

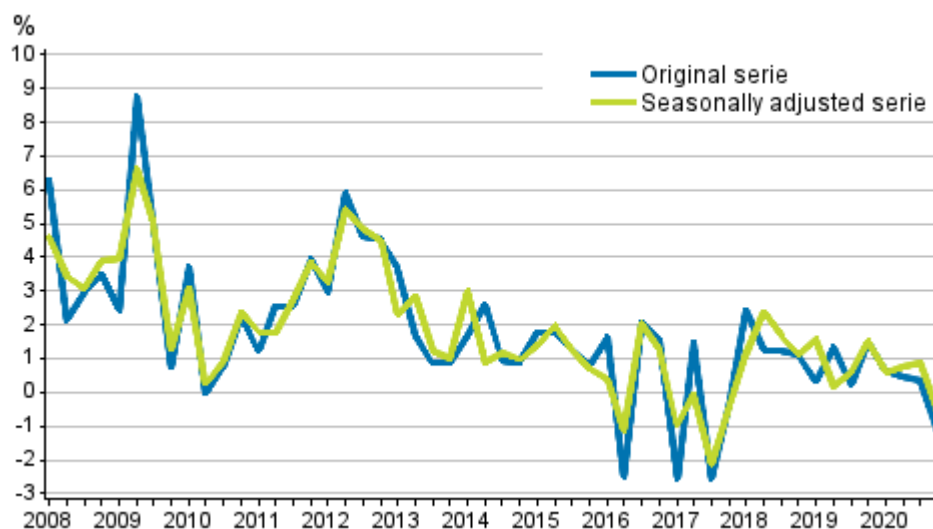
# Labour Cost Index

2020, 4th quarter

## Private sector cost of an hour worked decreased by 1.2 per cent in October to December year-on-year

According to Statistics Finland, private sector labour costs decreased by 1.2 per cent in October to December 2020 when compared with the respective period of the year before. Seasonally adjusted labour costs went down by 0,6 per cent in October to December 2020. There was one more working day in the fourth quarter of 2020 than in the corresponding period of 2019. In the Labour Cost Index, an increase in the number of working days usually has a decreasing 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, decreased by 1.3 per cent in October to December 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 1.9 per cent.

In the central government sector, the cost of an hour worked increased by 0.6 per cent in October to December 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 0.7 per cent increase. Seasonally adjusted labour costs

went up by 0.8 per cent. Over the same quarter, the index of wage and salary earnings in the central government sector went up by 2.3 per cent.

In the local government sector, the cost of an hour worked increased by 1.3 per cent in October to December 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 1.0 per cent increase. Seasonally adjusted labour costs went up by 1.8 per cent. Over the same period, the index of wage and salary earnings in the local government sector went up by 2.2 per cent.

In the private sector, the decrease in costs was mainly due to lower social insurance contributions. The reduction in the employer's TyEL contributions, which began on 1 May 2020, was valid until the end of the year. In the central government sector, hours worked increased as absences decreased. However, the wages and salaries subject to preliminary withholding tax increased more, and therefore the cost of an hour worked increased also. In the local government sector, the rise in costs was mainly due to the fact that the number of hours worked decreased more than the wages and salaries subject to preliminary withholding tax.

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

### **Changes by industry**

The cost per an hour worked went up by 0.3 per cent in construction (F) in October to December 2020 compared with the corresponding period last year. In manufacturing industries (B to E), costs went down by 2.2 per cent and in business service activities (G to N) 0.9 per cent.

In manufacturing industries in the fourth quarter of 2020, the cost per an hour worked went down by 3.7 per cent in the forest industry, 3.2 per cent in the chemical industry, 2.7 per cent in the metal industry and 1.9 per cent in the food industry. Among service industries, the biggest fall in costs, 2.0 per cent, was in transportation and storage. In financial and insurance activities, the costs went up by 0.2 per cent.

The seasonally adjusted cost of an hour worked went up by 0.9 per cent in construction (F). In manufacturing industries (B to E), costs went down by 1.4 per cent and in business service activities (G to N) 0.3 per cent in October to December 2020 compared with the corresponding period last year.

In manufacturing industries, seasonally adjusted cost of an hour worked went down by 2.2 per cent in the forest industry, 2.6 per cent in the chemical industry, 1.9 per cent in the metal industry and 1.2 per cent in the food industry in the October to December period of 2020 from the same period of the previous year. In business service activities, seasonally adjusted costs fell by 1.4 per cent in transportation and storage. In financial and insurance activities, the seasonally adjusted costs went up by 1.6 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**

		2019/1	2019/2	2019/3	2019/4	Whole year 2019	2020/1*	2020/2*	2020/3*	2020/4*	Whole year 2020*
Industry code	Standard Industrial Classification										
B-S	Total, private sector	99,6	110,0	102,5	93,3	101,4	100,2	110,6	102,9	92,3	101,5
B-E	Industry	97,2	110,2	102,5	90,1	100,0	100,1	108,2	102,4	88,1	99,7
C	Manufacturing	96,8	110,4	102,1	90,0	99,8	99,8	108,2	102,1	88,0	99,5
10, 11	Food industry	103,1	112,4	111,3	95,0	105,5	105,2	116,3	109,1	93,3	106,0
16, 17	Forest industry	98,9	119,9	99,4	88,4	101,7	100,9	115,2	98,4	85,2	99,9
19-22	Chemical industry	103,4	114,6	104,6	91,1	103,4	106,9	111,4	104,3	88,2	102,7
24-30	Metal industry	93,0	105,9	99,1	87,4	96,4	95,8	102,7	99,8	85,1	95,8
F	Construction	102,0	107,6	107,4	94,6	102,9	102,0	107,8	108,2	94,9	103,2
G-N	Services of the business economy	101,4	110,4	102,1	94,8	102,2	101,1	113,3	102,0	93,9	102,6
G	Wholesale and retail trade	105,6	115,3	104,8	96,1	105,4	102,2	117,1	104,1	94,2	104,4
H	Transportation and storage	96,8	108,9	105,2	96,4	101,8	97,2	110,1	105,8	94,5	101,9
J	Information and communication	99,7	109,2	101,4	91,6	100,4	100,2	108,6	102,1	89,8	100,2
K	Financial and insurance activities	98,6	119,0	92,9	93,3	100,9	100,7	126,2	95,0	93,5	103,8
State sector, J-R	Total	91,7	110,6	101,3	92,6	99,0	92,2	116,3	101,7	93,2	100,9
Local government sector, D-S	Total	93,1	104,8	113,6	92,5	101,0	92,7	109,2	117,6	93,7	103,3

\*Preliminary data

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

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

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

\*Preliminary data

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

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

\*Preliminary data

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

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

\*Preliminary data

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

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

\*Preliminary data



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

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

\*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 11.3.2021	1st release	
Private sector, original series	01/2019	0,3	0,5	-0,2
	02/2019	1,3	1,4	-0,1
	03/2019	0,2	0,2	0,0
	04/2019	1,5	1,4	0,1
	01/2020	0,6	1,0	-0,4
	02/2020	0,5	0,8	-0,3
	03/2020	0,4	0,4	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
	02/2020	5,2	5,2	0,0
	03/2020	0,4	0,4	0,0
Local government sector, original series	01/2019	5,7	5,7	0,0
	02/2019	4,7	4,3	0,4
	03/2019	1,3	0,6	0,7
	04/2019	2,4	2,3	0,1
	01/2020	-0,5	-0,2	-0,3
	02/2020	4,2	3,4	0,8
	03/2020	3,5	3,6	-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 11.3.2021	1st 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	0,6	1,0	-0,4
	02/2020	0,8	1,1	-0,3
	03/2020	0,9	0,9	0,0
State sector, seasonally adjusted series	01/2019	1,5	3,1	-1,6
	02/2019	2,1	2,5	-0,4
	03/2019	2,8	2,4	0,4
	04/2019	0,2	0,2	0,0
	01/2020	0,8	0,5	0,3
	02/2020	4,5	4,7	-0,2
	03/2020	0,8	0,8	0,0

Labour cost index	Quarter	Year-on-year change, %		Revision, %-points
		Latest release 11.3.2021	1st release	
Local government sector, seasonally adjusted series	01/2019	5,9	4,2	1,7
	02/2019	3,5	4,3	-0,8
	03/2019	2,0	1,9	0,1
	04/2019	2,6	2,3	0,3
	01/2020	0,0	0,0	0,0
	02/2020	3,6	2,9	0,7
	03/2020	3,6	3,8	-0,2

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Source: Wages, Salaries and Labour Costs, Statistics Finland