

Labour Cost Index

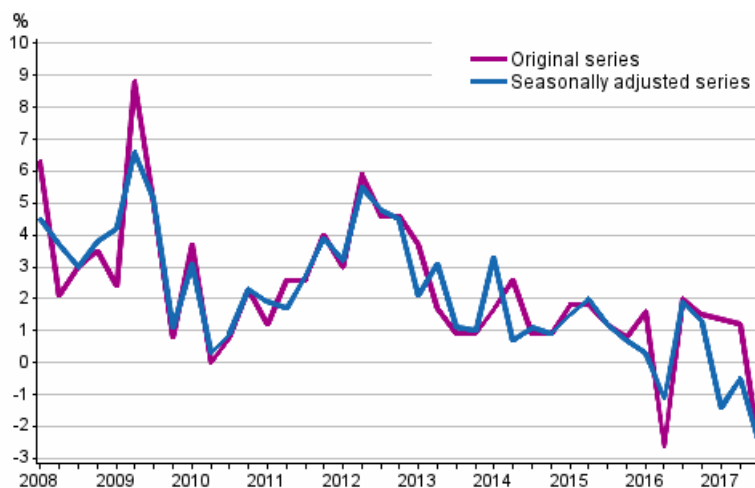
2017, 3rd quarter

Cost of an hour worked decreased by 2.4 per cent in July to September year-on-year

Private sector labour costs decreased by 2.4 per cent in July to September 2017 when compared with the respective period of the year before. Seasonally adjusted labour costs decreased by 2.4 per cent in July to September 2017. There were one less working day in the third quarter of 2017 than in the corresponding period of 2016 as this year. In the Labour Cost Index, a decrease in the number of working days usually has a increasing effect on costs.

In the private sector, labour costs without one-off pay items, such as performance-based bonuses, decreased by 1.3 per cent in July to September 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 2.4 per cent in July to September 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 2.2 per cent. Labour costs without one-off pay items

increased by 2.0 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 1.0 per cent.

In the local government sector, the cost of an hour worked decreased by 4.4 per cent in July to September 2017 when compared with the respective period of the year before. Cuts in holiday bonuses according to the Competitiveness Pact and lower social insurance contributions had a significant effect on the decline in labour costs. The year-on-year change in labour costs without one-off pay items was a fall of 1.8 per cent. Over the same period, the index of wage and salary earnings in the local government sector went down by 1.1 per cent.

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

The cost per an hour worked down by 5.0 per cent in manufacturing industries (B to E), by 1.3 per cent in construction (F), and by 0.3 per cent in business service activities (G to N) in July to September 2017.

In manufacturing industries, the rise in costs of an hour worked in the third quarter of 2017 was in food industry 1.5 per cent, in forest industry 1.2 per cent and chemical industry 0.5 per cent. Costs in the metal industry went down by 10.3 per cent, which was caused by structural changes. Among service industries, the biggest fall in costs, 3.1 per cent, was in transportation and storage, and the biggest rise, 2.5 per cent, was in Information and communication. The rise in costs was due to the growth in the wages and salaries subject to preliminary withholding tax.

The seasonally adjusted cost of an hour worked in all manufacturing (B to E) went down by 4.9 per cent in July to September 2017 compared with the corresponding period last year. In construction, the seasonally adjusted cost of an hour worked down by 1.3 per cent and in business service activities by 0.4 per cent.

In manufacturing industries seasonally adjusted cost of an hour worked went down by 10.3 per cent in the metal industry and up by 1.5 per cent in the food industry in the July to September period of 2017 from the same period of the previous year. Of business service activities, seasonally adjusted costs rose by 1.9 per cent in the industry of trade and by 2.4 per cent in communication activities. Seasonally adjusted costs decreased in transportation and storage and in financial and insurance activities by 3.0 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

		2015/3*	2015/4*	Whole year 2015*	2016/1*	2016/2*	2016/3*	2016/4*	Whole year 2016*	2017/1*	2017/2*	2017/3*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	107,1	94,8	104,8	104,8	111,3	109,2	96,2	105,4	101,5	112,6	106,6
B-E	Industry	108,2	93,4	105,2	107,3	110,3	112,1	93,7	105,8	102,1	113,1	106,5
C	Manufacturing	107,8	93,3	105,0	107,4	110,2	111,9	93,5	105,7	102,2	113,5	106,3
10, 11	Food industry	107,7	92,5	105,9	103,7	110,4	107,6	95,1	104,2	105,2	116,1	109,2
16, 17	Forest industry	108,3	94,8	110,7	114,3	123,2	105,9	94,2	109,4	105,1	123,6	107,2
19-22	Chemical industry	108,4	89,8	105,4	113,5	109,0	104,9	91,2	104,6	105,5	116,6	105,3
24-30	Metal industry	109,6	94,4	104,4	105,8	107,4	118,6	93,4	106,3	100,0	110,1	106,4
F	Construction	109,3	99,1	107,1	106,4	111,1	111,5	99,8	107,2	103,6	114,5	110,0
G-N	Services of the business economy	105,7	95,0	104,8	104,3	112,8	107,6	96,9	105,4	102,2	113,7	107,2
G	Wholesale and retail trade	104,1	94,9	104,9	107,6	115,6	108,3	97,8	107,3	107,2	118,6	110,4
H	Transportation and storage	108,9	93,3	103,5	100,0	110,6	109,3	95,0	103,7	96,0	109,9	105,9
J	Information and communication	110,4	94,8	107,9	106,6	115,4	112,1	96,0	107,5	103,2	117,1	114,9
K	Financial and insurance activities	98,1	95,6	107,4	106,2	126,2	100,0	97,5	107,5	100,0	123,9	97,1
State sector, J-R	Total	107,6	94,4	104,8	99,4	115,0	104,4	94,2	103,3	91,9	113,1	101,9
Local government sector, D-S	Total	123,2	94,6	106,7	99,3	108,8	125,1	97,3	107,6	94,7	108,7	119,7

*Preliminary data

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

		2015/3*	2015/4*	Change 2015/2014*	2016/1*	2016/2*	2016/3*	2016/4*	Change 2016/2015*	2017/1*	2017/2*	2017/3*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	1,2	0,8	1,4	1,6	-2,6	2,0	1,5	0,5	-3,2	1,2	-2,4
B-E	Industry	2,5	2,6	2,0	2,1	-3,3	3,6	0,3	0,6	-4,9	2,6	-5,0
C	Manufacturing	2,6	2,8	2,1	2,3	-3,3	3,8	0,2	0,7	-4,8	3,0	-5,0
10, 11	Food industry	2,5	1,6	3,0	-2,8	-5,5	-0,1	2,8	-1,6	1,5	5,2	1,5
16, 17	Forest industry	4,6	2,8	4,7	2,6	-3,8	-2,3	-0,6	-1,1	-8,0	0,3	1,2
19-22	Chemical industry	2,1	-5,3	0,7	3,0	-3,9	-3,3	1,6	-0,8	-7,0	6,9	0,5
24-30	Metal industry	5,3	6,1	2,8	2,9	-3,3	8,2	-1,0	1,8	-5,5	2,5	-10,3

		2015/3*	2015/4*	Change 2015/ 2014*	2016/1*	2016/2*	2016/3*	2016/4*	Change 2016/ 2015*	2017/1*	2017/2*	2017/3*
F	Construction	-1,1	1,4	0,8	-0,4	-1,7	2,1	0,7	0,1	-2,6	3,1	-1,3
G-N	Services of the business economy	0,7	0,2	1,4	1,4	-2,2	1,8	2,0	0,6	-2,0	0,8	-0,3
G	Wholesale and retail trade	-0,6	1,1	1,1	2,7	-0,3	4,0	3,1	2,3	-0,4	2,6	2,0
H	Transportation and storage	0,5	-2,4	0,3	2,5	-3,1	0,3	1,8	0,2	-4,0	-0,6	-3,1
J	Information and communication	4,3	0,6	3,7	-0,7	-3,1	1,6	1,2	-0,4	-3,2	1,5	2,5
K	Financial and insurance activities	1,2	-0,2	1,5	2,0	-4,2	1,9	1,9	0,1	-5,8	-1,8	-3,0
State sector, J-R	Total	-0,2	0,8	0,2	3,9	-5,4	-3,0	-0,2	-1,5	-7,5	-1,6	-2,4
Local government sector, D-S	Total	0,7	1,2	1,5	2,3	-2,8	1,6	2,9	0,9	-4,6	-0,1	-4,4

*Preliminary data

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

		2015/3*	2015/4*	Whole year 2015*	2016/1*	2016/2*	2016/3*	2016/4*	Whole year 2016*	2017/1*	2017/2*	2017/3*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	107,7	97,7	104,3	104,6	105,9	108,9	99,7	104,8	101,3	106,1	107,5
B-E	Industry	109,4	96,2	104,6	105,7	105,3	109,8	98,0	104,7	101,1	107,2	108,8
C	Manufacturing	109,1	95,9	104,4	105,6	105,2	109,4	97,6	104,5	101,3	107,4	108,7
10, 11	Food industry	106,8	96,0	105,5	103,4	105,9	107,7	99,0	104,0	104,8	110,4	109,0
16, 17	Forest industry	110,4	97,9	108,8	112,0	114,0	107,7	97,3	107,8	104,0	113,8	110,0
19-22	Chemical industry	110,3	94,2	104,7	109,0	102,5	107,0	96,0	103,6	100,4	106,1	108,2
24-30	Metal industry	111,0	96,1	104,1	104,5	103,7	112,1	97,9	104,5	100,3	105,9	109,5
F	Construction	107,2	99,9	105,5	106,1	106,7	109,5	100,8	105,8	103,1	108,3	107,7
G-N	Services of the business economy	106,9	98,4	104,3	104,5	106,6	108,9	100,5	105,1	102,1	106,3	108,2
G	Wholesale and retail trade	107,3	98,7	104,8	106,1	108,4	111,5	101,9	107,0	105,8	109,5	113,4
H	Transportation and storage	107,6	96,2	103,3	102,0	106,2	107,6	97,9	103,4	97,7	105,3	104,3
J	Information and communication	109,5	99,2	106,3	106,8	108,4	112,1	100,3	106,9	103,1	106,6	113,2
K	Financial and insurance activities	101,8	99,8	104,9	107,1	108,9	104,3	102,5	105,7	100,9	108,0	100,6
State sector, J-R	Total	111,5	98,2	105,0	103,0	104,7	108,3	98,1	103,5	95,2	106,5	106,1
Local government sector, D-S	Total	118,1	98,4	106,8	102,8	107,1	119,7	101,2	107,7	97,8	108,3	117,5

*Preliminary data

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

		2015/3*	2015/4*	Change 2015/ 2014*	2016/1*	2016/2*	2016/3*	2016/4*	Change 2016/ 2015*	2017/1*	2017/2*	2017/3*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	0,7	0,2	0,9	1,3	-2,5	1,1	2,1	0,5	-3,2	0,2	-1,3
B-E	Industry	1,6	1,1	1,3	1,4	-3,2	0,4	1,8	0,1	-4,3	1,8	-1,0
C	Manufacturing	1,6	1,2	1,3	1,6	-3,2	0,3	1,8	0,0	-4,1	2,1	-0,6
10, 11	Food industry	1,7	1,6	2,9	-2,4	-6,5	0,8	3,2	-1,4	1,4	4,2	1,2
16, 17	Forest industry	4,4	2,1	3,7	2,5	-2,9	-2,5	-0,6	-0,9	-7,1	-0,2	2,1
19-22	Chemical industry	1,8	-0,8	1,5	2,2	-4,9	-3,0	1,9	-1,1	-7,9	3,5	1,1
24-30	Metal industry	3,4	1,6	1,4	1,9	-2,7	0,9	1,8	0,5	-4,1	2,1	-2,2
F	Construction	-0,6	1,4	0,7	-0,1	-2,0	2,2	0,9	0,2	-2,8	1,4	-1,6
G-N	Services of the business economy	0,3	-0,1	0,9	1,2	-2,1	1,9	2,1	0,8	-2,3	-0,3	-0,7
G	Wholesale and retail trade	-0,7	1,0	0,6	1,6	-0,3	3,9	3,2	2,0	-0,2	1,0	1,6
H	Transportation and storage	0,2	-2,4	0,0	2,4	-3,4	-0,0	1,8	0,1	-4,1	-0,8	-3,0
J	Information and communication	2,9	0,2	2,6	0,7	-1,9	2,4	1,1	0,5	-3,5	-1,7	1,1
K	Financial and insurance activities	0,3	-1,2	1,0	2,1	-3,7	2,4	2,7	0,7	-5,8	-0,8	-3,5
State sector, J-R	Total	0,5	1,0	0,2	3,9	-5,7	-2,8	-0,1	-1,4	-7,5	1,7	-2,0
Local government sector, D-S	Total	1,1	1,2	1,6	2,2	-2,8	1,3	2,8	0,8	-4,9	1,1	-1,8

*Preliminary data

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

		2015/3*	2015/4*	Whole year 2015*	2016/1*	2016/2*	2016/3*	2016/4*	Whole year 2016*	2017/1*	2017/2*	2017/3*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	104,1	104,3	104,7	105,3	104,5	106,1	105,7	105,4	103,8	104,0	103,5
B-E	Industry	104,3	105,0	105,0	105,4	104,4	107,9	105,3	105,7	103,3	104,0	102,6
C	Manufacturing	104,2	105,0	104,9	105,4	104,2	107,9	105,1	105,6	103,3	104,2	102,7
10, 11	Food industry	104,6	104,0	105,8	103,0	102,5	104,5	107,0	104,2	104,6	107,9	106,1
16, 17	Forest industry	109,9	109,4	110,5	112,2	108,8	107,4	108,4	109,2	105,8	107,0	108,3
19-22	Chemical industry	106,5	103,2	105,4	107,5	102,5	103,4	104,7	104,5	102,5	106,7	104,2
24-30	Metal industry	103,4	105,0	104,4	106,6	102,3	111,9	103,9	106,2	100,7	104,8	100,4
F	Construction	106,1	106,8	107,1	107,6	105,6	108,3	107,6	107,2	104,8	108,9	106,8
G-N	Services of the business economy	103,7	103,9	104,7	106,2	104,2	105,5	106,0	105,5	104,0	105,0	105,1
G	Wholesale and retail trade	103,2	104,1	104,8	107,7	106,9	107,3	107,4	107,3	107,3	109,7	109,4
H	Transportation and storage	103,3	101,9	103,4	105,0	102,4	103,7	103,7	103,7	101,0	101,8	100,6
J	Information and communication	106,0	106,2	107,8	108,2	106,7	107,7	107,5	107,5	104,7	108,3	110,3
K	Financial and insurance activities	106,7	106,3	106,8	107,8	106,1	106,8	106,1	106,7	104,2	104,1	103,6
State sector, J-R	Total	104,3	103,7	104,8	107,1	102,7	101,3	103,2	103,6	101,5	99,4	99,2

*Preliminary data

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

		2015/3*	2015/4*	Change 2015/ 2014*	2016/1*	2016/2*	2016/3*	2016/4*	Change 2016/ 2015*	2017/1*	2017/2*	2017/3*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	1,2	0,7	1,4	0,3	-1,1	1,9	1,4	0,6	-1,4	-0,5	-2,4
B-E	Industry	2,4	2,6	2,0	-0,1	-0,8	3,4	0,3	0,7	-2,0	-0,4	-4,9
C	Manufacturing	2,5	2,8	2,1	0,0	-0,9	3,6	0,1	0,7	-2,0	0,0	-4,9
10, 11	Food industry	2,5	1,6	2,9	-2,8	-5,5	-0,1	2,8	-1,4	1,5	5,3	1,5
16, 17	Forest industry	5,1	3,0	4,4	0,5	-2,0	-2,3	-0,9	-1,2	-5,6	-1,6	0,8
19-22	Chemical industry	2,3	-4,9	0,5	0,9	-2,6	-2,9	1,4	-0,8	-4,6	4,1	0,8
24-30	Metal industry	5,3	6,1	2,9	3,0	-3,3	8,2	-1,0	1,7	-5,5	2,5	-10,3
F	Construction	-1,1	1,4	0,8	-0,4	-1,7	2,1	0,7	0,2	-2,6	3,1	-1,3
G-N	Services of the business economy	0,7	0,2	1,3	1,4	-2,2	1,7	1,9	0,7	-2,0	0,7	-0,4
G	Wholesale and retail trade	-0,6	1,1	1,0	2,7	-0,3	4,0	3,1	2,4	-0,4	2,6	1,9
H	Transportation and storage	0,5	-2,3	0,2	2,5	-3,1	0,3	1,7	0,3	-3,9	-0,6	-3,0
J	Information and communication	4,3	0,6	3,6	-0,7	-3,1	1,6	1,2	-0,3	-3,2	1,5	2,4
K	Financial and insurance activities	0,7	0,2	1,3	1,0	-1,3	0,1	-0,2	-0,1	-3,4	-1,9	-3,0
State sector, J-R	Total	-0,2	0,3	0,2	2,3	-3,3	-2,9	-0,5	-1,1	-5,2	-3,2	-2,2

*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 8.12.2017	1st release	
Private sector, original series	01/2016	1,6	1,5	0,1
	02/2016	-2,6	-2,4	-0,2
	03/2016	2,0	2,1	-0,1
	04/2016	1,5	1,7	-0,2
	01/2017	-3,2	-3,0	-0,2
	02/2017	1,2	1,2	0,0
State sector, original series	01/2016	3,9	3,9	0,0
	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
Local government sector, original series	01/2016	2,3	2,4	-0,1
	02/2016	-2,8	-2,6	-0,2
	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

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 8.12.2017	1st release	
Private sector, seasonally adjusted series	01/2016	0,3	0,5	-0,2
	02/2016	-1,1	-0,9	-0,2
	03/2016	1,9	1,8	0,1
	04/2016	1,4	1,7	-0,3
	01/2017	-1,4	-0,9	-0,5
	02/2017	-0,5	0,2	-0,7

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Source: Wages, Salaries and Labour Costs, Statistics Finland