



## **The termination of employment contracts in Spain: the flexibilization of its regime in crisis' years<sup>a</sup>**

**Yolanda Maneiro Vázquez\***

### **Termination as a way to fight economic difficulties**

Since the economic crisis started to show its effects in Spain midway through 2007, its effects have been present, with special intensity, in the field of industrial relations and, specifically, in the area of work contract termination. The difficulties that companies face to adapt to an economic crisis context have led to the increased flexibility of both working conditions of the workers and the requirements needed to their exit of the company, in the framework and according to European objectives<sup>1</sup>. This flexibility has been present, with special intensity, in the area of dismissals and work contract termination<sup>2</sup>, in the context of a wider labour reform<sup>3</sup>.

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<sup>a</sup>The following abbreviations have been used in this essay: ET (Texto Refundido de la Ley del estatuto de los trabajadores, aprobado por Real Decreto Legislativo 1/1995, de 24 de marzo); LJS (Ley 36/2011, de 10 de octubre, reguladora de la jurisdicción social); RDL (Real Decreto Ley); RD (Real Decreto).

\* Profesora Contratada Doctora, Universidad de Santiago de Compostela, yolanda.maneiro@usc.e.

1 For Alfredo Montoya Melgar (2012): Comentario a la reforma laboral de 2012, Madrid, Civitas Thomson-Reuters, p. 10): “Our belonging to the European Union (and the undeniable sovereignty transfer that it implies) makes it impossible to follow, in this and other matters, a way that is not the one that the high European courts point to”.

2 In Spanish law, disciplinary dismissal implies the extinction of the employment contract only by the will of the employer, due to a severe unfulfillment on the part of the worker. The Spanish work legislation does not have a system of employment at will, but only casual dismissal, so that the employer has to locate the worker's infraction in one of the causes that are specifically covered in Estatuto de los Trabajadores (art. 54), and follow the formal requirements that are legally established (art. 55). The objective extinction of the work contract, however, is not determined by the worker's unfulfillment, but by objective causes, those being caused by the worker in a non-guilty manner (sudden ineptitude, lack of adaptation in the work position...), by circumstances of the company (restructuring, externalization of the services, severity of the economic situation) or by mutual agreement.

3 See Aurelio Desdentado Bonete (2011): Introducción a un debate. Los despidos económicos en España, Valladolid, Lex Nova, p. 36.

Although legal reforms have been constant in the Spanish legal framework, the true reformer process starts in 2010 and resulted in the present legal schizophrenia, characterised by an unstoppable, and sometimes unacceptable, succession of labour law reforms and counter-reforms that, nevertheless, cannot stop the unstoppable rise of unemployment and the rising job insecurity. This way, in the last decade, we can point out the following reforms, as far as collective dismissal is concerned:

- RDL 10/2010, 16 June, urgent measures for the reform of the job market.
- Act 35/2010, 17 September, urgent measures for the reform of the job market.
- Act 36/2011, 10 October, regulating social jurisdiction.
- RDL 3/2012, 10 February, urgent measures for the reform of the job market.
- Act 3/2012, 6 July, urgent measures for the reform of the job market.
- RDL 11/2013, 2 August, part time workers protection and other urgent measures in social and economic areas.

In all these reforms, the adaptability and the cost reduction of the work contract termination, both for individuals and for collective redundancies, has been a constant element. Both the causes that allow contract termination and the procedure that must be followed to reach that termination have been made more flexible. A more exact definition of the causes of work contract termination has been offered, in order to avoid doubts in the interpretation and application that so far existed and to reduce the margin of involvement of the labour courts, which interpreted and applied the laws mostly protecting workers. On the other hand, termination has stopped being a solution for companies in crisis and the legislator has started admitting “preventive dismissals”<sup>4</sup>, which try to anticipate a situation of company crisis that has not happened yet.

At the same time, it has also tried to reduce the costs, both direct and indirect, that contract terminations meant to the companies, especially in case of firing. The reduction of direct costs has been achieved through the decrease of the amount of the legal compensation fixed for redundancy or improper termination. The indirect costs have been reduced by eliminating procedural salaries, except in limited assumptions. These fees are calculated according to the time passed from the termination date and the sentence declaring it improper or null, and meant for the company the obligation of paying the worker an amount often superior to what the worker would receive in compensation.

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4 Rodrigo Martín Jiménez (2010), Despido por causas objetivas y expedientes de regulación de empleo. In: La reforma laboral de 2010, Navarra, Thomson-Aranzadi, p. 555.

Together with the procedures for individual or multiple dismissals<sup>5</sup> or terminations (art. 52.c ET), we can also find collective dismissals (art. 51 ET). These are determined by the number of workers affected in a certain time period, in relation to the total of the staff. The last work reforms have particularly affected the regulation of collective dismissals, with a double purpose: first, to settle on the definition of the justifiable causes, so they can be objectively credited and to prevent the judicial body from making corporate strategy assessments. Second, the procedure followed in collective dismissals has been made more flexible. This way, the agreement between company and workers' representatives in the negotiation phase, up until now required so that the administrative authority could allow the dismissal, has lost all its main role. After the 2012 reforms, it is only required that both parts act in good faith, but the agreement stops being an indispensable element for the dismissals to take place. Nowadays, the authority is limited to the supervision of the negotiation procedure of the collective dismissals, being able to issue warnings or recommendations which will not paralyze the final decision of the employer in any case. Even in the case that this decision was to be appealed before labour courts, that will not prevent it from being in effect from the date decided by the employer.

### **A quest for cheaper exits: contract termination for objective causes**

The scarce use of this contractual termination modality in favour of the excessive inclination towards the unfair disciplinary dismissal has resulted in the legislator of the last reforms trying to define and settle on the causes that produce these terminations. The intention of this measure is to reduce the role of the judicial organ and to eliminate the opportunity judgments in the valuation, on the part of the judges, in company management. According to the preamble of RDL 3/2012 and the following Act 3/2012, it is intended that judges limit themselves to value if the indicated causes do exist, but not the reasonability of the measure.

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<sup>5</sup> In Spanish Law, “multiple termination or dismissal” is the terminology for a dismissal that implies a plurality of workers, but not enough to start a procedure of collective redundancy.

***Redefinition of the causes***

The reforms of 2010 offer a new, more concrete and specific wording of the causes for termination, especially the economic, technical, organizational and production ones, with the aim of providing more certainty both to workers and employers, as well as to the jurisdictional organs in charge of controlling the existence and reality of those causes. Before these reforms, it was considered that the termination for economic causes should contribute towards “overcoming a negative economic situation” in an effective way. At the same time, the technical, organizational and production causes required that termination to contribute towards “guaranteeing the viability of the company”.

With the 2010 reform, the reference to “foreseen” losses was introduced, which meant to stop looking only at the present economic situation, in favour of including both the present negative economic situation and also future and foreseen situations<sup>6</sup>.

The 2012 reforms modified in a relevant way the objective causes of termination, aiming to offer a higher objectivity in their assessment and lowering the margin of judicial interpretation.

***Economic, technical, organisational or production causes***

This modification has been particularly intense as far as the definition of “economic causes” is concerned. Prior to the 2010 reform, the termination of a contract for economic causes was required to “contribute to overcome a negative economic situation” or to “overcome difficulties that prevent the proper operation of the company”. In the case that said cause was not thoroughly proved in trial, the agreed termination would be declared invalid.

After the 2010 reform, it is no longer required that the termination contributes to overcome a negative economic situation, when the data provided shows the existence of a negative economic situation. Consequently, it is enough that the situation does exist. Nevertheless, it does not state what is to be understood as a negative economic situation, as this does not only refer to the economic losses that exist in the last years in the company. It also acknowledges the existence of “current or foreseen losses” as well as the “persistent decrease of the level of income that can affect the viability of the company”.

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<sup>6</sup> See Javier Gárate Castro (2012): *Lecturas sobre el régimen jurídico del contrato de trabajo*, A Coruña, , p. 252.

After the 2012<sup>7</sup> reforms, the requisite of the current or foreseen losses, or the persistent decrease in the level of income of a company being able to “affect its viability or its capability of maintaining the employment volume” is eliminated. In the same way, it is now also not required that “the company has to credit the alleged results and justify that the reasonability of the decision of the termination to preserve or favour its competitive position in the market can be inferred from them”<sup>8</sup>. After the 2012 reforms, the existence of a “persistent decrease in the level of revenue or sales” is enough, and it will be agreed that this happens “after three consecutive terms”<sup>9</sup>.

### *Absenteeism dismissals*

After the labour reforms of 2012, the level of general absenteeism in the staff stops being taken into account<sup>10</sup>, as it caused complex interpretative problems, in favour of only the use of individual absence control for each worker. In this way, article 52.d), allows the termination of the contract “due to work absences, even if justified but intermittent, reaching 20% of the working days in two consecutive months and if the total of absences in the previous twelve months reaches five % of the working days, or 25% in four, non-consecutive months in a 12-month period”. The objective of this termination cause is to combat absenteeism and to allow the employer to do without a worker that is repeatedly absent for short periods of time.

This disappearance of the percentile mention of the level of general absenteeism of the staff, which before generated interpretation problems, has thus simplified the use of this cause of termination.

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7 According to the new wording of the 51.1 ET article provided by RDL 3/2012 and the Act 3/2012, it is understood that there are economic causes “when there is a negative economic situation, in cases such as the existence of current or foreseen losses, or the persistent decrease of the normal level of revenue or sales. In any case, it will be understood that the decrease is persistent if during three consecutive terms the level of normal revenue or sales of each term is lower to that registered for the same term the previous year”.

8 This way we surpass the reference to “always historic or past (in the best of the present cases) economic results” that, according to Rodrigo Martín Jiménez (2010) *ibid* p. 566., characterized the configuration of economic circumstances in the 2010 reform.

9 This reference prevents the merely occasional or short term negative situation from being considered as a negative economic situation (Javier Gárate Castro (2012) *ibid* p. 252). According to the author, even when the negative economic situation is persistent, the intensity of the decrease in revenue or sales is not irrelevant, being this a situation that should be looked into by the judicial organ.

10 According to the previous wording given to article 52.d) ET by the 20<sup>th</sup> additional disposition of the Act 35/2010, the work contract can be terminated “due to work absences, even if justified but intermittent, reaching 20% of the working days in two consecutive months, or 25% in four non-consecutive months in a 12-month period, if the total absenteeism index of the workplace staff is over 5% in the same periods of time”.

***The lack of adaptation of the worker to the modifications included in his work post***

It only means a formal adaptation of the 52.b) ET article to the former reality<sup>11</sup>. In this sense, the reform introduced in the Act 3/2012 specifically states the company duty of offering the worker formation, after the modifications introduced in his work post, before proceeding to the termination of the contract. As an aside, the time dedicated to this formation of the worker is considered to be work time, after the 2012 reform.

***Lack of budget assignments***

The Act 3/2012 also had a new wording to article 52 e) ET in order to allow the termination of temporal work contracts that are funded directly by non-profit organizations for the carrying out of specific plans and public programs, without stable economic resources and financed by the public administration, or annual out-of-budget plans in consequence of external revenue with a final character, by the insufficiency of the corresponding assignments for the maintenance of said contract. These are measures that can be applied to personnel with work contracts in service of the public administration, but not to civil servants, which are ruled by the state legislation<sup>12</sup>.

***Flexibilization of the formal requisites***

The 2010 reform reduced the prior notice period for termination due to economic causes from 30 to 15 days. Nevertheless, the most important modification as far as the formal requisites are concerned is determined by the disappearance of the invalidity of the termination of the objective dismissal for formal motives. From the 2010 reform, as it also happened for disciplinary dismissals, the non-fulfilment of the formal requisites can cause unfairness, and not nullity, of the termination. The main difference in legal consequences is the compulsory readmission of the worker in case of nullity; in case of unfairness, the enterprise has the right to choose between readmission and the payment of an indemnity.

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11 As Angel Blasco Pellicer (2012): La extinción del contrato de trabajo en la reforma laboral de 2012, Valencia, Tirant lo Blanch, p. 121 states “even if in the previous rule the employer was not legally forced to provide reversion or professional advancement courses” he was not relieved of having to provide formation for the worker to adapt to the modifications, and “now, as it has been pointed out, formation becomes compulsory”.

12 See C.L. Alfonso Mellado (2013): Despido, suspensión contractual y reducción de jornada por motivos económicos y reorganizativos en la Administración Pública, Albacete, Bomarzo.

## **The final flexibilization of collective redundancies**

The regulation of collective redundancies in Spain has suffered several changes, especially due to the 2012 and 2013 reforms, which have affected both the causes and the procedure to follow for the agreement on the redundancy and, finally, the way to appeal it. The relevance of these modifications has led to consider them as “the central nucleus of the reform in the area of contract termination”<sup>13</sup>. Still, the evolution of the regulation of the collective redundancy procedure has been particularly intense in the last years. The purpose of objectifying and meticulously specify the meaning of each of the causes that motivate collective redundancies to reduce, with that, the margin of manoeuvre of the courts already appeared clearly in the reform that was introduced by RDL 10/2010 and the later Act 35/2010, even if it was intensified later in the reforms of 2012<sup>14</sup>.

Together with the modification of article 51 ET, introduced both by RDL 3/2012 and the Act 3/2012, RD 1483/2012, 29<sup>th</sup> October, was published. It approves the Ruling on procedures of collective redundancies, contract suspension and working time reduction<sup>15</sup>. Without trying to be exhaustive, these are some of the main points related to the procedure and the effects of collective redundancies:

*Procedure:* The Spanish regulation for collective redundancies, mostly covered in article 51 ET, conforms, as it can be no other way, to that stated in Directive 98/59/EC, 20<sup>th</sup> July, which encloses Directive 75/129/EEC, 17<sup>th</sup> February, modified once again by Directive 92/56/EEC 24<sup>th</sup> June.

### ***Disappearance of the administrative authorization***

One of the central aspects of the 2012 labour reform has been determined by the elimination of the administrative authorization, which ended the administrative procedure called “expediente de regulación de empleo” (ERE, Employment regulation dossier),

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13 Angel Blasco Pellicer (2012) Ibid p. 29. To this author “This way, both of the deficiencies that the traditional system of collective regulation of employment are acted on . Firstly, the deficient configuration of causes and their operativity as a measure of assessment of the company decision; and, in second place, it acts on a procedure that can be considered slow, bureaucratic, and that allowed for the certainty of goodwill, or lack of thereof, of the company measure to be elongated so much in time that, in many occasions, made it inefficient and distorting”.

14 In this sense, see Javier Gárate Castro (2012), *ibid.* p. 251.

15 This, at the same time, is completed by RD 1484/2012, 29 October, on the economic contributions to be made by companies with benefits that carry out collective dismissals affecting workers of fifty years or more.



which up until that point was considered to be slow, bureaucratic, interventionist and the cause of excessively lengthening the time of the redundancy process, making it ineffective<sup>16</sup>. Now this control is taken to court, through a procedure whose regulation offers multiple doubts (art. 124 LJS). With the 2010 reform, the labour authority kept the ability of overseeing the definitive content of the measures agreed on in the consulting period and, consequently, that of allowing or not allowing the collective redundancy procedure<sup>17</sup>. After the 2010 reform, the requirement of prior administrative authorization is eliminated. The labour authority now has only a mediating role in the negotiation of the collective redundancy, and “will watch for the effectiveness of the consulting period, being able, if needed, to issue warnings and recommendations that will not result in any case in a standstill or the stoppage of the procedure” (art. 51.2 ET). In the same way, the labour authority will be able to appeal the dismissal in the case of detecting deceit, coercion or unreasonable exercise of rights in the negotiation procedure.

### *Negotiating procedure*

The decision of collective redundancy has to come after a period of consulting with the workers' representatives in the company, which should be about a specific content (art. 51.2 ET). Before 2010, the negotiation period between company and workers' representatives did not have a specific content, but only required for measures to reduce the effects of the ERE. With the 2010 reform, it is set that the consulting period has to deal with “the causes that originate the expedient and the possibility of avoiding or reducing its effects, as well as with the measures that are needed to reduce its consequences on the affected workers, as are reassignment measures that could be taken through authorised reassignment companies or formative and professional recycling actions allowing for better employment possibilities, and to enable the continuity and viability of the project” (article. 51.4 ET). After the 2010 reform, it is stated that the

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16 Angel Blasco Pellicer (2012): Nuevas perspectivas en materia de despido colectivo: aspectos procedimentales. In La reforma laboral de 2012: nuevas perspectivas para el Derecho del Trabajo, Madrid, La Ley, p. 455.

17 For J.R. Mercader Ugina y A. De la Puebla Pinilla (2013): Los procedimientos de despido colectivo, suspensión de contratos y reducción de jornada, Valencia, Tirant lo Blanch, p.148): “we are, this way, facing an Administration that facilitates, in procedure, the adoption of a private decision with the assurance of the consulting period and the presentation of public and private documents that, eventually, would justify the decision. After that the question turns into a clearly judicial one, that is, precisely, the one that will have to assure the correct operation of this institution”.



consulting with the legal workers' representatives “should be, at least, about the possibilities of avoiding or reducing collective redundancies and reducing their consequences by using social support measures, such as reassignment measures or formative and professional recycling actions for better employment possibilities” (article 51.2 ET)<sup>18</sup>.

In the same way, with the use of agreements in the consulting period we can set permanence priorities for people with family duties, people older than a certain age or handicapped workers, as well as for the legal or trade union representatives. In companies with more than 50 workers, collective redundancies must have plans of viability and reassignment of the workers.

The legislator of 2012 considers the period of consultation with the workers' legal representatives to be a central aspect of collective redundancies, so special attention is given to the situation of the companies, moreover small and micro companies which have no legal representation. Thus, even if before 2010 the absence of legal representatives in the companies when dealing with the negotiation procedure during the consulting period was not contemplated, this was fixed after the 2010 reform, and is still in effect after the reforms of 2012. This last reform introduced, for companies with no legal representation, the possibility of forming an “ad hoc” commission made up of 3 representatives elected among trade unions or the company workers.

Other aspects that have been recently modified are the following:

The viability of the ERES in the public sector for technical, organizative, production or economic (defined *ad hoc*) causes is acknowledged.

Companies with benefits and more than 100 workers laying off workers that are 50 years old or older have to make an economic payment to the Public Treasury.

The responsibility of the Fondo de Garantía Salarial (FOGASA, salary Guarantee Fund) is limited to a part of the compensations when redundancies happen in small and medium companies with less than 25 workers. For that it is also needed that the redundancy has been declared to be improper. On the other hand, FOGASA does not take responsibility for the compensation corresponding to the redundancies that are declared improper in conciliation or by judicial sentence. This means an increase in the cost of the termination

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18 To J.R. Mercader Ugina and A. De la Puebla Pinilla (2013) *Ibid* p. 143), “the consulting period has to take place under true will of dialogue, looking for the achievement of agreement in each and all circumstances affecting the proposed measure”. In this sense, see STSJ Cataluña de 26 de junio de 2012.

for the company<sup>19</sup>, as it will have to pay for the compensation in advance and later claim the corresponding part from FOGASA. In the same way, the compensation responsibility of FOGASA in case of the work contract for economic and analog causes is reduced from triple to double the amount of minimum wage (RDL 20/2012, art. 33.1 ET).

### ***Disagreement solution***

A new procedural modality for appealing collective redundancies is created (art. 124 LJS), at the same time that the addition in collective agreements of out-of-court procedures (conciliation, mediation or arbitration) is strengthened, in order to solve the disagreements that might come about during the consulting period, which will try to avoid the judicialization of the conflict.

If the agreement is achieved during the consultation time, the employer will send a copy to the administrative authority, which could appeal if it considers that the agreement has been reached in error, deceit, coercion or abuse of rights, or when the entity administering the compensation for unemployment informs that this agreement could be trying to wrongfully obtain this unemployment compensation. (article 51.6 ET).

In case the agreement is not reached in the consultation period, the employer will communicate the final decision of collective redundancy to the labour authority and the workers' representatives, stating, among other things, the identity of the affected workers, the time the redundancy will take place and other social support measures that could be agreed on. This company communication could be appealed through the special procedural modality of collective redundancies regulated by article 124 LJS<sup>20</sup>, if contested by the workers' representatives; through the office process regulated by articles 148 and following LJS, if contested by the labour authority; or through the process of individual work contract termination when, in the absence of an appeal by the previous two, it is presented by the affected workers in order to appeal their own terminations (articles 120-123 LJS).

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19 A.V. Sempere Navarro and R. Martín Jiménez (2012): Claves de la reforma laboral de 2012, 2ª edición, Navarra, Thomson-Aranzadi, p. 257.

20 Yolanda Maneiro Vázquez (2013), La nueva modalidad procesal de despido colectivo tras la reforma laboral de 2012, nº 3, Actualidad Laboral, .

### **Disciplinary dismissal: a mad solution for economic problems**

One of the main problems of the legal regulation of the termination of work contracts in the Spanish system is the abuse done to the concept of disciplinary dismissal. This is exclusively due to the worker's "serious and guilty" unfulfillment of the duties derived from the work contract. Its compensation, in the case the dismissal being declared to be unfair, was much higher than that prescribed for the termination of the work contract until the 2012 reforms: 45 days of salary per year of work in case of unfair termination, contrasting with the 20 days of salary per year in case of objective termination of the work contract. This way, the utilization of the disciplinary dismissal meant a higher cost for the companies, both because compensation was higher than that prescribed for objective termination of the work contract and due to the procedural salaries that the worker had the right to collect from the date of the dismissal up to the sentence declaring its inadmissibility or invalidity. Nonetheless, this situation had been solved through the so called "express dismissal", which allowed the employer to avoid paying the procedural salaries when, from the first moment, he acknowledged the unfairness of the dismissal and paid the corresponding compensation, thus avoiding trial.

This procedural simplification and the saving of economic costs led to the majority of the individual terminations of work contracts being channelled through express dismissals, even those that were not caused by serious and guilty unfulfillment of the worker but for economic, technical, organizational or production causes that were really objective terminations of the work contract. Even though the compensation prescribed for express dismissals had a higher cost for the employer, it avoided a relatively long judicial process due to the defective and imprecise definition of the objective causes of work contract termination, which made difficult to prove the cause and, thus, the validity of the extinction of the work contract.

Paradoxically, the main legal reforms that were agreed in the area of disciplinary dismissal did not try to reduce the number of dismissals, but to lower their cost. This way, the reforms were centred in two elements: the elimination of procedural salaries and the reduction of the cost of compensation for improper disciplinary dismissal.

***Procedural salaries***

Meaning to avoid abuses of this figure, the RDL 3/2012 -and its further processing as Act 3/2012- suppressed express dismissals by eliminating procedural salaries in dismissals declared to be improper in legal channels, when the employer opts to terminate the work contract. In other words, procedural salaries will only be paid in three situations: when the dismissal is declared null (article 55.6 ET), when it is declared unfair and the employer opts for the readmission of the worker (article 56.2 ET), or when the worker is a workers' representative, both if he opts for the contract termination or for the reincorporation in the company (article 56.4 ET).

***Reduction of the compensation for unfair dismissal***

The objective of reducing the costs coming from the dismissal was achieved also through the lowering of the compensation that the employer causing an unfair dismissal must pay. If traditionally that compensation was fixed in 45 days of pay per year of service, with a maximum of 42 months, the Act 3/2012 lowered it to 33 days of salary per year of service, with a 24 months limit. The 45 days of pay per year compensation was established from 1980<sup>21</sup>. On the other hand, the 33 days of pay per year compensation was only stated as an exception for the termination of a certain contract: the indefinite contracting encouragement contract, incorporated into the Spanish legislation in 1997<sup>22</sup>, which disappears with this reform. Contrasting to what had happened in previous reforms, in this case a new contractual mode with a lower compensation for dismissal is not created, but the lowering of the compensating amount is applied in a general way to all work contracts<sup>23</sup>.

Even when the Spanish system does not acknowledge at-will employment, but only dismissals justified exclusively in one of the causes indicated in the 54 ET article<sup>24</sup>, it is

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21 Established this way in the Act 8/1980, 10<sup>th</sup> March, of the workers' statute.

22 Added by Act 64/1997, 26<sup>th</sup> December, which regulates incentives in matters of Social Security and fiscal character for the encouragement of indefinite contracting and employment stability.

23 J.M. Goerlich Peset (2012): New perspectives in matters of compensation and other effects linked to the termination of the work contract. In *La reforma laboral de 2012: nuevas perspectivas para el Derecho del Trabajo*, Madrid, La Ley, p.522.

24 According to the referred 54 ET article, the following are causes of disciplinary dismissal: "1. The work contract can be terminated by decision of the employer, by a dismissal based in a serious and guilty unfulfillment of the worker. 2. The following are considered contractual unfulfillments: a) Repeated and non justified absence from work or lack of punctuality. b) Indiscipline or disobedience at work. c) Verbal or physical offenses towards the employer or co-workers or their relatives that cohabit with them. d) The transgression of the contractual good will, as well as the abuse of trust in the labour. e) Continuous and voluntary lowering in the efficiency of normal or agreed word. f) Habitual inebriation or drug addiction if

possible to lay off a worker without justifying any of these causes, in exchange of a compensation for unfair dismissal. After the 2012 reforms, this possibility still exists but now has a lower cost for the employer, who now has to pay their workers a lower compensation.

Nevertheless, this rule applies only to those contracts signed after 12 February, 2012, being this the effects' date of the 2012 reform. To the contracts that were signed before this date, a compensation of 45 days of pay per year of service before that date and 33 days of pay per year after this date will apply.

### **Conclusion**

Obviously, the economic crisis has had a direct impact in the Spanish labour law, with a special emphasis in the regime of the termination of the work contract. Since 2010, the different legislative reforms have had two main aims: making termination easier and reducing its monetary costs. The economical, technical, organization and production-linked causes that allow an "objective" contract termination, and also the procedure that must be followed in order to implement that termination, have been made easier. Nowadays, it is possible to find a more exact but more flexible definition of this type of legal reasons. This change has been enforced in order to avoid doubts in the judicial interpretation and application. Thus, a secondary aim is the reduction of the involvement of the labour courts: they are thought to be excessively protective of workers in this field. This flexibilisation has been especially intense concerning collective redundancies.

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they negatively influence work. g) Racial, ethnic, religious, ethical, age, handicap or sexual orientation harassment, and sexual harassment towards the employer or co-workers.