

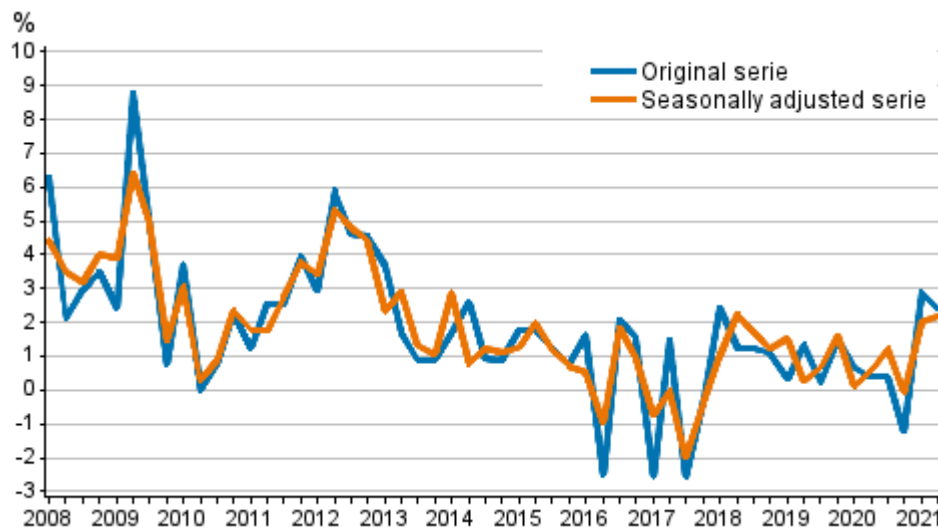
Labour Cost Index

2021, 2nd quarter

Private sector cost of an hour worked increased by 2.4 per cent in April to June year-on-year

According to Statistics Finland, private sector labour costs increased by 2.4 per cent in April to June 2021 when compared with the respective period of the year before. Seasonally adjusted labour costs went up by 2.2 per cent in April to June 2021. There was one more working day in the second quarter of 2021 than in the corresponding period of 2020. 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, increased by 2.2 per cent in April to June 2021 compared to the corresponding quarter one year ago.

In the central government sector, the cost of an hour worked increased by 2.5 per cent in April to June 2021 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 2.3 per cent increase. Seasonally adjusted labour costs went up by 2.0 per cent.

In the local government sector, the cost of an hour worked increased by 2.4 per cent in April to June 2021 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 1.6 per cent increase. Seasonally adjusted labour costs went up by 2.3 per cent.

In all sectors, the increase in costs is mainly due to the fact that wages and salaries subject to preliminary withholding tax increased more than the number of hours worked. In the private sector, the increase is also partly explained by the year-on-year increase in social security contributions, as the reduction in employer's TyEL contributions that began in the second quarter of 2020 ended at the end of the year.

Year-on-year change in labour costs according to industry (TOL 2008) and sector, 2nd quarter 2021

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	2,4	2,2	2,2
B to E	Manufacturing	2,3	1,8	2,6
F	Construction	5,2	3,2	4,9
G to N	Business service activities	2,0	2,3	1,2
J to R	Central government	2,5	2,3	2,0
D to S	Local government	2,4	1,6	2,3

Changes by industry

The cost per an hour worked went up by 2.3 per cent in manufacturing industries (B to E) in April to June 2021 compared with the corresponding period last year. In business service activities (G to N), the costs went up by 2.0 per cent and in construction (F) 5.2 per cent.

In manufacturing industries in the second quarter of 2021, the cost per an hour worked went up by 3.0 per cent in the chemical industry, 1.5 per cent in the food industry, 1.3 per cent in the metal industry and 0.8 per cent in the forest industry. Among service industries, the biggest rise in costs, 5.5 per cent, was in information and communication and the smallest, 0.3 per cent, in wholesale and retail trade.

The seasonally adjusted cost of an hour worked went up by 2.6 per cent in manufacturing industries (B to E). In business service activities (G to N), costs went up by 1.2 per cent and in construction (F) 4.9 per cent in April to June 2021 compared with the corresponding period last year.

In manufacturing industries, seasonally adjusted cost of an hour worked went up by 3.0 per cent in the chemical industry, 0.3 per cent in the food industry, 2.3 per cent in the metal industry and 1.5 per cent in the forest industry in the April to June period of 2021 from the same period of the previous year. In business service activities, seasonally adjusted costs rose by 5.0 per cent in information and communication. There was no change in the costs in wholesale and retail trade.

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

		2019/2	2019/3	2019/4	Whole year 2019	2020/1*	2020/2*	2020/3*	2020/4*	Whole year 2020*	2021/1*	2021/2*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	110,0	102,5	93,3	101,4	100,3	110,4	102,9	92,2	101,5	103,2	113,1
B-E	Industry	110,2	102,5	90,1	100,0	100,1	108,0	102,4	88,0	99,6	103,8	110,5
C	Manufacturing	110,4	102,1	90,0	99,8	99,7	108,0	102,2	87,8	99,4	104,1	110,1
10, 11	Food industry	112,4	111,3	95,0	105,5	105,4	116,2	109,2	93,5	106,1	110,6	118,0
16, 17	Forest industry	119,9	99,4	88,4	101,7	100,9	115,3	98,4	85,4	100,0	101,4	116,2
19-22	Chemical industry	114,6	104,6	91,1	103,4	106,9	111,5	104,3	88,1	102,7	108,8	114,8
24-30	Metal industry	105,9	99,1	87,4	96,4	95,7	102,4	99,9	85,0	95,7	101,1	103,7
F	Construction	107,6	107,4	94,6	102,9	102,0	107,7	108,1	94,8	103,1	104,4	113,3
G-N	Services of the business economy	110,4	102,1	94,8	102,2	101,3	113,2	102,0	93,9	102,6	104,3	115,4
G	Wholesale and retail trade	115,3	104,8	96,1	105,4	102,2	116,9	104,0	94,5	104,4	109,2	117,3
H	Transportation and storage	108,9	105,2	96,4	101,8	97,3	110,0	105,6	92,7	101,4	98,9	111,0
J	Information and communication	109,2	101,4	91,6	100,4	100,2	107,9	102,2	89,5	99,9	103,5	113,9
K	Financial and insurance activities	119,0	92,9	93,3	100,9	100,7	126,5	95,0	92,9	103,7	101,5	126,9
State sector, J-R	Total	110,6	101,3	92,6	99,0	92,2	116,4	101,7	93,2	100,9	94,1	119,4
Local government sector, D-S	Total	104,8	113,6	92,5	101,0	92,7	109,2	117,6	93,7	103,3	96,0	111,8

*Preliminary data

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

		2019/2	2019/3	2019/4	Change 2019/2018	2020/1*	2020/2*	2020/3*	2020/4*	Change 2020/2019*	2021/1*	2021/2*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	1,3	0,2	1,5	0,8	0,7	0,4	0,4	-1,2	0,1	2,9	2,4
B-E	Industry	2,5	0,8	1,7	0,8	2,9	-1,9	-0,1	-2,4	-0,4	3,7	2,3
C	Manufacturing	2,4	0,6	1,7	0,6	3,1	-2,1	0,1	-2,5	-0,4	4,4	1,9
10, 11	Food industry	-3,2	3,2	0,7	0,2	2,2	3,4	-1,9	-1,7	0,6	4,9	1,5
16, 17	Forest industry	2,1	-0,9	1,6	0,2	2,0	-3,9	-0,9	-3,4	-1,6	0,5	0,8
19-22	Chemical industry	1,3	2,1	2,3	2,4	3,4	-2,7	-0,3	-3,3	-0,7	1,8	3,0
24-30	Metal industry	4,8	-0,1	2,2	0,7	2,9	-3,3	0,8	-2,8	-0,6	5,6	1,3

		2019/2	2019/3	2019/4	Change 2019/ 2018	2020/1*	2020/2*	2020/3*	2020/4*	Change 2020/ 2019*	2021/1*	2021/2*
F	Construction	0,0	2,3	-0,2	1,3	-0,1	0,1	0,6	0,2	0,2	2,4	5,2
G-N	Services of the business economy	0,5	-0,5	1,5	0,5	-0,1	2,5	-0,1	-0,9	0,4	3,0	2,0
G	Wholesale and retail trade	2,2	-1,2	0,4	0,8	-3,2	1,4	-0,8	-1,6	-1,0	6,8	0,3
H	Transportation and storage	1,0	0,4	4,4	1,1	0,5	1,0	0,4	-3,9	-0,4	1,7	1,0
J	Information and communication	-0,8	-2,8	2,6	-0,5	0,6	-1,1	0,8	-2,3	-0,5	3,3	5,5
K	Financial and insurance activities	3,8	4,4	2,2	2,5	2,1	6,3	2,2	-0,5	2,8	0,8	0,4
State sector, J-R	Total	2,3	2,4	0,3	1,6	0,5	5,2	0,4	0,6	1,8	2,1	2,5
Local government sector, D-S	Total	4,7	1,3	2,4	3,4	-0,5	4,2	3,5	1,3	2,3	3,5	2,4

*Preliminary data

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

		2019/2	2019/3	2019/4	Whole year 2019	2020/1*	2020/2*	2020/3*	2020/4*	Whole year 2020*	2021/1*	2021/2*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	104,4	104,1	97,1	101,4	100,1	104,4	104,3	95,8	101,1	102,4	106,7
B-E	Industry	105,4	106,0	95,7	101,4	100,6	103,7	105,9	93,2	100,9	102,3	105,6
C	Manufacturing	105,6	105,9	95,8	101,4	100,6	103,8	105,9	93,1	100,9	102,4	105,5
10, 11	Food industry	109,1	111,3	98,7	105,6	104,2	110,3	109,0	96,0	104,9	107,7	111,2
16, 17	Forest industry	109,9	102,9	93,3	101,4	101,9	106,5	102,4	90,3	100,3	101,0	107,5
19-22	Chemical industry	106,3	108,2	97,1	102,8	102,8	103,6	108,4	94,2	102,2	102,4	107,2
24-30	Metal industry	103,0	104,6	94,3	99,7	98,7	101,1	104,9	91,2	99,0	100,9	102,3
F	Construction	103,9	106,4	96,8	102,3	102,9	104,3	106,4	97,0	102,6	105,0	107,5
G-N	Services of the business economy	104,0	103,6	97,9	101,6	100,1	105,4	103,3	97,1	101,5	103,1	107,8
G	Wholesale and retail trade	107,8	108,3	99,7	104,9	101,5	108,9	106,9	98,5	103,9	105,5	109,0
H	Transportation and storage	104,8	103,7	98,0	101,3	98,5	104,8	104,1	94,7	100,5	100,1	105,9
J	Information and communication	101,0	102,1	95,1	99,1	97,6	100,3	102,3	93,5	98,4	101,8	105,8
K	Financial and insurance activities	106,7	98,3	99,7	101,7	102,7	109,1	101,4	98,9	103,0	103,9	113,1
State sector, J-R	Total	103,8	105,1	96,3	100,1	95,4	105,1	105,4	96,9	100,7	97,6	107,6
Local government sector, D-S	Total	104,2	111,3	95,7	101,5	95,4	106,3	113,2	96,6	102,9	98,8	107,9

*Preliminary data

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

		2019/2	2019/3	2019/4	Change 2019/ 2018	2020/1*	2020/2*	2020/3*	2020/4*	Change 2020/ 2019*	2021/1*	2021/2*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	1,2	0,3	1,3	0,9	0,0	-0,1	0,1	-1,3	-0,3	2,3	2,2
B-E	Industry	2,1	0,8	1,6	1,1	2,1	-1,6	-0,1	-2,6	-0,5	1,7	1,8
C	Manufacturing	2,0	0,7	1,6	1,0	2,3	-1,7	-0,1	-2,7	-0,6	1,8	1,7
10, 11	Food industry	-0,9	3,3	0,8	1,2	0,7	1,1	-2,0	-2,7	-0,7	3,4	0,8
16, 17	Forest industry	1,9	-1,3	1,1	0,2	2,6	-3,1	-0,5	-3,3	-1,1	-0,9	1,0
19-22	Chemical industry	1,8	2,1	3,2	2,3	3,5	-2,6	0,2	-3,1	-0,5	-0,4	3,5
24-30	Metal industry	2,9	0,1	2,0	1,0	1,6	-1,8	0,3	-3,3	-0,8	2,2	1,2
F	Construction	0,4	2,0	0,2	1,4	0,7	0,3	0,0	0,2	0,3	2,1	3,2
G-N	Services of the business economy	0,4	-0,6	0,9	0,5	-0,9	1,4	-0,3	-0,7	-0,1	3,0	2,3
G	Wholesale and retail trade	0,9	-0,9	0,2	0,5	-2,0	1,0	-1,3	-1,3	-0,9	4,0	0,1
H	Transportation and storage	1,1	0,5	3,0	0,9	-0,1	0,0	0,3	-3,3	-0,7	1,6	1,0
J	Information and communication	-0,4	-2,5	1,1	-0,8	-0,5	-0,7	0,2	-1,7	-0,7	4,3	5,5
K	Financial and insurance activities	4,7	3,8	2,4	3,3	0,5	2,2	3,2	-0,8	1,3	1,2	3,7
State sector, J-R	Total	2,3	2,4	0,5	1,7	0,2	1,3	0,3	0,6	0,6	2,3	2,3
Local government sector, D-S	Total	4,8	1,4	2,3	3,1	0,8	2,0	1,7	1,0	1,4	3,6	1,6

*Preliminary data

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

		2019/2*	2019/3*	2019/4*	Whole year 2019*	2020/1*	2020/2*	2020/3*	2020/4*	Whole year 2020*	2021/1*	2021/2*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	101,5	101,4	102,6	101,8	101,7	102,1	102,6	102,5	102,2	103,8	104,3
B-E	Industry	100,9	100,1	101,5	100,4	100,7	99,7	100,9	100,5	100,5	102,9	102,3
C	Manufacturing	101,0	99,8	101,6	100,1	100,5	99,5	100,5	99,9	100,1	103,8	102,1
10, 11	Food industry	104,4	107,9	106,8	105,7	105,2	108,3	107,2	106,7	106,8	109,7	108,6
16, 17	Forest industry	102,9	101,3	102,8	101,8	102,1	100,3	101,2	100,4	101,0	101,6	101,8
19-22	Chemical industry	104,6	103,8	105,1	103,7	104,3	102,3	103,9	102,5	103,3	106,0	105,3
24-30	Metal industry	98,6	95,7	98,4	96,7	96,7	95,9	97,2	96,2	96,5	100,6	98,2
F	Construction	102,3	104,0	103,0	103,1	103,4	102,8	105,1	103,8	103,8	106,0	107,8
G-N	Services of the business economy	102,1	102,5	103,6	102,7	102,3	104,1	103,3	104,2	103,5	104,9	105,3
G	Wholesale and retail trade	106,4	104,5	106,0	105,7	102,4	108,3	104,3	104,9	105,0	109,4	108,3
H	Transportation and storage	101,5	101,3	105,0	102,3	101,7	102,8	102,3	101,5	102,1	103,4	103,4
J	Information and communication	101,4	98,6	102,6	101,0	101,4	100,5	100,2	101,1	100,8	104,6	105,6
K	Financial and insurance activities	101,0	102,4	103,2	101,8	103,8	105,0	104,9	104,4	104,5	104,6	105,0
State sector, J-R	Total	97,9	100,0	100,4	99,3	100,1	101,9	100,9	101,2	101,0	102,3	104,0
Local government sector, D-S	Total	101,0	101,0	102,7	101,8	102,5	104,5	104,5	104,6	104,0	105,9	106,9

*Preliminary data

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

		2019/2*	2019/3*	2019/4*	Change 2019/ 2018*	2020/1*	2020/2*	2020/3*	2020/4*	Change 2020/ 2019*	2021/1*	2021/2*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	0,3	0,7	1,6	1,0	0,1	0,6	1,2	-0,1	0,5	2,0	2,2
B-E	Industry	0,6	1,0	1,8	0,9	2,0	-1,2	0,8	-1,0	0,1	2,1	2,6
C	Manufacturing	0,6	0,9	1,8	0,7	2,7	-1,5	0,7	-1,7	0,0	3,3	2,6
10, 11	Food industry	-2,8	3,2	0,8	0,3	1,6	3,7	-0,7	-0,1	1,1	4,2	0,3
16, 17	Forest industry	0,7	-0,6	1,5	0,3	1,6	-2,5	-0,1	-2,3	-0,8	-0,5	1,5
19-22	Chemical industry	1,3	2,5	2,6	2,5	3,0	-2,3	0,1	-2,5	-0,5	1,6	3,0
24-30	Metal industry	2,4	0,4	2,3	0,8	2,4	-2,7	1,6	-2,2	-0,3	4,0	2,3
F	Construction	0,2	2,4	0,1	1,4	0,0	0,5	1,1	0,8	0,6	2,5	4,9
G-N	Services of the business economy	0,0	0,1	1,8	0,7	-0,4	1,9	0,8	0,6	0,7	2,5	1,2
G	Wholesale and retail trade	2,3	-1,0	0,6	0,9	-3,2	1,8	-0,2	-1,0	-0,6	6,8	0,0
H	Transportation and storage	1,2	0,7	4,5	1,3	0,4	1,3	1,0	-3,3	-0,2	1,6	0,6
J	Information and communication	-0,7	-2,4	2,9	-0,2	0,2	-0,9	1,6	-1,4	-0,2	3,2	5,0
K	Financial and insurance activities	2,7	4,3	3,3	2,7	3,3	3,9	2,4	1,1	2,7	0,8	0,0
State sector, J-R	Total	1,9	2,7	0,3	1,6	1,0	4,1	0,9	0,8	1,7	2,2	2,0
Local government sector, D-S	Total	3,5	2,0	2,7	3,5	0,1	3,4	3,5	1,9	2,2	3,3	2,3

*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 8.9.2021	1st release	
Private sector, original series	01/2020	0,7	1,0	-0,3
	02/2020	0,4	0,8	-0,4
	03/2020	0,4	0,4	0,0
	04/2020	-1,2	-1,2	0,0
	01/2021	2,9	3,2	-0,3
State sector, original series	01/2020	0,5	0,5	0,0
	02/2020	5,2	5,2	0,0
	03/2020	0,4	0,4	0,0
	04/2020	0,6	0,6	0,0
	01/2021	2,1	2,1	0,0
Local government sector, original series	01/2020	-0,5	-0,2	-0,3
	02/2020	4,2	3,4	0,8
	03/2020	3,5	3,6	-0,1
	04/2020	1,3	1,3	0,0
	01/2021	3,5	3,7	-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 8.9.2021	1st release	
Private sector, seasonally adjusted series	01/2020	0,1	1,0	-0,9
	02/2020	0,6	1,1	-0,5
	03/2020	1,2	0,9	0,3
	04/2020	-0,1	-0,6	0,5
	01/2021	2,0	2,1	-0,1
State sector, seasonally adjusted series	01/2020	1,0	0,5	0,5
	02/2020	4,1	4,7	-0,6
	03/2020	0,9	0,8	0,1
	04/2020	0,8	0,8	0,0
	01/2021	2,2	2,0	0,2
Local government sector, seasonally adjusted series	01/2020	0,1	0,0	0,1
	02/2020	3,4	2,9	0,5
	03/2020	3,5	3,8	-0,3
	04/2020	1,9	1,8	0,1
	01/2021	3,3	3,4	-0,1

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Source: Wages, Salaries and Labour Costs, Statistics Finland