

Substantive Justice in the Case of Labor Reform in Spain: A Critical Analysis of Its Impact on Workers' Rights

*La Justicia Sustantiva en el Caso de la Reforma Laboral
en España: Un Análisis Crítico de su Impacto en los
Derechos de los Trabajadores*

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ABSTRACT

This paper critically examines the impact of recent labor reform in Spain on the achievement of substantive justice for workers. Starting from the premise that substantive justice implies not merely formal compliance with norms but the actual effectiveness of labor rights in practice, it investigates how the regulatory changes have influenced equity, legal certainty, and protection against structural inequalities in employment. Using a qualitative approach alongside review of relevant literature, institutional reports, and labor statistics, the study identifies

to what extent the reform has strengthened or weakened the rights of vulnerable workers. The findings suggest that although some formal improvements were introduced, barriers such as precariousness, instability, and unequal treatment continue to undermine true substantive justice. Finally, policy recommendations are discussed to encourage a labor framework that ensures not only legality but effective equity for all workers.

Keywords substantive justice, labor reform, workers' rights, labor equity, Spain

RESUMEN

Este artículo examina críticamente el impacto de la reciente reforma laboral en España sobre la realización de la justicia sustantiva para los trabajadores. Partiendo del supuesto de que la justicia sustantiva implica no solo el cumplimiento formal de normas, sino la efectividad de los derechos laborales en la práctica, se analiza cómo los cambios normativos han influido en la equidad, la seguridad jurídica y la protección frente a desigualdades estructurales en el ámbito del empleo. Mediante un enfoque cualitativo y la revisión de literatura especializada, informes institucionales y estadísticas laborales, se identifica hasta qué punto la reforma ha reforzado o debilitado los derechos de los trabajadores vulnerables. Los resultados sugieren que, aunque algunas mejoras formales fueron introducidas, persisten barreras relativas a la precarización, la inestabilidad y la desigualdad de trato que socavan una justicia sustantiva real. Finalmente, se discuten recomendaciones para políticas públicas que promuevan un marco de trabajo que garantice no solo legalidad, sino también equidad efectiva para todos los trabajadores.

Palabras clave justicia sustantiva; reforma laboral; derechos de los trabajadores; equidad laboral; España

A. Introduction

Spain's labor market has long been characterized by structural challenges, including high levels of temporary contracts, precarious working conditions, and low job security. These issues, embedded in the fabric of Spain's economic structure, prompted the 2021–2022 labor reform under Royal Decree-Law 32/2021, which aimed to reshape employment law, reduce temporary work, and promote permanent contracts as the norm (Ministerio de Trabajo, 2021). The reform arose in the context of broader European Union (EU) economic governance strategies, particularly following the COVID-19 pandemic, which

exposed vulnerabilities in labor markets across member states. In response to the economic crisis and increasing unemployment rates during and after the pandemic, Spain sought to align its labor market policies with EU directives aimed at improving job quality and reducing precariousness (European Commission, 2022).

The Royal Decree-Law aimed to curb the overuse of temporary contracts and promote stable employment relationships by limiting the conditions under which temporary contracts could be used and by increasing the protection for workers with open-ended contracts. Furthermore, the reform sought to strengthen collective bargaining and improve the legal framework surrounding dismissals and job security (Barrera, 2022). While these measures were framed as a victory for labor rights, the law is not without controversy. Critics argue that despite formal changes, precariousness persists, with new forms of unstable employment replacing old ones (López & Moreno, 2023). Thus, Spain's labor reform must be viewed as a test case for balancing economic flexibility and social justice, raising critical questions about the effectiveness of labor law reforms in promoting substantive justice for workers, particularly regarding their job security and economic dignity (Barrera, 2022).

Although the labor reform was designed to increase stability in the labor market and curb temporary employment, there remain substantial concerns about its alignment with substantive justice. While the reform addressed some of the more visible forms of contractual precarity, substantive justice — understood as fairness in outcomes, dignity in employment, and equality of opportunity — continues to be elusive. The reform's focus on procedural legality, such as reducing temporary contracts, does not necessarily translate into material improvements for workers, particularly in sectors that rely on fluctuating demand, or in industries where informal labor relations remain pervasive (Vidal & González, 2023). Formal legal equality, while important, does not account for the economic realities many workers face, where job security and decent wages remain out of reach despite legal protections. Hence, a deeper analysis is required to assess whether the reforms truly deliver on the promise of substantive justice, as outlined in the European Social Charter and other international human rights frameworks (European Commission, 2022).

The central aim of this study is to critically analyze the relationship between Spain's labor reform and the principles of substantive justice. The research questions that guide this analysis are:

- 1) How does Spain's labor reform embody or contradict principles of substantive justice? This question will explore whether the reform leads to equitable, dignified, and sustainable labor outcomes, or

whether it creates a false sense of stability while maintaining underlying precariousness.

- 2) What has been the practical and legal impact of the reform on workers' rights, particularly in terms of job security and equality? This question will assess the social and economic consequences of the reform, analyzing whether it has effectively reduced the vulnerability of workers, especially in sectors historically prone to precarious contracts.
- 3) What are the broader implications of these labor market changes for social justice and EU labor policy? This question seeks to position the Spanish labor reform within the larger framework of EU labor governance and its aspirations to harmonize labor standards across member states (European Commission, 2022).

The primary objective of this paper is to undertake a critical legal and socio-economic analysis of the Spanish labor reform and assess its alignment with the principles of substantive justice. By examining both the legal frameworks and the lived realities of workers post-reform, this study will contribute to the ongoing discourse on labor law, social justice, and economic equity within the context of the Spanish labor market.

This analysis aims to critically assess whether the reform fosters fairness, dignity, and equality in the working conditions of Spanish workers, or whether it perpetuates a system of superficial change. Further, this study contributes to broader European debates on the balance between labor flexibility and social protection in the wake of economic crises, particularly within the context of post-pandemic recovery (Vidal & González, 2023). Given the EU's increasing emphasis on improving job quality and reducing precariousness across member states, the Spanish case provides a valuable example for understanding the intersections between labour law reforms, economic flexibility, and social justice at the national and transnational levels.

B. Literature Review and Theoretical Framework

1. The Concept of Substantive Justice in Labor Law

The distinction between formal justice and substantive justice lies at the heart of contemporary debates in labor law and its application. Formal justice, typically equated with legal equality, ensures that laws are applied consistently without regard to the actual social or economic conditions of individuals (Rawls, 2001). It focuses on procedural correctness and legal predictability. However, substantive justice extends beyond mere procedural fairness, emphasizing the need for equality of outcomes, where the law actively corrects existing disparities in power, opportunity, and resource distribution (Sen, 2009).

In labor law, this means that justice cannot simply be defined by formal equality under the law but must also account for the social realities of the workplace, particularly with regard to vulnerable or marginalized groups, such as temporary workers or women (Fraser, 2008).

Theories of substantive justice in labor regulation suggest that justice in the workplace is not just about the fairness of the rules, but about the dignity and security provided by those rules. This perspective aligns with the human-centered approach advocated by scholars like Fraser, who argue that justice in labor law must prioritize the lived experiences of workers, ensuring not only that they are treated fairly within legal frameworks, but that they are afforded protections that support their dignity and social recognition (Fraser, 2008). Such an approach, rooted in the recognition of workers as active contributors to the economic system, acknowledges that workplace inequalities—especially those related to income security, job stability, and gendered labor—require corrective interventions by law.

The shift from procedural fairness to substantive justice in labor relations also intersects with notions of restorative and transformative justice, which call for the restoration of equity and the transformation of structural power imbalances in employment. Restorative justice, as outlined by scholars like Zehr (2002), advocates for the restoration of relationships and fairness within communities, while transformative justice aims at societal restructuring that addresses root causes of inequality, including those perpetuated in labor markets.

2. Evolution of Labor Reforms in Spain

Spain's labor reform trajectory has been marked by successive attempts to balance economic efficiency with social protection, reflecting both national economic imperatives and European Union mandates for labor flexibility. The labor reforms of 2010 and 2012, under the government of Mariano Rajoy, were framed as necessary measures in the context of the Eurozone crisis, focusing primarily on deregulation and labor market flexibility. These reforms sought to enhance competitiveness and address the high levels of unemployment, particularly among young people, by encouraging businesses to hire on more flexible terms. However, the critical downside was an increase in precarious work (known as *precariedad laboral*), which disproportionately affected lower-income and temporary workers, especially in sectors like retail, hospitality, and agriculture (Gómez, 2023).

The 2021–2022 reform—embodied in Royal Decree–Law 32/2021—marked a significant shift towards rebalancing labor protections, while responding to calls from labor unions and civil

society to address the crisis of precariousness. This reform aimed to reduce the incidence of temporary contracts by placing stricter limits on their use, and also to restore some collective bargaining powers that had been weakened under previous administrations. This attempt to restore a social balance in labor relations reflects a broader European debate on social rights, where the EU has increasingly emphasized the importance of social stability in economic governance (European Commission, 2022).

Scholars have debated whether these reforms can truly address the structural inequalities that persist in the labor market. Ferreiro and Gómez (2023) argue that while the 2021 reforms represent a step toward more permanent job security, their ability to curtail the dual labor market—divided between secure and precarious jobs—remains limited. Moreover, the reform's focus on formulating new legal categories without a clear framework for addressing broader social and economic inequalities raises concerns about its potential to bring about substantive justice in a meaningful way.

3. EU and International Frameworks

Spain's labor reforms are deeply influenced by European Union directives and international frameworks such as the European Social Charter and International Labour Organization (ILO) conventions, which establish standards for fair working conditions. The European Pillar of Social Rights, which was adopted in 2017, sets out principles designed to ensure fair wages, secure working conditions, and better opportunities for workers across the EU. These principles have played a pivotal role in shaping Spain's labor policies, especially in relation to reducing temporary work and increasing job stability. However, there remains significant debate over whether these principles are effectively implemented at the national level, and whether Spain's labor law can translate EU social rights into meaningful changes for workers on the ground (European Commission, 2022).

At the international level, the ILO's Conventions on employment standards emphasize the need for non-discriminatory and equitable employment practices. Spain's alignment with these international frameworks, as well as its commitment to the UN's Sustainable Development Goals (SDGs), places it under both moral and legal obligations to ensure that its labor policies do not perpetuate inequalities. However, the challenge remains in reconciling EU economic directives focused on market efficiency with the imperative to create a just and equitable labor market that prioritizes worker welfare.

4. Analytical Gap

Although a significant body of literature exists on the economic impacts and administrative efficiency of labor reforms in Spain, there is a notable gap in the academic discussion that addresses these reforms through the lens of substantive justice. Much of the existing research focuses on the technicalities of labor market efficiency and the economic outcomes of deregulation, yet fewer studies explicitly analyze whether these reforms align with justice principles—especially in terms of dignity, equality, and fairness for the most vulnerable segments of the workforce. To this point, empirical studies of labor reforms have rarely integrated normative justice theories, especially those that connect economic policy with moral obligations toward workers (Fraser, 2008).

In contrast, substantive justice in the context of labor reform would require not only the fair application of labor laws but also the achievement of equitable outcomes that contribute to the well-being of the workforce. There is a clear need for socio-legal analyses that critically examine the social justice implications of labor law reforms, considering intersectional vulnerabilities like race, gender, and class, and the material realities of workers' lives. This gap presents an opportunity for future research to critically evaluate whether the 2021 Spanish labor reform moves beyond formal regulatory change to foster substantive justice, particularly for precarious and marginalized workers who continue to face systemic barriers in the labor market.

C. Methodology

1. Research Design

This study adopts a qualitative and doctrinal-empirical hybrid approach to analyze the 2021–2022 Spanish labor reform (*Royal Decree-Law 32/2021*) and its alignment with the principles of substantive justice. By combining doctrinal analysis with empirical data, the research aims to critically assess whether the reform achieves fairness, dignity, and equality for workers, particularly in the context of precarious employment. The case study of Spain's labor reform serves as a focal point for this investigation, allowing a deep exploration of how legal structures, policies, and their outcomes intersect with broader normative justice criteria.

In doctrinal terms, the study closely examines the legal texts of the reform, including the *Royal Decree-Law 32/2021*, which represents a legislative response to the increasing precariousness of the labor market. By analyzing the legal texts and court decisions post-reform, the study provides insights into the normative frameworks underpinning labor rights in Spain. On the empirical side, the research

integrates data on employment trends, including the evolution of temporary contracts, wage disparity, and labor market conditions before and after the reform, to evaluate its practical impacts on workers' rights, especially those in vulnerable or temporary work situations.

This hybrid methodology ensures that the study comprehensively addresses both the legal dimensions and the real-world outcomes of the labor reform, providing a nuanced understanding of how these laws function in practice.

2. Data Sources

The data sources for this study are divided into primary and secondary categories, drawing on both legal documents and empirical research.

Primary sources include:

- a. Spanish Constitution: Specifically, Article 35, which enshrines the right to work, and Article 37, which guarantees collective bargaining and the right to participate in decisions affecting labor conditions. These provisions serve as foundational elements in assessing the normative justice of Spain's labor laws.
- b. Labor Law (Estatuto de los Trabajadores): This key legislative text provides the statutory framework governing labor rights and workers' protections in Spain, particularly regarding contract types, working conditions, and union representation.
- c. Royal Decree-Law 32/2021: The core document outlining the specific measures introduced to reform labor law, including provisions aimed at reducing temporary contracts, ensuring job stability, and enhancing worker protections.
- d. Court Decisions: Judgments from Spanish labor courts, particularly those addressing disputes related to the implementation of the 2021 reform, will be examined to gauge how courts interpret and apply the new provisions.

Secondary sources include:

- a. Academic analyses: Scholarly articles and books on labor law reform, precariousness in the labor market, and the socio-legal dimensions of employment rights in Spain, particularly those examining the historical and sociopolitical context of labor reforms (Gómez, 2023; Vidal & González, 2023).
- b. Labor union reports: Documents from Spanish labor unions, including reports on the precariousness of labor and the effectiveness of the 2021 reform in addressing worker rights and social justice.

- c. Ministry of Labor and ILO documents: Official reports from Spain's Ministry of Labor on the implementation of the reform, as well as International Labour Organization (ILO) assessments of Spain's compliance with international labor standards.
- d. Employment trends data: Statistical data from the Spanish National Institute of Statistics (INE) and other relevant sources, providing employment rates, temporary contract statistics, and wage disparity data before and after the 2021 reform.

These diverse data sources are critical in providing both a theoretical foundation for understanding the substantive justice implications of the labor reform and an empirical basis for evaluating its impact on workers' rights and economic conditions.

3. Analytical Framework

This study utilizes an analytical framework rooted in normative justice criteria and socio-legal analysis, offering a dual lens through which to evaluate the Spanish labor reform's alignment with substantive justice.

- 1) Normative justice criteria:
 - a. Equality: Central to this framework is the principle of equal treatment in the workplace. This includes not only the elimination of discriminatory practices but also the distribution of labor benefits in a way that benefits all workers, especially those in precarious employment.
 - b. Dignity: A key aspect of substantive justice is the recognition of workers as individuals with inherent dignity. This criterion evaluates whether the labor reform effectively enhances workers' autonomy, social recognition, and economic security.
 - c. Participation: The reform's alignment with workers' rights to participate in decisions about their labor conditions, as enshrined in Article 37 of the Spanish Constitution, is central to the study. This principle looks at whether the reform enables worker representation, particularly in sectors with high levels of precariousness.
 - d. Protection of rights: This criterion examines the extent to which the reform enhances the protection of vulnerable workers, focusing on job security, collective bargaining, and access to social protections.
 - e. Fair distribution of burdens: Substantive justice requires that the economic burdens of labor market flexibility and reform implementation are fairly distributed, particularly among the most vulnerable workers. This aspect evaluates whether the

reform redistributes the benefits and risks in the labor market in a way that mitigates inequality.

2) Socio-legal analysis:

This approach considers the intersection between law, economy, and lived experiences of workers. The study critically examines how legal reforms translate into real-world outcomes in the workplace, particularly for workers in temporary and part-time employment. It assesses how the legal framework intersects with economic policies and social realities, providing a nuanced understanding of whether the reforms effectively reduce precarious labor conditions or merely offer superficial adjustments (Gómez, 2023).

This framework allows the study to move beyond a purely legal analysis to encompass the broader social and economic impacts of the labor reform, ensuring that the evaluation of Spain's labor law changes is grounded in the lived experiences of workers.

4. Limitations

There are several limitations to this study. *First*, the focus on Spain means that its findings may not be directly generalizable to other national contexts, although comparative insights from the European Union will be briefly incorporated to provide broader perspective. *Secondly*, due to the recent implementation of the reform, there is a lack of longitudinal data regarding its long-term impact on employment practices and labor market dynamics. As a result, this study is limited to a preliminary evaluation of the reform's effects, and future research will be required to assess its sustained outcomes over time.

D. Findings and Analysis

1. Legal Analysis of the Reform

The Royal Decree-Law 32/2021 (RDL 32/2021) constitutes a pivotal shift in Spain's labor law framework, aiming to address entrenched precariousness and long-standing labor market dualism. It accomplishes this by narrowing the scope for temporary contracts and re-centering the indefinite contract as the normative standard of employment relations, thereby reshaping contractual modalities in ways that seek both economic resilience and worker protection (Global Compliance News, 2022; Garrigues, 2021; IR Global, 2022). Under the new regime, the previously diffuse array of temporary contracts, such as contracts for specific work or services, has been abolished in favor of a limited set of temporary engagements justified only by clearly defined production circumstances or substitution needs, which are subject to stricter duration and justification criteria (IR Global, 2022;

Mariscal Abogados, 2022; Lexology, 2022). Critically, the reform also establishes a rebuttable presumption of indefiniteness designed to discourage abusive successive temporary engagements, requires employers to pay additional social security contributions for short-term contracts, and tightens sanctions for fraudulent use of temporary hiring (IR Global, 2022; Lexology, 2022; Mariscal Abogados, 2022).

In parallel, RDL 32/2021 substantially strengthens collective bargaining protections by reinstating the ultra-activity of collective agreements indefinitely and clarifying the interplay between sectoral and company-level agreements. These provisions effectively reverse earlier decentralizing trends, thereby enhancing the normative reach of collective agreements and protecting workers against downgrading of conditions through intra-firm bargaining (La Moncloa, 2021; Lexology, 2022). By restoring precedence to negotiated standards and aligning subcontracting practices with sectoral benchmarks, the reform seeks to embed collective voice as a structural bulwark against precarious conditions, which previous legal frameworks had eroded (La Moncloa, 2021; Lexology, 2022; BBVA Research, 2022).

Moreover, the reform introduces nuanced protections against unjustified dismissal by aligning severance compensation and seniority calculations with a broader interpretation of employment continuity, particularly for discontinuous permanent contracts, and by augmenting protections during organizational or economic transitions (IR Global, 2022; Lexology, 2022). Although RDL 32/2021 does not overhaul dismissal jurisprudence or eliminate employer prerogatives, it integrates procedural protections that strengthen substantive rights by effectively requiring stronger causal justifications and more equitable compensation frameworks. Observers have interpreted these changes as consistent with a trend toward enhanced legal safeguards, though implementation and actual judicial outcomes remain a matter of empirical evaluation (IR Global, 2022; BBVA Research, 2022; Garrigues, 2021).

In terms of compliance with constitutional and EU labor standards, RDL 32/2021 aligns formally with Spain's constitutional commitments to job security and collective rights, including the principles of dignity and freedom of association enshrined in the Spanish Constitution (La Moncloa, 2021). Substantively, the emphasis on permanent contracts and collective bargaining also reflects EU guidance under the European Pillar of Social Rights, which encourages transitions to quality employment and robust collective dialogue (European Parliament, 2022). However, criticisms persist regarding discrepancies in enforcement, particularly in the public sector and

sectors with entrenched temporal workforces, where temporary contracts have remained high despite legal restrictions, raising questions about the normative coherence between statutory intent and practical compliance (BBVA Research, 2025; Vida Fernández, 2024). Nevertheless, the legal architecture established by RDL 32/2021 constitutes a comprehensive attempt to transcend the formalism of earlier reforms and embed substantive legal protections that resonate with constitutional and EU labor principles.

2. Substantive Justice Evaluation

Evaluating RDL 32/2021 through the lens of substantive justice requires examining its impact on differentiated worker groups and the underlying distributional implications of the reform. Substantive justice, which prioritizes fair outcomes and dignity beyond formal legal equality, is central in determining whether the reform effectively ameliorates socio-economic disparities that have historically afflicted vulnerable workers.

First, impact on vulnerable groups reveals both progress and persistent inequities. Data indicate that temporary employment rates have declined significantly since the reform, with the overall temporary employment ratio in the private sector falling to historically low figures and permanent contracts increasing markedly (BBVA Research, 2025; IESE Insight, 2022). Reductions in temporary hiring disproportionately benefited both younger and older workers — paradoxically those most exposed to precarious contracts prior to the reform — as evidenced by significant increases in open-ended contracts among individuals under 25 and over 55 (BBVA Research, 2022). This suggests that the reform's regulatory reorientation has improved access to normative job contracts for key demographic groups, enhancing lifetime earnings potential and social stability (BBVA Research, 2022; IESE Insight, 2022).

Nevertheless, quantitative gains in contract status do not automatically translate to substantive equality. Data indicate that while the incidence of temporary contracts has diminished, contractual stability within permanent forms remains contested, with high turnover and short survival of new indefinite contracts illuminating latent precarity (IESE Insight, 2022; IMF, 2024). For example, younger workers, who previously faced segmented pathways from education to stable work, now often receive permanent contracts that are terminated within short periods, prompting concerns about whether substantive job security is genuinely achieved or merely nominally formalized. Thus, while the reform improves formal contract profiles, it does not necessarily guarantee that worker dignity and material

stability are realized in practice, particularly among cohorts historically marginalised in labor markets.

Moreover, the reform's balance between employer flexibility and worker protection is deeply contested in terms of substantive justice. The systematic reduction of temporary contracts and strengthened bargaining rights arguably produce a more protective legal regime, but critics argue that employers adapt through alternative forms of flexibility — for instance, by increasing use of part-time or “discontinuous permanent” contracts or by exploiting probationary and dismissal mechanisms that can undermine substantive job security (IMF, 2024; BBVA Research, 2022). While such adaptations are not inherent violations of the law, they spotlight structural tensions in reconciling flexibility with equitable outcomes: employers retain tools to adjust workforce composition, potentially at the cost of long-term worker stability. The substantive justice critique here emphasizes that real justice for workers cannot merely be measured by contractual labels but must assess whether employees can reasonably anticipate sustainable engagement, income parity, and social inclusion over time. The fact that temporary work remains concentrated among certain groups, including women and younger workers, underscores that formal legal realignment has not wholly eradicated entrenched inequalities and points to persistent structural imbalances within the Spanish labor market (National labor data, 2024).

Finally, assessing the degree of fairness and equality post-reform requires attention to the distributional impacts across modular labor segments. While the reform's provisions have undeniably shifted the balance in favor of permanent employment, deeper justice evaluations highlight persisting inequalities: differential access to high-quality employment across sectors (e.g., services vs. manufacturing), and the ongoing prevalence of involuntary part-time work, which is disproportionately borne by women and those with caregiving responsibilities. These patterns suggest that substantive justice gains are uneven and highlight the need for complementary social policies — such as improved childcare, targeted active labor market programs, and sector-specific enforcement mechanisms — to translate formal legal changes into fair and equitable lived experiences, especially for marginalized workers. In this sense, RDL 32/2021 represents an important structural shift toward social justice but falls short of a fully realized egalitarian transformation of labor relations.

3. Empirical Observations

Empirical evidence offers a critical counterpart to doctrinal analysis, allowing observation of the reform's real-world impacts

beyond statutory prescriptions. Trends in employment data consistently demonstrate a dramatic reduction in temporary employment and a corresponding increase in the share of permanent contracts. According to national labor observatories and social security registrations, the proportion of workers with temporary contracts fell from above 30% before the reform to the mid-teens by late 2023, aligning Spain's figures more closely with the Euro area average (Banco de España, 2023; DSCa report, 2024). This represents a significant structural adjustment in labor market composition and suggests that the reform has had tangible effects on contract typologies (Banco de España, 2023; DSCa report, 2024). These structural shifts also coincide with record employment levels and sustained reductions in overall unemployment, reflecting broader macroeconomic improvements alongside legal change, albeit these improvements cannot be solely attributed to the reform itself.

Supportive of these broad trends are studies like Alujas Ruiz (2023), whose econometric analysis finds that RDL 32/2021 had discernible impacts on the evolution of contract types and temporary employment dynamics, with differential effects across sex, age, and sector. Results indicate that temporary employment decreased across all groups, but particularly among younger and female workers historically overrepresented in precarious roles (Alujas Ruiz, 2023). Such empirical analyses enrich the legal narrative by providing quantitative evidence of substantive shifts, yet they also reveal nuanced inequalities in how those shifts are distributed, suggesting that structural inequalities persist despite formal improvements in contract stability.

Perceptions of workers and organized labor further complicate the empirical picture. Trade unions and worker associations generally view the reform as a positive step toward job quality and security, highlighting increased bargaining power and reduced vulnerability to exploitative temporary arrangements. However, these same stakeholders often criticise enforcement gaps, particularly in smaller firms and sectors with high informal labour market activities. Employers' associations, by contrast, have mixed views: while acknowledging compliance with new contract modalities, they express concerns about labor market rigour and potential disincentives for hiring in certain contexts. Such qualitative perceptions underscore that empirical gains in contract profiles and macro indicators may mask underlying challenges, including enforcement inconsistencies, sectoral heterogeneity, and adaptive employer strategies that seek to dilute substantive protection through legal but precarious work patterns.

Despite the empirical reductions in temporary work, several persistent issues remain. Enforcement gaps are apparent, particularly in the public sector, where temporary employment rates have remained substantially higher than in the private sector, reflecting difficulties in aligning national reforms with sector-specific recruitment traditions and administrative constraints (Banco de España, 2023). Additionally, empirical reports on labor turnover suggest that although overall temporary employment decreased, permanent contract turnover has risen, revealing a potential trade-off between contract permanence and actual job duration stability (IESE Insight, 2022). These patterns highlight that substantive justice outcomes cannot be inferred solely from contract types but require deeper evaluation of the quality and duration of employment relationships.

4. Comparative Insight

Placing Spain's reform in a comparative European context enriches understanding of how different models negotiate the tension between flexibility and security in labor markets. For instance, Italy's Jobs Act sought to increase flexibility by introducing more lenient dismissal frameworks and new atypical employment forms to stimulate hiring, but faced criticism for weakening job protection without commensurate gains in security, especially for temporary workers (Wikipedia, 2025). In contrast, French reforms — such as those surrounding economic redundancy procedures — reflect an emphasis on worker protection even while integrating flexibility in specific contexts, underscoring a divergent approach in which social protection remains more central to reform objectives (Dalmasso, 2009). These comparative examples demonstrate that there is no singular path toward justice-oriented labor governance; rather, each system reflects distinct negotiations among legal tradition, economic imperatives, and social expectations.

Spain's model stands out for its explicit reorientation toward permanent employment as normative, aligning with EU recommendations to foster transitions from temporary to durable contracts, yet differing from Italy's more flexibility-centric model and from France's historically strong protective posture (European Parliament, 2022; Jobs Act, 2016; El Khomri Law, 2016). The substantive justice implications of these differing reforms highlight that while structural reductions in temporary work are shared goals across contexts, their alignment with equitable outcomes depends on enforcement regimes, social dialogue mechanisms, and complementary welfare frameworks that address deeper socio-economic inequalities. Spain's experience offers an instructive example: legal changes can

have significant empirical effects, yet without sustained enforcement, social policy support, and attention to structural inequalities, substantive justice gains may remain incomplete or unevenly realised. Scholars and policymakers should draw from these comparative insights to design reforms that not only shift contract profiles but also ensure that employment conditions, income security, and labour market inclusivity are embedded as core values in national and European labor governance frameworks.

E. Discussion

1. Interpreting Substantive Justice in Spain's Labor Reform

The evaluation of Royal Decree-Law 32/2021 through the lens of substantive justice requires moving beyond formal compliance with statutory norms to interrogate whether the reform genuinely restores fairness, dignity, and equitable outcomes for workers. Substantive justice, in this context, emphasizes the lived realities of employment, encompassing not only contractual arrangements but also material security, recognition, and agency in the workplace (Rawls, 2001; Sen, 2009; Fraser, 1997). The reform's reduction of temporary contracts and reinforcement of collective bargaining represents a formal achievement in legal equality, yet empirical evidence suggests that these measures only partially address entrenched structural inequalities. For instance, although temporary contracts decreased overall, their persistence in certain sectors, such as hospitality and agriculture, and among vulnerable demographics—including youth, women, and migrant workers—illustrates that legal reforms alone cannot fully eradicate labor market disparities (Alujas Ruiz, 2023; BBVA Research, 2022; Vida Fernández, 2024; Garrigues, 2021; IESE Insight, 2022). This gap highlights a central tension in labor reform: while statutory provisions establish normative standards for employment stability, the translation of these standards into lived justice depends on enforcement, cultural practices, and organizational adaptation, which may either enhance or undermine substantive justice.

Moreover, the reform introduces protections against unjustified dismissal and strengthens collective agreements, aligning with constitutional principles of dignity and worker protection (La Moncloa, 2021). Nevertheless, these legal improvements often encounter practical limitations. The rise of discontinuous permanent contracts and sector-specific enforcement disparities suggests that some workers experience nominal improvements without corresponding gains in actual job security or bargaining power (Mariscal Abogados, 2022; IR Global, 2022; Lexology, 2022). Consequently, while RDL

32/2021 represents progress toward justice-oriented labor regulation, the degree to which fairness and dignity are realized in workplaces remains contingent upon both structural reforms and the broader socio-economic context.

2. The Economic–Social Justice Paradox

Spain's labor reform exemplifies the classic tension between market efficiency and social protection, a paradox often described in labor law literature as the conflict between flexibility and justice (Vidal & González, 2023; Sen, 2009; Rawls, 2001). The regulation of temporary contracts and reinforcement of collective bargaining inherently limits employer discretion, potentially reducing short-term economic agility. Yet these measures aim to achieve long-term social and distributive justice by promoting stable employment, enhancing worker security, and reducing inequality (BBVA Research, 2022; European Parliament, 2022). This balancing act reflects the broader challenge faced by the Spanish state: mediating between globalization-driven pressures for competitive labor markets and domestic obligations to uphold human-centered, equitable employment standards (Fraser, 1997; La Moncloa, 2021; IR Global, 2022).

The state's role as a guarantor of justice becomes critical in this context. By codifying minimum employment standards, safeguarding collective bargaining, and imposing sanctions for misuse of temporary contracts, the government actively intervenes to correct market failures and protect vulnerable workers (Garrigues, 2021; Mariscal Abogados, 2022). However, the efficacy of these interventions is moderated by enforcement challenges, particularly in sectors with entrenched informal practices, highlighting the persistent need for administrative capacity and monitoring mechanisms. The economic–social justice paradox thus underscores the complexity of implementing reforms that simultaneously accommodate market functionality and uphold substantive justice principles.

3. Broader Implications

The implications of Spain's labor reform extend beyond national borders, offering insights into EU labor governance and the theoretical evolution of labor law. At the EU level, RDL 32/2021 demonstrates how member states can align labor market flexibility with the European Pillar of Social Rights, emphasizing quality employment, social inclusion, and equitable outcomes (European Parliament, 2022; BBVA Research, 2022). Spain's experience suggests that effective labor reform requires both legal codification and institutional mechanisms for enforcement and monitoring, providing a potential template for

balancing fiscal discipline with social protection in other EU contexts (Vidal & González, 2023; IESE Insight, 2022; Alujas Ruiz, 2023).

From a labor law theory perspective, the reform re-centers justice over flexibility as the normative objective, challenging traditional narratives that prioritize market efficiency above social welfare. By integrating substantive justice principles, such as equality, dignity, and protection for vulnerable groups, the Spanish reform moves beyond procedural compliance to consider the ethical and distributive dimensions of employment law (Rawls, 2001; Sen, 2009; Fraser, 1997). This orientation encourages a broader reflection on how labor regulation can serve as a mechanism for correcting structural inequities, ensuring that formal legal equality translates into equitable, fair, and sustainable employment outcomes. It also illustrates the practical limits of legislation: achieving substantive justice necessitates holistic approaches encompassing law, policy, labor institutions, and societal norms, emphasizing the interplay between normative ideals and empirical realities.

Finally, the discussion reveals that while RDL 32/2021 represents a significant legal advancement toward substantive labor justice, persistent structural inequalities, sectoral disparities, and enforcement challenges temper its transformative potential. The reform's success hinges not merely on statutory design but on effective institutional implementation, social dialogue, and cultural acceptance of stable, dignified work. Spain's experience offers a compelling case for integrating legal, social, and economic perspectives in labor reforms, demonstrating the centrality of substantive justice as both a theoretical and practical benchmark for evaluating policy outcomes.

F. Conclusion and Policy Recommendations

1. Summary of Findings

The labor reform introduced by Royal Decree-Law 32/2021 in Spain marks a significant step towards achieving substantive justice within the framework of labor law. By targeting key issues such as temporary contracts, unjustified dismissal, and collective bargaining, the reform aims to balance the need for labor market flexibility with protections for vulnerable workers. Substantive justice, in this context, is not merely about procedural fairness or compliance with formal labor regulations. Rather, it demands equity in outcomes—fair working conditions, stability, and dignity for workers (Fraser, 1997; Rawls, 2001). However, despite these legal advancements, enforcement gaps, sector-specific challenges, and the persistence of precarious work in certain industries suggest that the reform has only partially succeeded in achieving its broader justice objectives. While the reform has made

notable progress in reducing temporary contracts and enhancing worker protection, its impact remains uneven across various sectors, and broader structural inequalities continue to impede the realization of substantive justice for all workers (BBVA Research, 2022; Garrigues, 2021; Vida Fernández, 2024).

The reform's ability to restore fairness and dignity for workers hinges not only on legal changes but on systematic implementation, institutional capacity, and broader socioeconomic factors. In particular, vulnerable groups—such as youth, women, and those in informal sectors—remain at risk of being excluded from the benefits of these reforms, signaling a critical disconnect between legal norms and lived realities (Alujas Ruiz, 2023; IR Global, 2022). Hence, while Royal Decree-Law 32/2021 can be seen as a positive movement toward achieving justice, substantive equity will only be realized if structural challenges are addressed through sustained enforcement and ongoing policy development.

2. Theoretical Reflection

The concept of substantive justice invites a shift in the way labor law is understood, positioning it as a tool for social emancipation rather than mere compliance with procedural norms (Sen, 2009). In this framework, justice is not confined to legal equality or the protection of rights on paper, but is embedded in the real-world experience of workers (Fraser, 1997). The 2021–2022 labor reform reflects this shift by moving beyond the austerity-driven deregulation that previously characterized Spain's labor policies, and by integrating worker dignity into the design of labor laws. Substantive justice, as conceptualized by John Rawls (2001), demands that the least advantaged members of society benefit most from social and economic reforms. Thus, even though the reform has improved legal protections, the materialization of fairness for all workers is contingent upon addressing the inequalities that remain deeply embedded within the labor market (Sen, 2009; Garrigues, 2021).

In labor law, substantive justice requires that workers not only receive legal protections against exploitation, but that these protections translate into tangible improvements in quality of life, job security, and social mobility. In this context, collective bargaining and job permanence become central to the realization of justice for workers, as they ensure that workers have a say in the terms and conditions of their work (Fraser, 1997; Rawls, 2001). However, the gap between formal equity and lived justice signals that substantive justice cannot be achieved merely through statutory change—it requires a holistic approach that includes cultural transformation in workplaces

and robust institutional frameworks to support the implementation of these reforms in a fair and equitable manner.

3. Policy Recommendations

While Spain's 2021–2022 labor reform has moved the country closer to realizing substantive justice in the labor market, further efforts are necessary to fully address existing inequalities and ensure the effective implementation of the reform. Based on the findings of this study, several policy recommendations are outlined to enhance the reform's impact and to move Spain's labor system toward greater fairness and equality.

- 1) Strengthen labor inspection and enforcement mechanisms
A critical gap identified in this analysis is the insufficient enforcement of labor regulations, particularly in sectors where temporary contracts remain prevalent. Increasing the capacity and reach of labor inspections would ensure that employers comply with the reform's provisions, especially in high-risk sectors like agriculture, hospitality, and construction (Vida Fernández, 2024; BBVA Research, 2022). Robust enforcement mechanisms, including stronger penalties for non-compliance and improved monitoring of temporary contract usage, are essential to ensure that the legal changes translate into real-world outcomes for workers.
- 2) Promote participatory social dialogue between government, unions, and employers
The success of labor reform depends on fostering a culture of social dialogue and collaboration between key stakeholders. While Royal Decree-Law 32/2021 strengthens the role of collective bargaining, further investment in creating platforms for dialogue between the government, unions, and employers is critical. This will not only facilitate the implementation of labor reforms but will also help address sector-specific challenges that the reform does not fully anticipate (Mariscal Abogados, 2022; IR Global, 2022). A participatory approach ensures that the needs and perspectives of workers—especially the most vulnerable—are incorporated into the reform process, which can drive better policy outcomes.
- 3) Ensure equality measures are integrated into all labor reforms
While the 2021–2022 reform has contributed to improving temporary contract regulation and enhancing worker protection, the broader equality agenda should be integrated into all aspects of labor law, including gender equality, disability inclusion, and equity for marginalized groups (Garrigues, 2021). Specifically, future reforms should ensure that gender disparities, which are still prevalent in sectors like caregiving and retail, are directly

addressed, and that migrant workers benefit equally from these legal advancements (Alujas Ruiz, 2023; Vida Fernández, 2024).

- 4) Encourage EU-level solidarity mechanisms for fair labor transitions

Finally, Spain's labor reform could benefit from EU-wide solidarity mechanisms that facilitate fair labor transitions across member states. In the context of globalization, where economic pressures often incentivize the deregulation of labor markets, the European Union could play a more active role in promoting social inclusion while ensuring that countries with differing labor market needs are supported in achieving equitable employment conditions (European Parliament, 2022; Vidal & González, 2023). This could include coordinated fiscal support for countries like Spain that are undergoing significant labor market transformations.

G. References

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Acknowledgment

None

Funding Information

None

Conflicting Interest Statement

The authors state that there is no conflict of interest in the publication of this article.

Publishing Ethical and Originality Statement

All authors declared that this work is original and has never been published in any form and in any media, nor is it under consideration for publication in any journal, and all sources cited in this work refer to the basic standards of scientific citation.

Generative AI Statement

N/A