

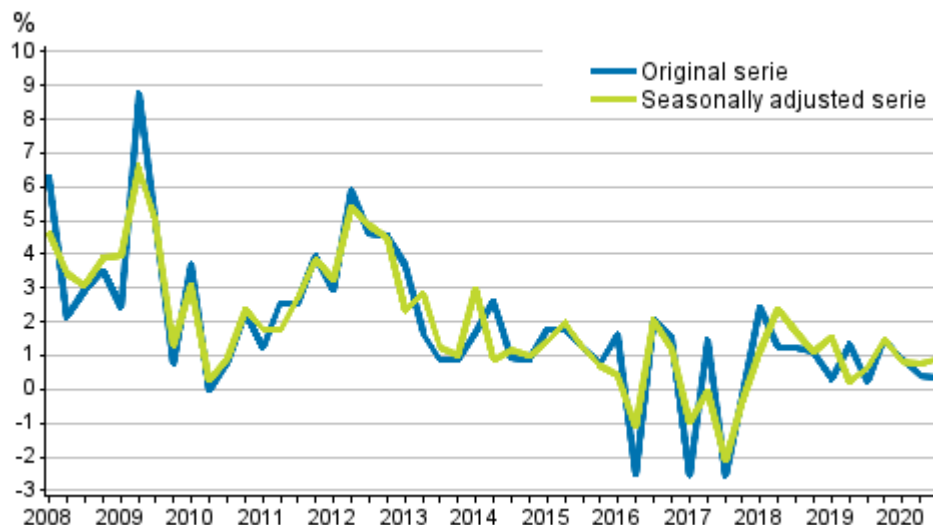
Labour Cost Index

2020, 3rd quarter

Private sector cost of an hour worked increased by 0.4 per cent in July to September year-on-year

According to Statistics Finland, private sector labour costs increased by 0.4 per cent in July to September 2020 when compared with the respective period of the year before. Seasonally adjusted labour costs went up by 0.9 per cent in July to September 2020. In the third 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 0.1 per cent in July to September 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 1.8 per cent.

In the central government sector, the cost of an hour worked increased by 0.4 per cent in July to September 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 0.3 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 1.8 per cent.

In the local government sector, the cost of an hour worked increased by 3.6 per cent in July to September 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 1.8 per cent increase. Seasonally adjusted labour costs went up by 3.8 per cent. Over the same period, the index of wage and salary earnings in the local government sector went up by 1.9 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 rise in costs was mainly due to the growth in wages and salaries subject to preliminary withholding tax. In the local government sector, the end of cuts in holiday bonuses had a significant effect on the rise in wages and salaries subject to preliminary withholding tax.

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

Changes by industry

The cost per an hour worked went up by 0.7 per cent in construction (F) in July to September 2020 compared with the corresponding period last year. There was no change in the cost of an hour worked in manufacturing industries (B to E) or in business service activities (G to N).

In manufacturing industries in the third quarter of 2020, there was a rise in costs of 0.4 per cent in the metal industry. In the food industry, costs went down by 1.7 per cent, 0.8 per cent in the forest industry and 0.1 per cent in the chemical industry. Among service industries, the biggest rise in costs, 3.0 per cent, was in financial and insurance activities. In wholesale and retail trade, the costs went down by 0.8 per cent.

The seasonally adjusted cost of an hour worked went up by 1.2 per cent in construction (F), 0.8 per cent in manufacturing industries (B to E) and 0.8 per cent in business service activities (G to N) in July to September 2020 compared with the corresponding period last year.

In manufacturing industries, seasonally adjusted cost of an hour worked went up by 1.1 per cent in the metal industry and 0.3 per cent in the chemical industry. In the forest industry the seasonally adjusted cost of an hour worked went down by 0.1 per cent and 1.3 per cent in the food industry in the July to September period of 2020 from the same period of the previous year. In business service activities, seasonally adjusted costs rose by 3.6 per cent in financial and insurance activities. In wholesale and retail trade, the seasonally adjusted costs went down by 0.2 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 table 1. Labour costs, Labour Cost Index 2016=100

		2018/3	2018/4	Whole year 2018	2019/1*	2019/2*	2019/3*	2019/4*	Whole year 2019*	2020/1*	2020/2*	2020/3*
Industry code	Standard Industrial Classification											
B-S	Total, private sector	102,3	92,0	100,5	99,6	110,0	102,5	93,4	101,4	100,4	110,5	102,9
B-E	Industry	101,7	88,6	99,2	97,3	110,2	102,5	90,1	100,0	100,3	108,3	102,5
C	Manufacturing	101,5	88,6	99,2	96,8	110,4	102,1	90,0	99,8	99,8	108,0	102,1
10, 11	Food industry	107,8	94,4	105,3	103,1	112,5	111,2	95,1	105,5	105,2	116,3	109,2
16, 17	Forest industry	100,3	87,1	101,4	98,9	119,9	99,4	88,4	101,7	101,1	115,3	98,6
19-22	Chemical industry	102,4	89,0	101,0	103,4	114,6	104,6	91,1	103,4	106,9	111,5	104,5
24-30	Metal industry	99,2	85,5	95,7	93,0	105,9	99,1	87,4	96,4	95,7	102,3	99,5
F	Construction	104,9	94,7	101,6	102,1	107,6	107,4	94,6	102,9	102,0	107,4	108,2
G-N	Services of the business economy	102,7	93,3	101,6	101,3	110,4	102,1	94,7	102,1	101,2	113,1	102,1
G	Wholesale and retail trade	106,1	95,7	104,6	105,5	115,3	104,8	96,1	105,4	102,0	116,9	104,0
H	Transportation and storage	104,8	92,3	100,8	96,7	108,8	105,1	96,4	101,7	97,1	110,1	105,7
J	Information and communication	104,3	89,3	100,9	99,4	109,2	101,4	91,7	100,4	100,1	108,5	102,2
K	Financial and insurance activities	88,9	91,3	98,5	98,6	118,9	92,9	93,3	100,9	100,8	126,7	95,7
State sector, J-R	Total	98,9	92,3	97,5	91,7	110,6	101,3	92,6	99,0	92,2	116,3	101,7
Local government sector, D-S	Total	112,2	90,4	97,7	93,0	104,6	113,5	92,5	100,9	92,7	109,2	117,6

*Preliminary data

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

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

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

*Preliminary data

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

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

*Preliminary data

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

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

*Preliminary data

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

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

*Preliminary data

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

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

*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 9.12.2020	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	0,9	1,0	-0,1
	02/2020	0,4	0,8	-0,4
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
Local government sector, original series	01/2019	5,5	5,7	-0,2
	02/2019	4,6	4,3	0,3
	03/2019	1,2	0,6	0,6
	04/2019	2,4	2,3	0,1
	01/2020	-0,4	-0,2	-0,2
	02/2020	4,4	3,4	1,0

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 9.12.2020	2nd release	
Private sector, seasonally adjusted series	01/2019	1,5	1,8	-0,3
	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	0,8	1,0	-0,2
	02/2020	0,7	1,1	-0,4
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

Labour cost index	Quarter	Year-on-year change, %		Revision, %-points
		Latest release 9.12.2020	2nd release	
Local government sector, seasonally adjusted series	01/2019	5,8	4,2	1,6
	02/2019	3,4	4,3	-0,9
	03/2019	1,9	1,9	0,0
	04/2019	2,5	2,3	0,2
	01/2020	0,2	0,0	0,2
	02/2020	3,8	2,9	0,9

Inquiries

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Source: Wages, Salaries and Labour Costs, Statistics Finland