

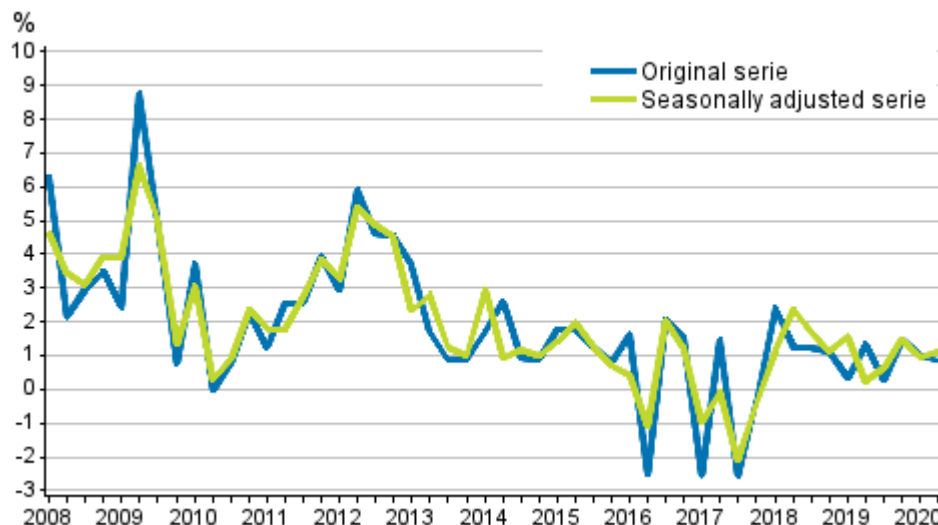
# Labour Cost Index

2020, 2nd quarter

## Private sector cost of an hour worked increased by 0.8 per cent in April to June year-on-year

According to Statistics Finland, private sector labour costs increased by 0.8 per cent in April to June 2020 when compared with the respective period of the year before. Seasonally adjusted labour costs went up by 1.1 per cent in April to June 2020. In the second quarter of 2020, the number of working days was the same as in the corresponding period of 2019.

### 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 0.5 per cent in April to June 2020 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 1.6 per cent.

In the central government sector, the cost of an hour worked increased by 5.2 per cent in April to June 2020 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 1.2 per cent increase. Seasonally adjusted labour costs went up by 4.7 per cent. 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 increased by 3.4 per cent in April to June 2020 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 1.2 per cent increase. Seasonally adjusted labour costs went up by 2.9 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.

In the private sector, the rise in costs was mainly due to the fact that number of hours worked decreased more than wages and salaries subject to preliminary withholding tax. A reduction in employer's TyEL contributions, which began on 1 May 2020, restrained the rise in costs in the private sector. In the central and local government sector, the end of cuts in holiday bonuses had a significant effect on the rise in labour costs. In the local government sector, the change in time of payment of holiday bonuses in some municipalities and joint municipal boards also increased the one-off pay items in April to June 2020 when compared with the respective period of the year before.

### Year-on-year change in labour costs according to industry (TOL 2008) and sector, 2nd quarter 2020

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	0,8	0,5	1,1
B to E	Manufacturing	-0,9	-0,8	0,4
F	Construction	0,3	0,4	0,4
G to N	Business service activities	2,8	2,1	2,8
J to R	Central government	5,2	1,2	4,7
D to S	Local government	3,4	1,2	2,9

### Changes by industry

The cost per an hour worked went up by 0.3 per cent in construction (F) and by 2.8 per cent in business service activities (G to N) in April to June 2020 compared with the corresponding period last year. The cost went down by 0.9 per cent in manufacturing industries (B-E).

In manufacturing industries in the second quarter of 2020, there was a rise in costs of 2.9 per cent in the food industry and a rise of 1.9 per cent in the chemical industry. In the forest industry, costs went down by 3.6 per cent and 2.7 per cent in the metal industry. Among service industries, the biggest rise in costs, 5.1 per cent, was in financial and insurance activities. In Information and communication, the costs went down by 1.4 per cent.

The seasonally adjusted cost of an hour worked went up by 0.4 per cent in construction (F), 2.8 per cent in business service activities (G to N) and 0.4 per cent in manufacturing industries (B-E) in April to June 2020 compared with the corresponding period last year.

In manufacturing industries, seasonally adjusted cost of an hour worked went up by 3.3 per cent in the food industry and 2.3 percent in the chemical industry. In the forest industry the seasonally adjusted cost of an hour worked went down by 1.2 per cent and 2.2 per cent in the metal industry in the April to June period of 2020 from the same period of the previous year. In business service activities, seasonally adjusted costs rose by 3.5 per cent in financial and insurance activities. In Information and communication, the seasonally adjusted costs went down by 1.1 per cent.

## 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 subject to preliminary withholding tax 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. The wages and salaries sum are used to raise the labour costs reported by the data providers to the industry level.

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# Appendix tables

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

		2018/2	2018/3	2018/4	Whole year 2018	2019/1*	2019/2*	2019/3*	2019/4*	Whole year 2019*	2020/1*	2020/2*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	108,6	102,3	92,0	100,5	99,6	110,0	102,6	93,3	101,4	100,6	110,9
B-E	Industry	107,5	101,7	88,6	99,2	97,3	110,2	102,5	90,1	100,0	100,0	109,2
C	Manufacturing	107,8	101,5	88,6	99,2	96,8	110,4	102,1	90,0	99,8	99,7	109,2
10, 11	Food industry	116,1	107,8	94,4	105,3	103,3	112,6	111,3	95,4	105,7	105,3	115,8
16, 17	Forest industry	117,5	100,3	87,1	101,4	98,9	119,9	99,3	88,4	101,6	102,5	115,6
19-22	Chemical industry	113,2	102,4	89,0	101,0	103,4	114,4	104,6	91,1	103,4	106,8	116,6
24-30	Metal industry	101,0	99,2	85,5	95,7	93,0	106,0	99,0	87,4	96,4	95,8	103,1
F	Construction	107,6	104,9	94,7	101,6	102,1	107,6	107,4	94,6	102,9	102,0	107,9
G-N	Services of the business economy	109,9	102,7	93,3	101,6	101,3	110,4	102,2	94,7	102,2	101,7	113,5
G	Wholesale and retail trade	112,8	106,1	95,7	104,6	105,5	115,2	104,9	96,0	105,4	103,3	119,0
H	Transportation and storage	107,8	104,8	92,3	100,8	96,7	108,8	105,1	96,4	101,8	97,1	111,8
J	Information and communication	110,1	104,3	89,3	100,9	99,4	109,3	101,5	91,7	100,5	100,1	107,7
K	Financial and insurance activities	114,6	88,9	91,3	98,5	98,6	118,9	92,8	93,2	100,9	100,9	124,9
State sector, J-R	Total	108,1	98,9	92,3	97,5	91,7	110,6	101,3	92,6	99,0	92,2	116,3
Local government sector, D-S	Total	100,0	112,2	90,4	97,7	92,9	104,6	113,2	92,5	100,8	92,7	108,2

\*Preliminary data

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

		2018/2	2018/3	2018/4	Change 2018/2017	2019/1*	2019/2*	2019/3*	2019/4*	Change 2019/2018*	2020/1*	2020/2*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	1,3	1,3	1,1	1,5	0,3	1,3	0,3	1,5	0,8	1,0	0,8
B-E	Industry	0,1	1,3	1,7	1,2	-1,8	2,5	0,7	1,6	0,8	2,8	-0,9
C	Manufacturing	-0,1	1,1	1,7	1,1	-2,2	2,5	0,6	1,6	0,6	3,0	-1,1
10, 11	Food industry	3,8	1,9	1,9	2,3	0,4	-3,0	3,3	1,1	0,3	2,0	2,9
16, 17	Forest industry	2,4	1,7	1,3	2,4	-2,0	2,1	-0,9	1,5	0,2	3,6	-3,6
19-22	Chemical industry	1,9	1,8	1,3	0,8	4,1	1,1	2,1	2,3	2,4	3,3	1,9
24-30	Metal industry	-2,6	0,0	1,1	0,0	-4,0	4,9	-0,1	2,1	0,7	2,9	-2,7

		2018/2	2018/3	2018/4	Change 2018/ 2017	2019/1*	2019/2*	2019/3*	2019/4*	Change 2019/ 2018*	2020/1*	2020/2*
F	Construction	1,9	3,5	4,3	3,1	2,9	0,0	2,4	-0,1	1,3	-0,1	0,3
G-N	Services of the business economy	1,4	0,8	0,1	1,3	0,7	0,5	-0,5	1,5	0,5	0,4	2,8
G	Wholesale and retail trade	1,4	2,7	2,2	2,0	1,5	2,2	-1,1	0,4	0,8	-2,0	3,2
H	Transportation and storage	1,7	2,4	0,3	2,6	-1,5	0,9	0,4	4,4	1,0	0,4	2,8
J	Information and communication	2,5	-3,0	-5,2	-0,6	-0,6	-0,8	-2,7	2,8	-0,5	0,7	-1,4
K	Financial and insurance activities	-2,3	-2,9	0,7	-0,1	-0,4	3,8	4,4	2,1	2,5	2,3	5,1
State sector, J-R	Total	-1,3	0,2	5,7	1,4	1,1	2,3	2,4	0,3	1,6	0,5	5,2
Local government sector, D-S	Total	-0,9	0,8	1,3	0,3	5,4	4,6	0,9	2,4	3,2	-0,2	3,4

\*Preliminary data

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

		2018/2	2018/3	2018/4	Whole year 2018	2019/1*	2019/2*	2019/3*	2019/4*	Whole year 2019*	2020/1*	2020/2*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	103,2	103,9	95,9	100,5	100,1	104,4	104,2	97,1	101,4	100,5	104,9
B-E	Industry	103,2	105,2	94,2	100,3	98,5	105,4	106,0	95,6	101,4	100,7	104,6
C	Manufacturing	103,5	105,2	94,2	100,4	98,4	105,7	105,9	95,7	101,4	100,6	104,6
10, 11	Food industry	110,1	107,7	97,9	104,4	103,6	109,2	111,3	99,1	105,8	104,0	110,2
16, 17	Forest industry	107,8	104,2	92,3	101,2	99,4	109,8	102,9	93,3	101,4	103,4	106,5
19-22	Chemical industry	104,4	106,0	94,1	100,4	99,3	106,2	108,2	97,1	102,7	102,8	106,5
24-30	Metal industry	100,1	104,5	92,4	98,7	97,1	103,0	104,5	94,0	99,7	98,7	101,7
F	Construction	103,5	104,3	96,7	100,9	102,2	103,9	106,4	96,9	102,4	102,9	104,3
G-N	Services of the business economy	103,5	104,2	96,9	101,1	101,0	104,0	103,7	97,8	101,6	100,6	106,1
G	Wholesale and retail trade	106,8	109,3	99,6	104,3	103,5	107,7	108,4	99,7	104,8	102,6	110,7
H	Transportation and storage	103,7	103,2	95,1	100,4	98,5	104,7	103,7	97,9	101,2	98,4	106,3
J	Information and communication	101,4	104,7	94,1	99,9	97,9	101,1	102,3	95,3	99,1	97,8	99,8
K	Financial and insurance activities	101,9	94,7	97,3	98,5	102,2	106,7	98,2	99,6	101,7	103,1	110,1
State sector, J-R	Total	101,5	102,6	95,8	98,4	95,2	103,8	105,1	96,3	100,1	95,4	105,1
Local government sector, D-S	Total	99,4	109,8	93,5	98,4	94,4	104,1	110,9	95,7	101,3	95,4	105,3

\*Preliminary data

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

		2018/2	2018/3	2018/4	Change 2018/ 2017	2019/1*	2019/2*	2019/3*	2019/4*	Change 2019/ 2018*	2020/1*	2020/2*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	1,5	1,5	1,5	1,7	1,1	1,2	0,3	1,2	0,9	0,4	0,5
B-E	Industry	0,5	1,2	1,7	1,2	-0,1	2,2	0,8	1,5	1,1	2,2	-0,8
C	Manufacturing	0,3	1,2	1,7	1,1	-0,3	2,1	0,7	1,5	1,0	2,3	-1,0
10, 11	Food industry	3,6	1,9	1,8	2,0	1,6	-0,8	3,4	1,2	1,3	0,4	0,9
16, 17	Forest industry	0,9	1,5	2,0	1,9	-1,2	1,9	-1,3	1,1	0,1	4,1	-3,0
19-22	Chemical industry	2,1	1,6	1,1	1,3	2,3	1,7	2,1	3,2	2,3	3,4	0,2
24-30	Metal industry	-1,2	0,4	1,1	0,3	-0,8	3,0	0,0	1,8	1,0	1,6	-1,3
F	Construction	2,0	4,2	4,5	3,2	3,0	0,4	2,1	0,2	1,4	0,6	0,4
G-N	Services of the business economy	1,7	1,3	1,1	1,6	1,1	0,4	-0,5	0,9	0,5	-0,4	2,1
G	Wholesale and retail trade	2,8	2,8	2,6	2,4	1,7	0,8	-0,8	0,2	0,4	-0,8	2,8
H	Transportation and storage	1,8	1,9	0,3	2,3	-1,1	1,0	0,4	3,0	0,8	-0,1	1,5
J	Information and communication	2,3	-0,6	-0,5	1,0	-1,3	-0,3	-2,3	1,3	-0,7	-0,1	-1,2
K	Financial and insurance activities	-1,6	-2,1	1,0	0,1	2,2	4,7	3,7	2,4	3,2	0,9	3,2
State sector, J-R	Total	-1,3	0,2	5,4	1,4	1,6	2,3	2,4	0,5	1,7	0,2	1,2
Local government sector, D-S	Total	-1,3	0,6	1,0	0,1	3,9	4,7	1,0	2,3	2,9	1,0	1,2

\*Preliminary data



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

		2018/2*	2018/3*	2018/4*	Whole year 2018*	2019/1*	2019/2*	2019/3*	2019/4*	Whole year 2019*	2020/1*	2020/2*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	101,2	100,7	100,9	100,7	101,5	101,5	101,3	102,4	101,7	102,5	102,6
B-E	Industry	99,6	99,5	99,8	99,4	99,5	100,5	100,5	100,8	100,4	101,4	100,9
C	Manufacturing	99,5	99,4	99,6	99,3	99,2	100,4	100,3	100,7	100,2	101,2	100,7
10, 11	Food industry	107,3	104,6	105,7	105,3	104,3	104,1	107,9	107,0	105,8	106,5	107,6
16, 17	Forest industry	102,1	101,9	101,4	101,6	100,8	102,7	102,0	102,6	102,0	103,0	101,5
19-22	Chemical industry	101,6	101,9	102,7	101,6	103,0	103,8	104,4	105,0	104,1	106,0	106,2
24-30	Metal industry	96,2	95,3	95,9	95,9	94,9	98,4	95,7	97,8	96,7	97,6	96,2
F	Construction	101,6	101,8	103,1	101,8	103,0	102,6	103,8	103,3	103,2	103,1	103,1
G-N	Services of the business economy	101,9	102,0	101,8	101,8	102,8	101,8	102,0	103,3	102,5	103,3	104,6
G	Wholesale and retail trade	104,1	105,3	105,3	104,7	106,0	106,5	104,2	105,9	105,7	103,9	110,3
H	Transportation and storage	100,3	100,6	100,2	101,0	101,6	101,4	101,2	104,6	102,2	102,0	104,5
J	Information and communication	102,1	100,7	99,8	101,0	101,1	101,5	98,2	102,7	100,9	101,8	100,4
K	Financial and insurance activities	98,2	98,1	99,8	99,0	100,4	101,1	102,3	102,6	101,6	103,5	104,7
State sector, J-R	Total	96,1	97,1	100,1	97,7	99,1	98,1	99,6	100,4	99,3	99,9	102,7
Local government sector, D-S	Total	97,3	99,0	99,8	98,3	102,0	101,3	100,7	102,2	101,5	102,2	104,2

\*Preliminary data

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

		2018/2*	2018/3*	2018/4*	Change 2018/ 2017*	2019/1*	2019/2*	2019/3*	2019/4*	Change 2019/ 2018*	2020/1*	2020/2*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	2,4	1,7	1,1	1,6	1,6	0,2	0,6	1,5	1,0	1,0	1,1
B-E	Industry	1,0	1,9	1,5	1,1	0,8	0,9	1,1	1,1	1,0	1,8	0,4
C	Manufacturing	0,8	1,8	1,3	0,9	0,5	0,8	1,0	1,0	0,8	2,0	0,3
10, 11	Food industry	3,8	1,8	1,9	2,3	0,7	-2,9	3,2	1,2	0,5	2,1	3,3
16, 17	Forest industry	3,2	2,1	1,4	2,4	-0,3	0,6	0,0	1,2	0,4	2,2	-1,2
19-22	Chemical industry	0,8	1,7	2,2	1,3	2,9	2,1	2,4	2,3	2,4	2,9	2,3
24-30	Metal industry	-0,6	0,7	0,9	0,1	-1,6	2,4	0,4	1,9	0,8	2,9	-2,2
F	Construction	2,0	3,2	4,7	3,1	2,6	1,0	1,9	0,1	1,4	0,1	0,4
G-N	Services of the business economy	2,0	1,2	0,2	1,4	1,3	-0,1	0,0	1,5	0,7	0,5	2,8
G	Wholesale and retail trade	1,5	2,8	2,3	2,1	1,7	2,3	-1,0	0,6	0,9	-2,0	3,6
H	Transportation and storage	1,8	2,7	0,3	2,7	-1,3	1,1	0,7	4,4	1,2	0,4	3,1
J	Information and communication	2,6	-2,9	-5,2	-0,7	-0,4	-0,6	-2,5	2,9	-0,2	0,7	-1,1
K	Financial and insurance activities	-1,0	-1,6	0,1	-0,1	0,4	3,0	4,3	2,8	2,6	3,1	3,5
State sector, J-R	Total	-0,9	0,5	5,1	1,5	1,6	2,1	2,6	0,2	1,6	0,9	4,7
Local government sector, D-S	Total	-0,8	1,8	1,6	0,7	5,1	4,0	1,7	2,4	3,3	0,3	2,9

\*Preliminary data

**Appendix table 7. Standard Industrial Classification 2008**

<b>Standard Industrial Classification</b>	<b>Code</b>
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 8.9.2020	1st release	
Private sector, original series	01/2019	0,3	0,5	-0,2
	02/2020	1,3	1,4	-0,1
	03/2019	0,3	0,2	0,1
	04/2019	1,5	1,4	0,1
	01/2020	1,0	1,0	0,0
State sector, original series	01/2019	1,1	1,1	0,0
	02/2019	2,3	2,3	0,0
	03/2019	2,4	2,4	0,0
	04/2019	0,3	0,3	0,0
	01/2020	0,5	0,5	0,0
Local government sector, original series	01/2019	5,4	5,7	-0,3
	02/2019	4,6	4,3	0,3
	03/2019	0,9	0,6	0,3
	04/2019	2,4	2,3	0,1
	01/2020	-0,2	-0,2	0,0

1) 2nd release refers to the point of time when data for the reference period were second published. Revision describes the difference on annual change percentages between the second 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 8.9.2020	2nd release	
Private sector, seasonally adjusted series	01/2019	1,6	1,8	-0,2
	02/2019	0,2	0,3	-0,1
	03/2019	0,6	0,5	0,1
	04/2019	1,5	1,5	0,0
	01/2020	1,0	1,0	0,0
State sector, seasonally adjusted series	01/2019	1,6	3,1	-1,5
	02/2019	2,1	2,5	-0,4
	03/2019	2,6	2,4	0,2
	04/2019	0,2	0,2	0,0
	01/2020	0,9	0,5	0,4
Local government sector, seasonally adjusted series	01/2019	5,1	4,2	0,9
	02/2019	4,0	4,3	-0,3
	03/2019	1,7	1,9	-0,2
	04/2019	2,4	2,3	0,1
	01/2020	0,3	0,0	0,3

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Source: Wages, Salaries and Labour Costs, Statistics Finland