,6	105,9	105,9
G-N	Services of the business economy	106,2	104,5	105,8	105,8	105,6	105,0	105,6	105,4	107,1	105,8
G	Wholesale and retail trade	107,5	106,9	107,4	107,4	107,3	109,4	110,1	109,5	110,3	109,8
H	Transportation and storage	105,0	102,5	103,9	103,3	103,7	101,1	102,2	101,2	104,0	102,1
J	Information and communication	108,1	106,9	107,8	107,4	107,5	105,9	107,0	111,1	113,8	109,4
K	Financial and insurance activities	108,4	107,2	108,0	107,6	107,8	106,5	106,8	106,7	107,1	106,8
State sector, J-R	Total	107,1	102,9	101,4	103,1	103,6	101,6	99,5	99,2	99,4	99,9

*Preliminary data

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

		2016/1*	2016/2*	2016/3*	2016/4*	Change 2016/ 2015*	2017/1*	2017/2*	2017/3*	2017/4*	Change 2017/ 2016*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	0,3	-1,0	2,1	1,3	0,7	-1,1	-0,3	-2,6	-0,4	-1,1
B-E	Industry	-0,2	-0,8	3,4	0,2	0,7	-2,0	-0,3	-5,1	-1,5	-2,2
C	Manufacturing	0,0	-0,9	3,6	0,1	0,7	-2,0	0,1	-5,1	-1,4	-2,1
10, 11	Food industry	-2,8	-5,5	-0,1	2,8	-1,4	2,0	5,6	2,4	1,4	2,8
16, 17	Forest industry	0,4	-2,1	-2,2	-0,7	-1,2	-4,8	-0,3	1,5	-0,1	-1,0
19-22	Chemical industry	1,0	-2,6	-2,9	1,3	-0,8	-4,6	3,9	0,6	0,7	0,1
24-30	Metal industry	3,6	-1,9	6,9	-1,3	1,8	-5,6	1,7	-10,8	-3,4	-4,6
F	Construction	0,0	-1,5	1,9	0,3	0,2	-2,1	1,1	-2,1	-1,2	-1,1
G-N	Services of the business economy	1,5	-2,0	1,9	1,9	0,8	-1,1	1,1	-0,3	1,3	0,2
G	Wholesale and retail trade	2,7	-0,3	4,0	3,1	2,4	1,7	3,0	1,9	2,7	2,3
H	Transportation and storage	2,5	-3,1	0,4	1,6	0,3	-3,7	-0,4	-2,5	0,8	-1,5
J	Information and communication	-0,7	-3,1	1,6	1,2	-0,3	-2,0	0,1	3,0	6,0	1,8
K	Financial and insurance activities	1,7	-0,1	1,1	0,7	0,8	-1,8	-0,4	-1,2	-0,5	-1,0
State sector, J-R	Total	2,0	-3,3	-2,9	-0,6	-1,2	-5,1	-3,3	-2,2	-3,6	-3,6

*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 9.3.2018	1st release	
Private sector, original series	02/2016	-2,5	-2,4	-0,1
	03/2016	2,1	2,1	0,0
	04/2016	1,5	1,7	-0,2
	01/2017	-2,8	-3,0	0,2
	02/2017	1,3	1,2	0,1
	03/2017	-2,7	-2,4	-0,3
State sector, original series	02/2016	-5,4	-5,4	0,0
	03/2016	-3,0	-3,0	0,0
	04/2016	-0,2	-0,2	0,0
	01/2017	-7,5	-7,5	0,0
	02/2017	-1,6	-1,6	0,0
	03/2017	-2,4	-2,4	0,0
Local government sector, original series	02/2016	-2,6	-2,6	0,0
	03/2016	1,6	0,4	1,2
	04/2016	2,9	2,8	0,1
	01/2017	-4,6	-4,8	0,2
	02/2017	-0,1	-1,0	0,9
	03/2017	-4,1	-4,4	0,3

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 9.3.2018	1st release	
Private sector, seasonally adjusted series	02/2016	-1,0	-0,9	-0,1
	03/2016	2,1	1,8	0,3
	04/2016	1,3	1,7	-0,4
	01/2017	-1,1	-0,9	-0,2
	02/2017	-0,3	0,2	-0,5
	03/2017	-2,6	-2,4	-0,2

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Source: Wages, Salaries and Labour Costs, Statistics Finland