

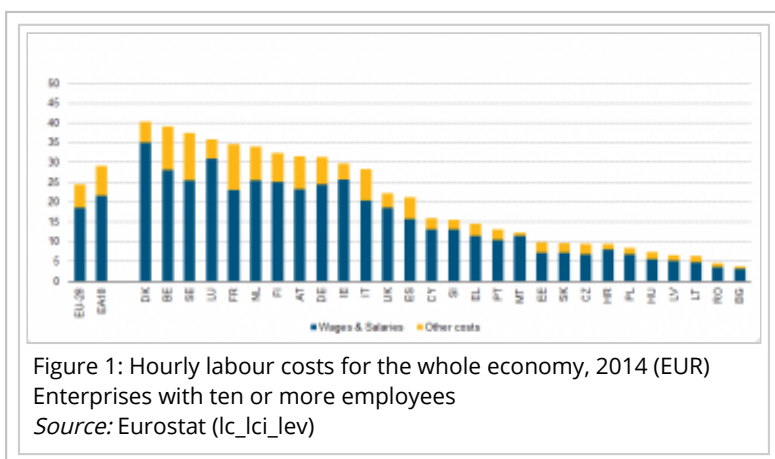
Hourly labour costs

Data extracted in March 2015. Most recent data: Further Eurostat information, Main tables and Database.

This article provides recent statistics on hourly labour costs in the European Union (EU).

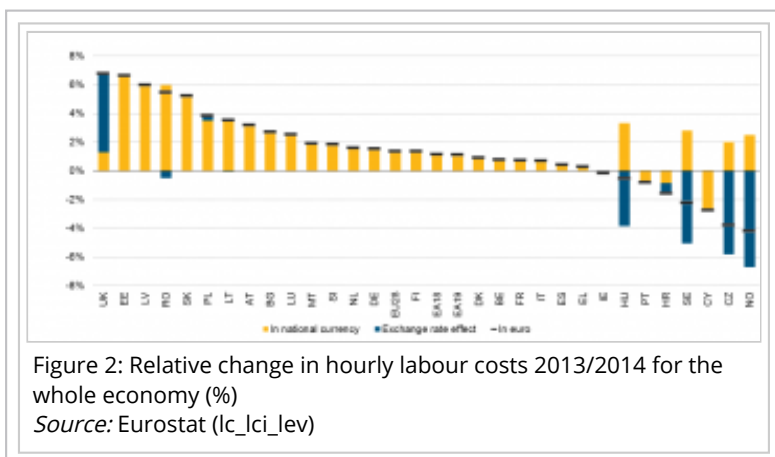
In 2014, average hourly labour costs were estimated at EUR 24.6 in the EU-28 and at EUR 29.2 in the euro area (EA-18). However, this average masks significant gaps between EU Member States, with hourly labour costs ranging between EUR 3.8 and EUR 40.3.

When comparing labour cost estimates in euro over time, it should be noted that data for those Member States outside the euro area are influenced by exchange rate movements.



Main statistical findings

Hourly
labour
costs



ranged between EUR 3.8 and EUR 40.3 in the EU-28 Member States in 2014

In 2014, average hourly labour costs in the whole economy (excluding agriculture and public administration) were estimated to be EUR 24.6 in the EU-28 and EUR 29.2 in the euro area (EA-18). However, this average masks significant differences between EU Member States, with the lowest hourly labour costs recorded in Bulgaria (EUR 3.8), Romania (EUR 4.6), Lithuania (EUR 6.5) and Latvia (EUR 6.6), and the highest in Denmark (EUR 40.3), Belgium (EUR 39.1), Sweden (EUR 37.4) and Luxembourg (EUR 35.9). When comparing labour cost estimates in euro over time, it should be noted that data for those Member States outside the euro area are influenced by exchange rate movements. Figure 1 shows the levels across the Member States.

Within the business economy, labour costs per hour were highest in industry (EUR 25.5 in the EU-28 and EUR 32.0 in the euro area), followed by services (EUR 24.3 and EUR 28.2 respectively) and construction (EUR 22.0 and EUR 25.8). In the mainly non-business economy (excluding public administration), labour costs per hour were EUR 24.7 in the EU-28 and EUR 29.1 in the euro area in 2014.

Non-wage costs

Labour costs are made up of wages and salaries plus non-wage costs such as employers' social contributions. The share of non-wage costs in the whole economy was 24.4 % in the EU-28 and 26.1 % in the euro area, with the lowest in Malta (6.9 %) and Denmark (13.1 %) and the highest in Sweden (31.6 %) and France (33.1 %).

These estimates for 2014, published by Eurostat, cover enterprises with 10 or more employees and are based on the 2012 Labour cost survey and the

	2004	2008	2012	2013	2014	2014 Non-wage costs (% of total)	Change 2014/2013, %
EA-18	23.3	25.6	28.5	28.9	29.2	26.1%	1.1%
EA-19	23.0	25.3	28.3	28.7	29.0	26.1%	1.1%
EU-28	19.8	21.5	23.9	24.2	24.6	24.4%	1.4%
Belgium	29.2	32.9	38.0	38.8	39.1	27.8%	0.8%
Bulgaria	1.6	2.6	3.4	3.7	3.8	16.0%	2.7%
Czech Republic	5.8	9.2	10.0	9.8	9.4	27.1%	-3.8%
Denmark*	29.6	34.6	39.4	39.9	40.3	13.1%	0.9%
Germany	26.8	27.9	30.5	31.0	31.4	22.3%	1.5%
Estonia	4.3	7.9	8.6	9.2	9.8	26.3%	6.6%
Ireland	25.5	28.9	29.8	29.8	29.8	13.5%	-0.2%
Greece	15.3	16.8	15.7	14.6	14.6	21.2%	0.3%
Spain*	16.5	19.4	21.1	21.2	21.3	26.0%	0.4%
France**	28.2	31.2	34.3	34.3	34.6	33.1%	0.7%
Croatia	6.9	9.2	9.5	9.6	9.4	14.9%	-1.6%
Italy	22.4	25.2	27.7	28.1	28.3	28.2%	0.7%
Cyprus	12.6	16.7	16.8	16.3	15.8	17.1%	-2.8%
Latvia	2.9	6.0	5.9	6.2	6.6	20.2%	6.0%
Lithuania	3.2	5.9	5.9	6.3	6.5	28.0%	3.5%
Luxembourg	30.3	31.0	33.9	35.0	35.9	13.6%	2.5%
Hungary	5.9	7.8	7.4	7.4	7.3	23.2%	-0.5%
Malta	9.6	11.4	11.8	12.1	12.3	6.9%	1.9%
Netherlands	27.3	29.8	32.5	33.5	34.0	25.1%	1.6%
Austria	25.2	26.4	29.7	30.5	31.5	26.2%	3.2%
Poland	4.8	7.6	7.9	8.1	8.4	18.7%	3.8%
Portugal	11.3	12.2	13.3	13.2	13.1	20.6%	-0.8%
Romania	1.9	4.2	4.1	4.4	4.6	22.9%	5.5%
Slovenia	11.2	13.9	15.6	15.3	15.6	15.7%	1.8%
Slovakia	4.1	7.3	8.9	9.2	9.7	26.5%	5.2%
Finland	24.4	27.1	31.3	31.9	32.3	22.2%	1.3%
Sweden	29.0	31.6	37.3	38.2	37.4	31.6%	-2.2%
United Kingdom	21.5	20.9	21.7	20.9	22.3	16.5%	6.7%
Norway	30.1	37.8	56.4	56.3	54.0	18.1%	-4.2%

* Data not available

**For Denmark and Spain the year 2013 is taken from national sources.

**For France, the aggregate shown for the whole economy for 2008 also excludes NACE Rev. 2 section P (Education).

Table 1: Labour costs per hour, 2004-2014, whole economy excluding agriculture and public administration (EUR)

Source: Eurostat (lci_lci_lev)

		2004	2008	2012	2013	2014	Change 2014/2013, %
Bulgaria	BGN	3.1	5.0	6.7	7.3	7.5	2.6%
Czech Republic	CZK	183.6	228.3	251.0	253.8	259.0	2.0%
Denmark	DKK	220.0	257.7	293.0	297.7	300.3	0.9%
Croatia	HRK	51.8	66.2	71.3	72.3	71.7	-0.8%
Lithuania	LTL	10.9	20.3	20.3	21.6	22.3	3.5%
Hungary	HUF	1478.7	1971.0	2133.3	2188.8	2261.4	3.3%
Poland	PLN	21.5	26.8	32.9	33.9	35.1	3.5%
Romania	RON	7.7	15.5	18.5	19.4	20.6	6.0%
Sweden	SEK	264.7	304.2	324.3	330.8	340.1	2.8%
United Kingdom	GBP	14.6	16.7	17.6	17.8	18.0	1.3%
Norway	NOK	252.2	311.0	421.5	439.7	450.8	2.5%

Table 2: Labour costs per hour in national currency for non-euro area Member States, whole economy excluding agriculture and public administration, 2004-2014

Source: Eurostat (lci_lci_lev)

Labour cost index .

Decreases in hourly labour costs in Cyprus, Portugal, Croatia and Ireland

Between 2013 and 2014, hourly labour costs in the whole economy expressed in euro have risen by 1.4 % in the EU-28 and by 1.1 % in the euro area. Within the euro area, the largest increases were recorded in Estonia (+6.6 %), Latvia (+6.0 %) and Slovakia (+5.2 %). Decreases were

observed in Cyprus (-2.8 %), Portugal (-0.8 %) and Ireland (-0.2 %). For Member States outside the euro area in 2014, and expressed in national currency, the largest increases in hourly labour costs in the whole economy between 2013 and 2014 were registered in Romania (+6.0 %), Lithuania and Poland (both +3.5 %) and Hungary (+3.3 %), and the smallest in Denmark (+0.9 %) and the United Kingdom (+1.3 %). A decrease was recorded in Croatia (-0.8 %). Figure 2 analyses the annual growth between 2013 and 2014.

	Business economy	Industry	Construction	Services	Mainly non-business (excl. public admin.)
EA-18	29.2	32.0	25.8	28.2	29.1
EA-19	29.0	31.8	25.6	28.0	28.9
EU-28	24.5	25.5	22.0	24.3	24.7
Belgium	41.1	44.1	34.4	40.6	34.1
Bulgaria	3.8	3.7	3.2	4.0	3.8
Czech Republic	9.6	9.6	8.7	9.8	8.6
Denmark	42.0	42.1	36.5	42.6	37.1
Germany	31.8	37.1	25.5	29.0	30.2
Estonia	10.2	9.8	11.5	10.4	8.6
Ireland	28.4	32.1	26.7	27.2	33.8
Greece	14.4	15.6	12.7	14.2	15.1
Spain	21.0	23.5	20.8	20.2	22.2
France	35.2	37.0	30.4	35.1	32.7
Croatia	9.4	8.5	8.3	10.0	9.6
Italy	27.4	28.0	24.7	27.2	32.3
Cyprus	15.7	14.8	14.4	16.1	17.7
Latvia	6.6	6.2	6.5	6.9	6.5
Lithuania	6.6	6.3	6.5	6.8	6.1
Luxembourg	35.7	32.0	24.8	38.6	37.4
Hungary	7.8	7.7	6.4	8.0	5.9
Malta	11.8	11.8	9.6	12.1	14.0
Netherlands	33.5	c	c	c	c
Austria	31.7	34.9	30.5	30.3	30.6
Poland	8.2	8.4	7.2	8.1	9.0
Portugal	12.6	10.7	11.5	14.0	14.4
Romania	4.8	4.7	3.4	5.1	4.1
Slovenia	15.5	15.8	11.6	16.1	15.7
Slovakia	10.0	10.1	8.2	10.2	8.7
Finland	32.9	35.9	33.7	31.4	31.0
Sweden	40.2	41.8	38.4	39.7	32.8
United Kingdom	22.2	22.6	22.3	22.1	22.5
Norway	54.6	63.8	46.9	51.7	51.1

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Table 3: Labour costs per hour, breakdown by economic activity, 2014 (EUR)

Source: Eurostat (lc_lci_lev)

		Business economy	Industry	Construction	Services	Mainly non-business (excl. public admin.)
Bulgaria	BGN	7.5	7.1	6.2	7.9	7.5
Czech Republic	CZK	264.1	263.3	239.1	269.4	237.6
Denmark	DKK	313.3	314.1	271.7	317.9	276.7
Croatia	HRK	71.4	65.1	63.6	76.5	73.2
Lithuania	LTL	22.7	21.8	22.5	23.3	21.2
Hungary	HUF	2416.5	2384.5	1985.1	2483.6	1821.1
Poland	PLN	34.2	35.2	30.3	34.1	37.8
Romania	RON	21.1	21.0	15.1	22.6	18.1
Sweden	SEK	365.8	380.7	349.3	361.2	298.7
United Kingdom	GBP	17.9	18.2	18.0	17.8	18.1
Norway	NOK	456.2	532.9	391.8	431.7	427.0

Table 4: Labour costs per hour in national currency for non-euro area Member States, breakdown by economic activity, 2014

Source: Eurostat (lc_lci_lev)

Exchange rate effects

When comparing labour costs in euro over time, it should be noted that data for Member States outside the euro area are influenced by exchange rate movements. Most strikingly, the hourly labour costs for the whole economy in the Czech Republic increased by 2.0 % from 2013 to 2014 in koruna, but decreased by 3.8 % in euro. In Sweden they increased by 2.8 % in kronor, while decreasing by 2.2 % in euro. In the United Kingdom labour costs for the whole economy increased by 1.3 % in pounds, but by 6.7 % in euro, while in Hungary there was an increase of 3.3 % in hourly labour costs in forint, compared to a small decrease of 0.5 % in euro. All differences can be analysed by comparing tables 1 and 2.

Data sources and availability

Data sources

Labour cost survey

The labour cost survey (LCS) provides structural information on labour costs. The survey is conducted every four years and the most recent LCS refers to the year 2012. The LCS covers observation units with 10 or more employees and all economic activities except agriculture, forestry and fishing, public administration, private households and extra-territorial organisations. The labour cost per hour from the LCS is calculated as:

Compensation of employees + Vocational training costs + Other expenditure + Taxes – Subsidies.

For the EU-28 the weight of each variable in the labour cost per hour in 2012 was:

Compensation of employees	97.9%
Vocational training costs	0.98%
Other expenditure	0.4%
Taxes	0.58%
Subsidies	0.34%

Labour cost index

The labour cost index (LCI) is a short-term indicator showing the development of hourly labour costs incurred by employers. It is calculated dividing the labour costs by the number of hours worked. Labour costs are made up of costs for wages and salaries, plus non-wage costs such as employer's social contributions. These do not include vocational training costs or other expenditures such as recruitment costs, spending on working clothes, etc. The LCI covers all business units irrespective of the number of employees and all economic activities except agriculture, forestry and fishing, private households and extra-territorial organisations.

The index equals 100 in 2008 and is available 70 days after the reference quarter. The labour cost per hour from the LCI is calculated as:

Compensation of employees + Taxes – Subsidies

From the table above it can be concluded that for the EU-28 the LCI labour cost concept covers approximately 98.1 % of the LCS labour concept. This percentage varies from country to country. The lowest percentage is observed in the Netherlands, where the LCI concept represents 97.0 % of the LCS labour cost concept.

Estimation method

Estimates for the years after 2012 are obtained by extrapolating the 2012 LCS hourly labour cost data expressed in national currencies using the LCI transmitted by the Member States. Generally, the LCI that is not adjusted for calendar effects is used except in the case of countries Denmark, France and Sweden where only calendar-adjusted data are available. Some Member States voluntarily transmit annual labour costs figures, but the coverage is not complete enough to compute European aggregates (see article on wages and labour costs).

Caveats

Using the LCI to extrapolate the LCS values means assuming the following hypothesis:

- the labour cost per hour of all business units behaves the same way as the labour cost per hour of business units with 10 or more employees;
- 'Vocational training costs' and 'Other expenditure' behave similarly to 'Compensation of employees', 'Taxes' and 'Subsidies'.

These assumptions, especially the first one, can lead to a small over- or underestimation of the annual labour cost per hour.

Adjustments to the LCI index

The LCI of countries is unaffected by exchange rate movements, which are only taken into account when calculating the European aggregates. In order to use the LCI for calculating monetary estimates in euro, exchange rate movements have to be incorporated. Therefore, for certain non-euro area countries a exchange-rate adjusted LCI index is used in these calculations instead of the official LCI available at Eurostat's database.

The un-adjusted LCI is used, except for those countries, for which it is not available. Here the calendar-adjusted LCI is used.

Context

The collection of labour costs is an essential part of the range of statistics that are relevant for an understanding of the inflationary process and the cost dynamics in the economy.

Information on labour costs is required for economic and monetary policies, wage bargaining and economic analyses. Labour costs are an important potential source of inflation since they account for a large proportion of the total costs borne by private businesses, which may pass higher labour costs, in particular if not reflected in higher productivity, on to consumers via higher end prices, thus fuelling inflation. A timely publication of labour cost levels is therefore of utmost importance for the European Central Bank (ECB) in order for it to be able to monitor inflation in the euro area.

See also

- Earnings statistics
- Labour cost at regional level
- Labour cost index - recent trends
- Labour cost structural statistics - levels
- Labour markets at regional level - Earnings at a regional level
- Wages and labour costs

Further Eurostat information

Publications

- **News release**
- Hourly labour costs news release 30 March 2015

Previous releases

- Hourly labour costs news release 27 March 2014
- Hourly labour costs news release April 2013

Database

- Labour market (including Labour Force Survey), see:

Labour costs (lc)
Labour cost index (lci)
Labour costs annual data (lcan)
Labour cost levels (lc_lci_lev)

Dedicated section

- Labour market (including Labour Force Survey)

Methodology / Metadata

- Labour cost index (ESMS metadata file — lci_esms)

Other information

- Regulation 450/2003 of 27 February 2003 concerning the labour cost index
- Regulation 1216/2003 of 7 July 2003 implementing Regulation 450/2003 concerning the labour cost index
- Corrigendum to Regulation 1216/2003 of 7 July 2003
- Regulation 224/2007 of 1 March 2007 amending Regulation 1216/2003 as regards the economic activities covered by the labour cost index

Source data for tables and figures on this page (MS Excel)

- Hourly labour costs - tables and figures, 2014 

External links

- Employment Cost Index (U.S. Bureau of Labour) - An alternative measure of changes in labour costs

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