societies

Article

Health Crisis and Labour Markets in Globalised Capitalism: The Spanish Social Labour Intervention Model During COVID-19

Rafael Martínez Martín [1,*] and Teresa T. Rodríguez Molina [2,*]

[1] Department of Sociology, University of Granada,18071 Granada, Spain
[2] Department of Business Organisation, Marketing and Sociology, Campus of Las Lagunillas s/n, University of Jaén, 23071 Jaén, Spain
* Correspondence: rmmartin@ugr.es (R.M.M.); trmolina@ujaen.es (T.T.R.M.)

Abstract: On 14 March 2020, the Spanish Government declared a state of alarm to manage the health crisis caused by the COVID-19 pandemic. This led to the implementation of measures to confine the population and contain economic activities, with significant socio-labour consequences. Faced with this emergency scenario, the labour intervention actions carried out by the Spanish Administration were striking and unique, with the aim of maintaining employment and preventing its massive destruction. At the same time, a new stage of transition began in the Spanish labour market, where the acceleration in the application of new information technologies and the processes of economic globalisation meant changes in the organisation of work in order to face the new economic challenges. The success of the model of labour market intervention and employment protection organised by the Spanish Administration in that unavoidable health crisis is examined here as an effective example for future emergencies, which the WHO is advertising can happen again.

Keywords: capitalism; labour market; organisation of work; labour policies; pandemic (COVID-19)

check for updates

Academic Editor: David J. Karjanen

Received: 22 April 2025
Revised: 19 May 2025
Accepted: 23 May 2025
Published: 28 May 2025

Citation: Martínez Martín, R.; Rodríguez Molina, T.T. Health Crisis and Labour Markets in Globalised Capitalism: The Spanish Social Labour Intervention Model During COVID-19. *Societies* **2025**, *15*, 151. https://doi.org/10.3390/soc15060151

1. Introduction

The COVID-19 pandemic triggered a global recession, directly affecting countries' economies, dramatically affecting labour markets and shaking the homes and lives of millions of people. The WHO keeps warning of this. The threat of another global health emergency is real. It is a question of when it will happen, not whether it will happen.

In this scenario of global crisis, the labour intervention actions carried out by the Spanish Administration were striking and unique, with the objectives of maintaining employment and avoiding its massive destruction, attenuating the impact on households and the enormous social and human suffering derived from the health emergency. This model of intervention in the labour market proved to be effective in achieving its objectives, as will be argued in this paper, and this is one of the main reasons that lead us to define it as an example for future emergencies, bearing in mind, moreover, its uniqueness, even in the European context, where certain Welfare State systems still prevail, in contrast to the dominance of neoliberal public policies [1].

This rarity of the model within the framework of the European Union reveals, at the same time, a marked social character that serves as a reflexive approach, highlighting the importance of intervening and regulating labour markets, as opposed to the concept of a deregulated economy, which is particularly dramatic, implacable and profoundly dehumanising, especially in the face of emergencies. In this sense, as has been extensively argued by several prestigious authors such as Piketty [2], McKenzie [3], Sennett [4] and

Sassen [5], among others, the 1970s marked a turning point in the social and economic history of the world, also orchestrating a momentous change in the world of work and in labour trends[1].

Since then, neoliberalism has become hegemonic [2]. It means social changes affecting institutional powers [1,5,7], the segmentation of labour markets [4,8,9], markets relations [7], areas of social protection [10], technological combinations [1,3], ways of living and thinking [11], social reproduction activities [6,12] or links to land, including spaces and geographies of places and time [5,13]. Voluntarily or under pressure, virtually all states have adjusted their policies and social practices, basing them on neoliberal premises [9,14–16].

Based on this global economic scenario and the transformation of capitalism, slowed down and aggravated by the health emergency of the COVID-19 pandemic, we will now analyse the labour intervention carried out by the Public Administration in Spain. A management model was made up of actions of a conjectural nature for a contingency situation. It is a set of actions planned by the Administration with the aim of halting the massive destruction of employment, where passive policies, based on subsidies and benefits for workers and employers, were a common denominator throughout the health crisis. A model was legitimised by the immediate consequences of the restrictive measures adopted with the "state of alarm", which led to a drastic slowdown in the economy, together with a massive destruction of employment during the long months of confinement.

In fact, all the EU Member States introduced regulations to reduce working hours or implement similar measures [17]. In this sense, the Spanish ERTE model bears many similarities with the German Kurzarbeit and Italian Cassa Integrazione models. All of these involve reductions in working hours and temporary suspensions of employment or benefits for workers. However, rather than focusing on the similarities or differences in employment policies implemented by EU countries [18], it is more pertinent here to consider their structural economic differences. This is particularly relevant in the context of the ERTE model and the social measures adopted specifically by the Spanish government. The pandemic had significant consequences for Spain's economy, primarily affecting vital sectors, such as hotels, travel and tourism. This is in contrast with Germany and Italy, whose economies are more industrialised and comprise larger companies.

In turn, examining the success of this model and its effects is based, first and foremost, on analysing official statistical sources. This triangulation of results provides a clear picture of what happened. Finally, the main organisational changes in Spanish companies are analysed under the premise that many of these transformations have remained in place and have become a permanent feature of the Spanish labour market. This confirms the effectiveness and uniqueness of the intervention model, in contrast to labour markets in other countries, which have not been modified to the same extent.

2. Materials and Methods

As a general objective, the aim is to examine, analyse and show the consequences of the pandemic on the Spanish labour market. The health crisis and the consequent measures adopted during the state of alarm had labour consequences that have been studied under three specific objectives:

1. Analyse the intervention measures in the field of employment carried out by the Spanish Government.
2. To understand the evolution of unemployment in Spain-based on different official statistical sources, in order to obtain the most realistic approximation possible of the destruction of jobs.
3. To study the changes in productive organisation introduced by Spanish companies in response to the new social and economic context induced by the pandemic.

From an exploratory and descriptive perspective, the research was based on three main hypotheses:

- During the state of alarm, the labour intervention carried out by the Spanish Administration focused on the implementation of passive employment policies that mitigated the drama of confinement.
- The destruction of employment and of the productive fabric was not reflected in the labour statistics, either because of the measures adopted by the Administration, including the ERTEs, and/or because it affected groups of workers in the underground economy.
- The pandemic did not actually cause new changes in labour markets but rather accelerated the process of labour transformation that had been occurring due to the increasing implementation of new information technologies and the advancement of the process of economic globalisation.

On the one hand, quantitative and qualitative secondary data sources were used. Content analysis of the numerous Decree Laws, in the case of Spain, systematically published in the Official State Gazette (BOE) since the proclamation of the "state of alarm", has provided information on the intervention measures adopted by the Administration when managing the crisis caused by the pandemic. The Spanish Government, through Royal Decrees, has been responding to the needs in what could be called "contingency plans", characterised by their unpredictability and immediacy.

On the other hand, the official statistics of the Labour Force Survey (LFS) of the National Statistics Institute (INE) and its specific series on professional experience and job search proved to be fundamental for the official figures on job destruction. However, there were many more workers who stopped working and who do not appear in these statistics, either because they took redundancy programmes or because they were working for cash in hand.

For this reason, we also analysed the statistics of the State Public Employment Service (SEPE) of the Ministry of Labour and Social Economy (MTES), which provided indicators on the number of workers who took advantage of an ERTE justified by force majeure, in this case, related to the pandemic. Also, as a way of completing this information, the SEPE unemployment benefit statistics were studied. In this case, the triangulation of these different sources is what made it possible to obtain patterns of convergence, in order to make estimates of job destruction during the pandemic with greater reliability.

The Economic Sentiment Indicators (ESIs) and Employment Expectations Indicators (EEIs), produced by the European Commission's Directorate-General for Economic and Financial Affairs (DG-ECFINs), were also analysed, and the results provided the opinions and assessments of employers and consumers on the state of the economy and employment at this politically, socially and economically extraordinary time.

Finally, for the analysis of organisational changes in Spanish companies, we used the Business Confidence Indicators (ICEs) of the Opinion Module on COVID-19, prepared by the INE (MOC-INE), which made it possible to study the opinions and assessments of Spanish businessmen on the impact of COVID-19 on their companies and the measures approved by the government, as well as their future expectations in these uncertain and complicated times.

3. Results

3.1. The Health Crisis as a Social Problem and Labour Intervention by the Administration

On 11 March 2020, the World Health Organisation (WHO) declared the situation caused by COVID-19 to be an "international pandemic". In this context, the Spanish Administration adopted a whole set of measures with the priority objectives of protecting the health of citizens, guaranteeing the functioning of the health system and containing the progression of the pandemic[2]. To this end, on 14 March 2020, the Spanish Government declared a "state of alarm". A situation that temporarily affected the entire national territory, where measures were adopted that limited the freedom of movement of people and the containment of various activities, including education, training, commerce, hotels and restaurants.

These measures, with important economic consequences in all areas of the Spanish economy and with particular relevance for the tourism sector, were accompanied by other actions aimed at ensuring the supply of goods and services, strengthening the health system and eliminating procedural and administrative delays.

The Spanish Administration, but also society at large, were soon aware of the economic implications and consequences, especially in terms of employment, derived from the health emergency, as well as the high levels of uncertainty generated, which had been unknown and unimagined until then. Three days after the institutional declaration of the "state of alarm", on 17 March, the first labour intervention measures were approved with the priority objectives of protecting workers, families and vulnerable groups, without forgetting support for productive activities, but also, actions were to be implemented, in which telecommuting was of the main instruments to avoid the termination of activity and redundancies. At the same time, also working time and other measures of an economic nature were promoted, such as the suspension of social security payments, the extension of unemployment benefits or the implementation of extraordinary benefits in the event of cessation of activity or a drop in turnover.

The flexibilisation of working and of the workforce was translated, in turn, into a new extraordinary regulation of Temporary Redundancy Proceedings (ERTEs), which allowed employers temporality to suspend all or part of their workforces, justified by a cause of force majeure[3]. This intervention in the management of working time and the workforce allowed companies and workers to circumvent an extraordinary situation that would severely affect their productivity in order to avoid the definitive destruction of the productive fabric and employment.

Since temporary contracts in the Spanish labour market were counted for more than 95% of new hires before the health crisis, at the same time, new measures were also introduced to reduce their destruction. To alleviate the effects of the COVID-19 pandemic, the maximum duration of these contracts was interrupted, while other measures were introduced to speed up the administrative procedures relating to ERTEs in order to avoid the saturation of the Public Employment Services (PESs).

The extensions of the extraordinary employment measures continued to be applied, while the causes of force majeure affected the productive fabric. In other words, the ERTEs continued to be implemented several months after the end of the "state of alarm"[4]. Safeguarding employment, therefore, occupied a central place in the intervention of the State Administration. To this end, it was also essential to guarantee the future viability of the companies, especially those that took advantage of the ERTEs and which belonged to sectors with a reduced capacity for recovery of economic activity. These agreements brought with them measures for the internal flexibilisation of the productive organisation of companies and economic and fiscal aid for employers.

In this scenario marked by the promotion of passive employment policies, vocational training was regrouped as an active employment policy, in another attempt to avoid job destruction and to facilitate the professional reintegration of those who had lost their jobs. Nevertheless, it is important to clarify that, in the case of Spain, passive employment policies usually are focused (and they were focused too in the pandemic time) on alleviating the consequences that unemployment has on society, but they do not create new jobs.

At the same time, another peculiarity of the Spanish economy that was tackled with the intervention was the deterioration of family economies, a consequence of the economic standstill due to the "state of alarm". This led the government to implement the so-called "Social Bonus for Home Electricity", a special protection measure to prevent supply interruption. In addition, a whole series of complementary economic and fiscal measures were approved in response to the moratoriums on loans and mortgages. The "Ingreso Mínimo Vital (Minimum Living Income)" was also modified, to avoid the rejection of many applications that left large social groups without protection.

Moreover, the impact of the health crisis on certain sectors and branches closely linked to tourism, in particular, led to the adoption of specific measures in this area of business. The temporary closure of activities considered "non-essential" affected all sectors in general but had a particular impact on the services sector [20]. The economic and employment consequences had a strong impact on this sector, which represents 75% of employment in Spain and saw its turnover fall by 12.7% compared to the previous year (Consumer Price Index (CPI) weightings of 2020).

The health crisis continued to be an important development in 2021. In fact, the established intervention dynamics continued with the extension of the ERTEs, the safeguarding of employment, protection for unemployment, support for the self-employed and seasonal workers, exemptions from social security contributions and support for particularly vulnerable sectors, as ordered by the Royal Decree-Law 2/2021 of 26 January on the consolidation of social measures in defence of employment.

Lastly, it is clear, too, how the significant economic impact of the long health crisis on the business fabric led the Spanish government to promote measures to support business solvency. The Royal Decree-Law 5/2021 of 12 March, with extraordinary measures to support business solvency in response to the COVID-19 pandemic, provided financial assistance to almost 100 economic sectors, which resulted in the protection of employment.

In turn, the prolongation of policies of subsidies, exemptions, benefits and economic aid to workers and employers constituted another central axis of intervention in the labour market. It was slowing down the effects of the pandemic period, subsequently reducing the impact and effects of the economic slowdown on families, workers, companies and the economy. However, it reduced the hard period of the health emergency that was the basis for the months of declaration and prolongation of the "state of emergency". Especially, the extension of all these measures throughout 2021 also contributed to the recovery and reactivation of business activity, while prolonging job protection and security of workers, making it easier to return to "normality".

3.2. The Evolution of Activity, Employment and Unemployment in the Healthcare Emergency

Activity and employment rates experienced a decline because of the health crisis and showed their lowest levels during the second quarter of 2020. In contrast, and as expected, the percentage of unemployed increased [21], as is observed in Figure 1.

In particular, the activity and employment rates were at their lowest levels when the state of emergency was proclaimed. They fell by approximately three percentage points, before recovering to the levels reached before the health crisis by the end of 2020. While activity and employment declined slightly, unemployment increased by 1.4% in the period under review. In absolute terms, at the end of 2020, unemployment increased by 527,900 persons compared to the previous year. Despite the fact that unemployment increased by just over half a million active persons, the indicators analysed are relatively stable, with little oscillation as a result of the pandemic.

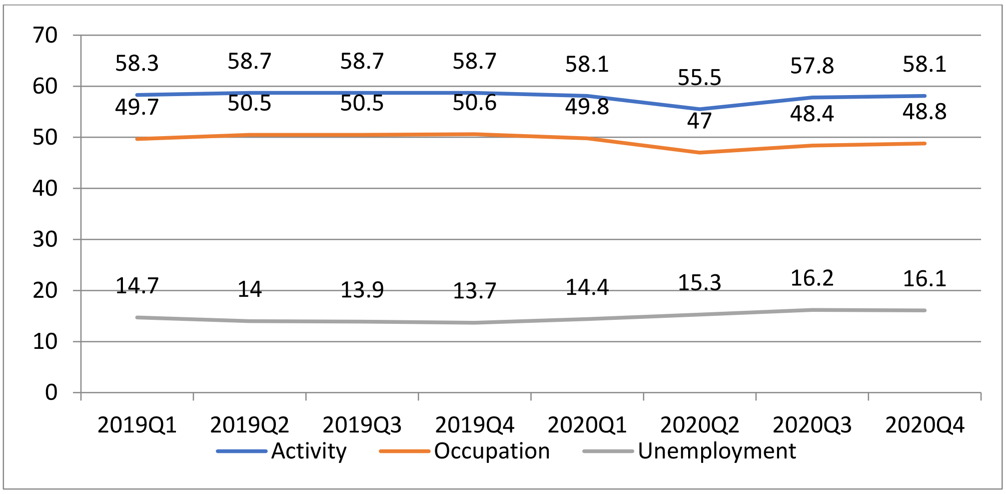

Figure 1. Evolution of main indicators of the Spanish labour market during 2019 and 2020 (%). Source: Authors own elaboration from APS-NEI (INE data). Data corresponding to the first three quarters of the years 2019 and 2020.

At the same time, as can be seen in Figure 2, the number of unemployed who lost their jobs, either through dismissal or job cuts, stood at approximately 600,000 thousand, a figure very close to the absolute growth in unemployment, as was also seen in the EPA figures. In fact, these percentages reached their highest level in the second quarter of the year, only to decrease in line with the easing of the restrictive measures.

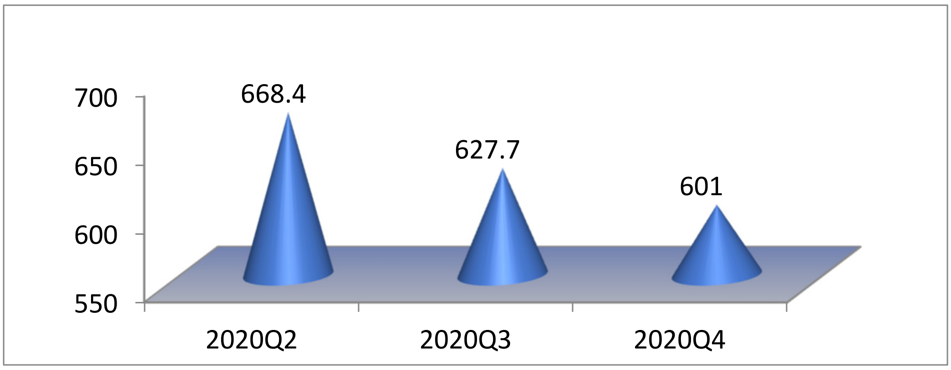

Figure 2. Unemployed who have lost their job due to dismissal or suspension of employment (‰). Source: Authors own elaboration from Active Population Survey (INE data). Series on professional experience and job search, 2020.

When analysing these figures according to sex and age (Figure 3), no considerable differences were observed, although men were affected to a greater extent. In this sense, as Llorente [22] maintains, this is because there was greater growth in unemployment among men, a situation that the author justifies on the basis of the last major financial crisis in 2008, which affected them more strongly. However, the author considered that, in the medium term, the employment crisis would also have a particular impact on women, as it affects areas of the service sector where their presence is notable. The predominance of women in temporary and part-time employment rates should not be ignored, making them more vulnerable workers.

Regarding the age variable, it can be stated that it was relevant, above all, when analysing the destruction of employment, since half (50.2%) of those affected were in the 35–54 age group. At the same time, different studies on professional insertion confirmed the notable loss of employability after the age of 40, to which should be added the serious consequences of unemployment when people have family responsibilities [23].

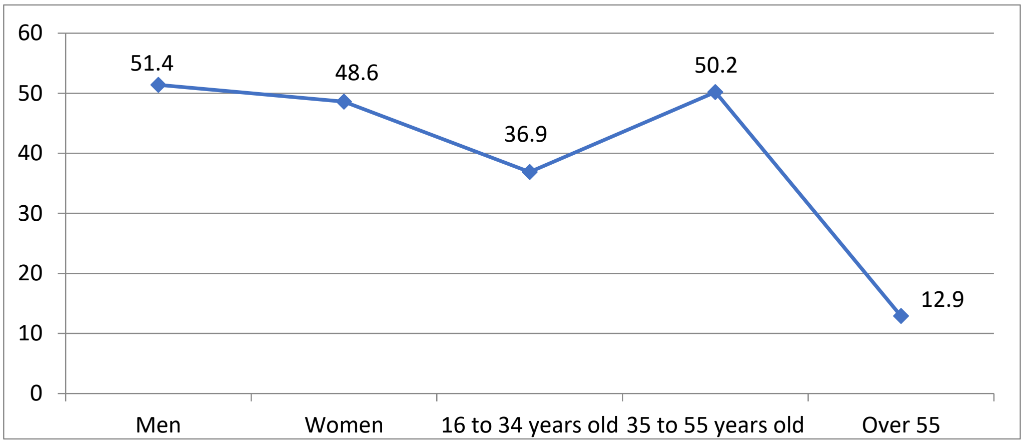

Figure 3. Previously employed unemployed who have stopped working due to dismissal or redundancy by sex and age group (%). Source: Authors own elaboration from Active Population Survey (INE data) Series of professional experience and job search. Average percentage between April and December, 2020.

In this sense, Llorente [22] points to young people, women, immigrants and workers in the underground economy as those most affected by the pandemic. This statistical reality, in turn, will clash head-on with the employment reality experienced by a large number of active people, whose professional activities were temporarily suspended when they took part in an ERTE [24].

3.3. The Evolution of Temporary Layoffs by COVID-19

Among the first measures for the defence and maintenance of employment, the ERTEs would occupy a prominent place. Their positive effects, moreover, were reflected consecutively in the following months after the start of the confinement. Figure 4 shows the evolution of the number of workers protected by an ERTE, between April and November 2020, broken down, in turn, according to the reduction in partial working hours (partial unemployment) or the total cessation of work activity (suspension of employment).

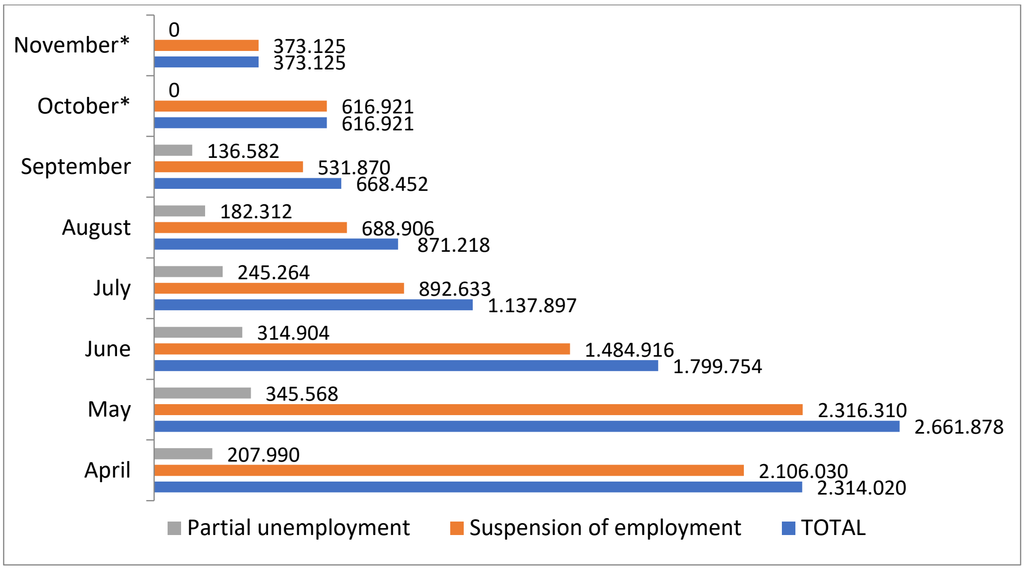

Figure 4. Evolution of ERTE by COVID-19, suspension of employment and partial unemployment. Source: Authors own elaboration based on unemployment benefit statistics from the State Employment Service (SEPE data). Ministry of Labour and Social Economy (absolute data), 2020.

These official labour indicators, because they are located within the formal economy, should be added to the loss of jobs in the undeclared economy, where a majority were directly linked to the service sector. The increase in the "hunger queues", which NGOs denounced in the face of the sudden increase in poverty, certainly corresponded to the destruction of formal jobs, but above all had an enormous impact on the informal sector, where the ERTEs could not be applied[5]. According to it, the so-called informal economy in Spain occupies a prominent place, with levels above the average for EU countries before, during and after the pandemic. Specifically, its values would be between 20% and 25% of the GDP for a long time and along with other countries, such as Italy, Greece and Portugal.

It should be noted, however, that estimates of employment in the black economy for Spain fluctuate depending on the concept used and the methodology used to estimate it. In all the research carried out, the "dirty money" in the jobs shows quite high figures. In the study carried out by Arrazola Mauleón and Sardá [26], which is the period that comes closest to the one examined here, they put it at between 1.5 and 4.5 million.

Previously, in another study carried out by Gómez Bengoechea [25], the figure was approximately four million. In terms of productive sectors, moreover, it is a consistent feature that the service and agriculture sectors are where the highest figures for the informal economy are recorded, which are specifically in domestic services, accommodation, tourism and transport [27].

The role of informal labour activities, especially in the economies of the European Union, as repeatedly documented, has been mitigating the economic situation of millions of people who are unable to access formal employment or, in other cases, serves as a means of supplementing the incomes of the working poor, unable to meet monthly expenses with regularised family income.

The Spanish productive structure cannot be ignored as a fact, based above all on small and medium-sized enterprises and where the tourism sector is the main source of income. These areas were particularly affected by the restrictions applied during the "state of alarm", leaving large social groups without this economic livelihood and without the possibility of benefiting from an ERTE.

The Foessa report [28] found a 137% increase in the number of households in a situation of severe exclusion in this critical period, characterised by no income from employment or social benefits. In the same vein, Oxfam's annual report on inequality [29] for the same period also noted that relative poverty in Spain increased by an additional one million people because of the pandemic.

Relative poverty affects people with incomes below 60% of the median income, equivalent to EUR 24 a day or EUR 8739 a year [29]. The same report also points to levels of severe poverty, which increased in Spain by 790,000 people during 2020. Severe poverty affected people with incomes below 40% of the average, which corresponds to less than EUR 16 a day. The contrast between the palliative effects of intervention measures in the formal economy is obvious compared to the impact of the economic slowdown by COVID-19 in the informal sectors. The total figure would actually rise to 10.9 million people, with the most vulnerable groups being the most affected.

The serious economic burden of passive employment policies is reflected in the extraordinary increase in contributory unemployment benefits that would accumulate in the second quarter of 2020, in line or in parallel with the increase in ERTEs, to gradually decrease throughout the year.

As can be seen in Figure 5, it is possible to analyse the disaggregated evolution of total unemployment benefits and specifically contributory benefits, simply by bearing in mind that workers affected by an ERTE are among the unemployed receiving contributory unemployment benefits. In turn, there was also a very significant increase in total and contributory benefits in March, April and May. In particular, the month of May saw the highest number of unemployed receiving unemployment benefits.

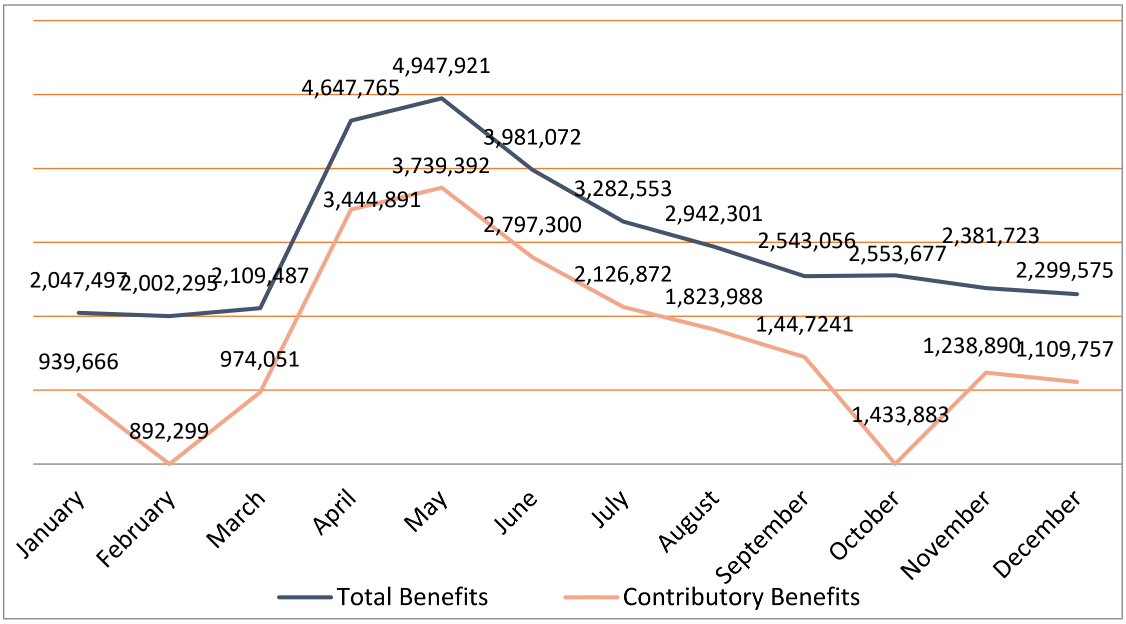

Figure 5. Evolution of unemployment benefits (Absolute figures). Source: Authors own elaboration from the statistics of unemployment benefits from the State Employment Service (SEPE data). Ministry of Labour and Social Economy, 2020.

The consequences of the health crisis on the labour market were, in turn, greater for women than for men. The greater presence of women in the service sector, which was particularly affected by the health crisis, explains their predominance as recipients of the ERTE contributory benefit. Figure 6 shows a greater presence of women as recipients of ERTE contributory benefits. Specifically, they outnumbered men by an average of four percentage points.

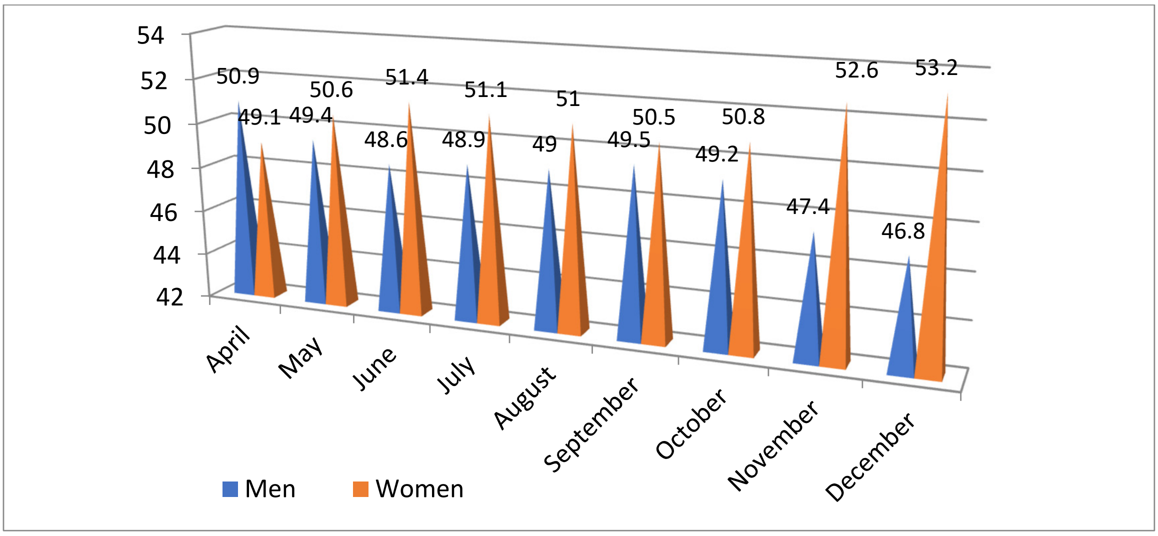

Figure 6. Evolution of the beneficiaries of contributory benefits by ERTE, relating to gender (%). Source: Authors own elaboration from unemployment benefit statistics from the State Employment Service (SEPE data). Ministry of Labour and Social Economy, 2020.

The evolution of ERTEs, by COVID-19, therefore, was setting the pattern of this differentiation, reaching its highest levels in the last months of the year. Among the social groups most affected, female workers in the services sector were particularly, especially in the hotel and catering, commerce and tourism sectors, as mentioned above.

Finally, the loss of employment clearly did not affect all employment segments equally. According to Boscá et al. [21], also in this period of the health emergency, the least qualified workers and the services with the greatest social interaction and physical proximity (where the hotel and catering industry and tourism were of prime importance) were the hardest hit by unemployment. Other studies, such as that of Felgueroso, et, al [20], also consider that the groups particularly affected by the health crisis were the long-term unemployed, the new generation of young people, who began their careers in a situation of economic crisis and uncertainty, and the elderly. The health crisis, therefore, brought about major changes in the labour markets, which were accompanied by large doses of uncertainty associated with the evolution of the pandemic.

4. Discussion

4.1. Economic Confident Indicators

The performance of the economy is undoubtedly closely related to the levels of confidence in the markets. In this sense, therefore, when assessing labour indicators, it was also relevant to know the opinions and assessments of key sectors of the economy, such as employers and consumers, which were reflected in the Economic Confidence Indicators.

As can be seen in Figure 7, the indicators of economic sentiment (ESI) and employment expectations (IEEs) showed a similar trajectory to that already described for the Spanish context in the period of the health emergency. At the beginning of 2020, both economic sentiment and employment expectations showed much higher values than those corresponding to the second quarter of the year, before recovering again to reach relatively normal values by the end of the year.

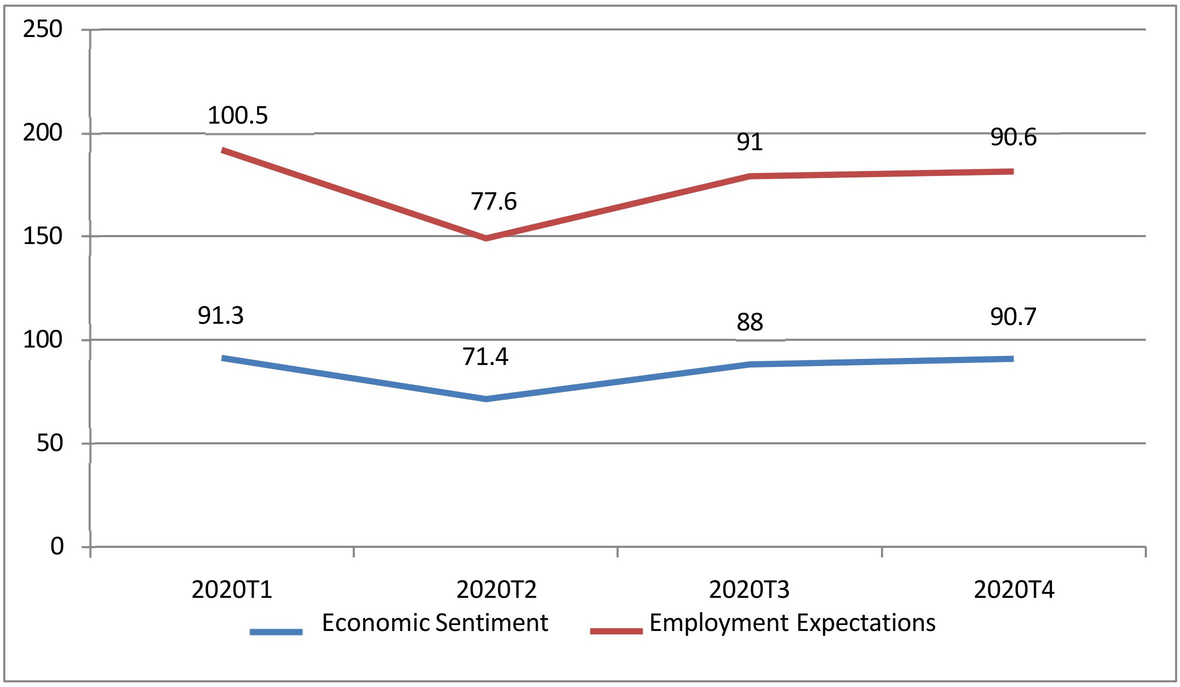

Figure 7. Indicators of economic sentiment and employment expectations in Spain (%). Source: Authors own elaboration from Eurostat data. Directorate-General for Economic and Financial Affairs of the European Commission (DG ECFIN), 2020.

The average historical value of these indicators stood at 100 points. In general, the economic confidence indicators, including economic sentiment and employment expectations, have been compiled by the Statistical Office of the European Union (Eurostat) for decades through surveys of employers in industry, services, construction and trade. Consumers are also included. The value 100 refers to the long-term average of economic confidence in each market. Therefore, values above 100 would be positive as they are above the average and values below 100 are more negative as they are below the historical average.

In the case of the ESI in Spain, this average was slightly exceeded in the first quarter of the year (100.5), fell in the second half of the year by 22.9 points and then recovered to reach 90.6 points in the fourth quarter of the year. Meanwhile, the EER remained below average, as unemployment figures were historically double the average for EU countries. The health crisis, in turn, further worsened job creation expectations. While in the first quarter, it started at 91.3 points, in the second quarter it fell to 71.4 points and then rose to 90.7 points at the end of the year. In the first two months of 2021, in turn, both indicators would follow an upward trajectory, triggered by the start of vaccination and encouraging infection and hospitalisation statistics.

Along the same lines, the report Resilience Barometer [30] analysed the opinions and assessments of business leaders in the G-20 group of the most powerful economies. The analysis points to the need for a new organisation, where the coexistence of remote and face-to-face work will be part of the immediate future. Under a rather low expectation (34.5%) of total economic recovery in the short term, investment in technology, attracting talent, sustainability and reinvention have since become key instruments of economic development.

In the Spanish context, the report Perspectives España [31] suggested 39% was the proportion of businesspersons whose economic recovery would take place in 2021. However, recovery to pre-pandemic levels will come in 2022, but it will require the digitalisation of the production process, which became one of the main challenges for a significant majority (68%). This process of technological modernisation requires new professional profiles and a long-term green and sustainable development strategy, which will mark the new horizons of the most important companies and economic sectors since then [32].

4.2. Changes in Spain's Work Organisation

The different ways of dealing with the new social, economic and employment scenarios following the COVID-19 pandemic revealed heterogeneous strategies and actions [33]. According to the Opinion Survey on the impact of COVID-19 (EOI-INE), in Spain, 33.9% of companies closed permanently during the pandemic. A considerable proportion, with a strong impact on employment, to which it should be added that those that remained open were four out of ten (41.9%), reduced their turnover. At the same time, small and medium-sized enterprises were the most affected and, more specifically, the branches of activity corresponded to commerce, hotels and restaurants and transport (EOI-INE, 2020).

It is very important to note the necessary adaptation of the Spanish productive fabric to face the restrictions of mobility and confinement entailed the introduction of important changes in the organisation of work. Specifically, six out of ten companies (60.2%), which remained open, introduced changes in their mode of production or service provision, compared to four out of ten (40.8%), which did not [34].

As can be seen in Figure 8, in Spain as a whole, the most frequently used measures were the use of teleworking (48.8%), the reduction in working hours (33.2%) and the use of an ERTE (27.9%). This was followed, at a considerable distance, by dismissal and non-renewal of contracts, together with hiring new staff (7.8%).

As can be seen in Figure 8, in Spain as a whole, the most frequently used measures were the use of teleworking (48.8%), the reduction in working hours (33.2%) and the use of

an ERTE (27.9%). At a considerable distance by dismissal and non-renewal of contracts, this was followed (15.7%), together with hiring new staff (7.8%).

	National Total	Industry	Construction Sector	Trade, Transport And Hospitality	Other Services
Reduction in working hours	33.2	30.6	33.1	73.5	31.5
Taking ERTE	27.9	37.9	29.6	89.7	35.2
Dismissal and/or non-renewal of contracts	15.7	19.4	20.8	27.6	14.9
Recruiting new staff	7.8	7.5	9.9	12.8	7.9
Use of telework	48.8	58.2	39.2	63.6	63.4

Figure 8. Establishments that have taken measures concerning employment during the state of alert by sector of activity (%). Source: Business confidence indicators. Opinion module on COVID-19. Authors own elaboration from MOC-INE data, 2021.

The possibility of ERTE, as the data show, inhibited the mass dismissal of workers in sectors and branches of activity particularly affected, with little or no possibility of bearing the weight of a large workforce. This measure, which would fall within the scope of passive employment policies, was useful for employers and workers, in order to buy time for the health crisis.

Depending on the productive sectors, the most relevant measures adopted by different branches of the services sector (commerce, transport and hotels and restaurants) were: taking an ERTE (89.7%), reducing working hours (73.5%) and teleworking (63.6%). In the other sectors analysed, such as industry and construction and other services, teleworking appears as the most important measure, followed by ERTE and reduction in working hours. Other initiatives, concerning the expansion or reduction in the workforce, were the least important in the different sectors, although the services sector continued to be the most affected.

Teleworking became an option in almost half of the enterprises (48.8%), affecting a considerable proportion (49.7%) of the workforce. This is a far cry from the situation before the pandemic when it was used by 14.8% of businesses and affected 32.1% of their workforce [34]. Again, information technologies play a key role in the labour market because of the possibilities they offer.

In the context of the countries that make up the European Union (EU), the Living, Working and COVID-19 survey [35] analysed the effects of the pandemic on different levels of European society. The study showed the relevance of remote work during the health crisis, as it is an option used by 48% (before the pandemic it was used by 20%) of workers with an urban profile, employed in the service sector and with a high level of education. In addition, the majority express a high level of satisfaction and a desire to continue teleworking.

One variable that is usually a determining factor in labour market analyses is the size of companies. The predominance of small and medium-sized enterprises in the Spanish business fabric can be explained in terms of the structural aspects that shape them, such as the development of a service sector stemming from tourism and not from the advance of the industrial sector, which has promoted an economic model based on very small companies, where transport, commerce and the hotel and catering industry have been occupying a prominent place as branches of activity. This Spanish structural fact makes comparisons between ERTE and other European intervention models, such as Kurzarbeit in Germany or Cassa Integrazione in Italy, particularly difficult, even though they were pursuing similar objectives in many respects.

According to it, when analysing the actions adopted by companies, depending on their size observed over time, there are important nuances that respond to the logic of their greater or lesser volume of workers (Figure 9).

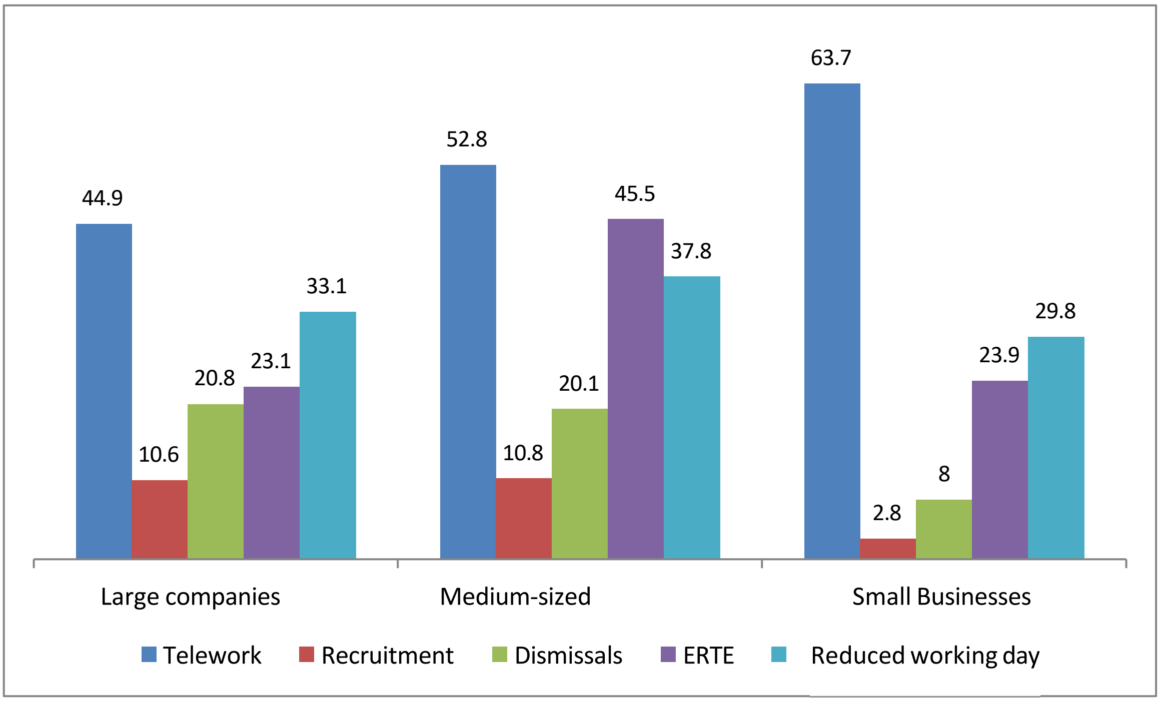

Figure 9. Establishments that have taken measures concerning employment during the state of alarm by size of enterprise (%). Source: Business confidence indicators. Opinion module on COVID-19. Authors own elaboration from INE data, 2021.

In particular, small firms restored the least new workers but also had dismissed or not renewed their contracts the least. The option of teleworking was the most used by these employers, followed by the reduction in working hours and ERTE. It is worth noting that medium and large employers are the ones who, on the one hand, dismissed more workers and, on the other hand, hired fewer new workers. The itinerary of restrictive measures, in its different degrees, assumed that many employers who had resorted to redundancies as a way of dealing with the total or partial closure of their businesses had to make new employment contracts in order to be able to respond to a demand characterised by significant fluctuations.

With regard to the adoption of changes to the immediate future, process innovation, the implementation of new technologies and employee training appear to be the most relevant actions. These are accompanied by the introduction of new products, the search for different national and international online sales channels and the extension of contracts with multiple supplier companies. Specifically, organisational, production and marketing changes, in line with a new global production context, emerged after the pandemic. As for the likelihood of closing down the business, only a minority (4.8%) contemplated this possibility (Figure 10)

In the opinion of the entrepreneurs, the main factors that determined their situation were of a marked economic nature, such as the reduction in demand for their products (32.7%), the increase in late payments (27%), taxation (26.9%) and liquidity difficulties (26.2%). To a lesser extent, they pointed to other aspects related to work organisation, such as the adequacy of human capital or logistical and transport problems [34]. Consequently, the challenge that companies and workers faced during the pandemic was closely related to the digitisation of processes, the adaptation of human capital to new information technologies and the supply of goods and services. One variable that is usually a determining factor in labour market analyses is the size of companies. The predominance of small and medium-sized enterprises in the Spanish business fabric can be explained in terms of the structural aspects that shape them, such as the development of a service sector stemming from tourism and not from the advance of the industrial sector, which has promoted an economic model based on very small companies, where transport, commerce and the hotel and catering industry have been occupying a prominent place as branches of activity. In that sense, while teleworking became more prevalent, its adoption varied significantly across sectors. Companies in the technology sector, for instance, were better equipped to transition to remote work than those in the hospitality industry, which faced significant challenges in adapting their business models.

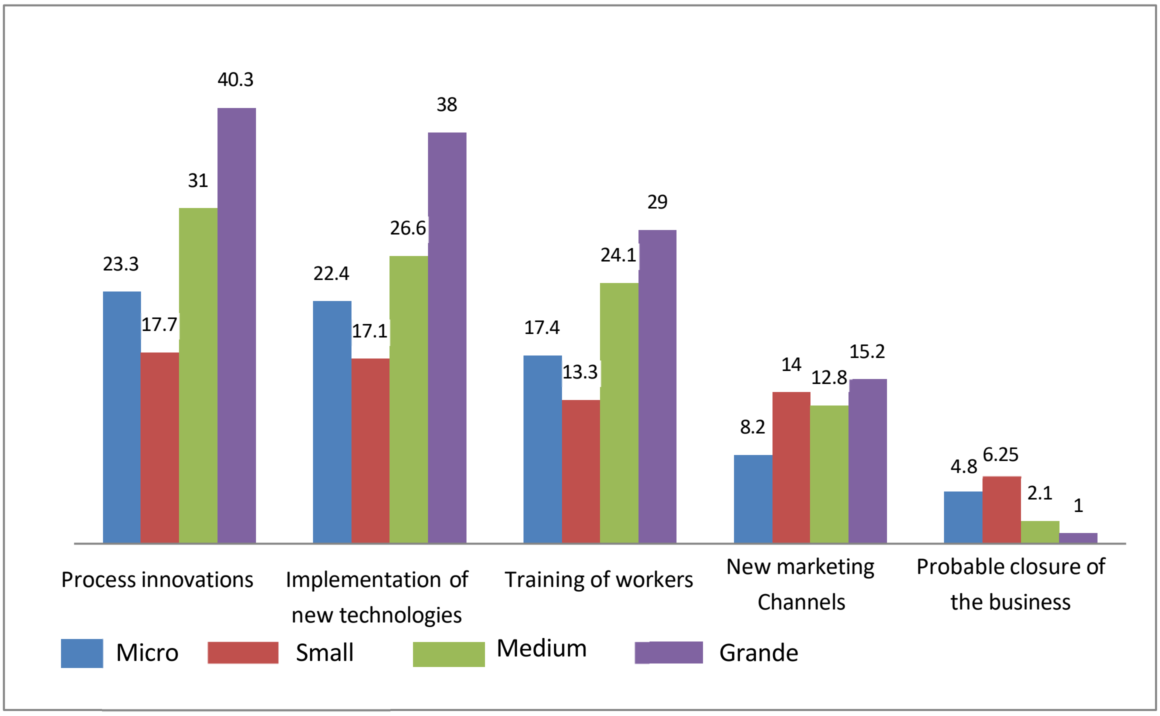

Figure 10. Actions to be taken in the next six months depending on the size of the company (%). Source: Prepared by the authors based on the Busines Confidence Indicator. National Institute of Statistics data. Opinion Module on the Impact of COVID-19.

In this sense, the report coordinated by [36] had focused on analysing the challenge of economic recovery after the pandemic in Spain, pointing out the importance of collaboration between the public and private sectors for the reconstruction of the productive fabric. At the same time, it also highlights the necessary or obligatory digital modernisation of key sectors, such as education, public administration and health, in addition to the new investments that were made in improving transport infrastructure and the digitalisation of the production system, basically with the main objective of improving the productivity of the Spanish economy, especially bearing in mind the relevance it had in the health emergency.

5. Conclusions

The Spanish experience demonstrates the importance of a proactive, flexible and well-targeted social labour intervention in mitigating the adverse effects of economic crises on employment, families and people's lives. As evidenced by the Spanish case, policymakers should prioritize investing in skills training, strengthening social safety nets or promoting labour market flexibility to build more resilient and inclusive labour markets that can weather future economic shocks.

The Spanish case also highlights the importance of considering countries' specific economic structures when evaluating political decisions and intervention models. While many European nations implemented short-time work schemes and employment safeguards, the Spanish ERTE offered SMEs stronger protection against dismissals than the German 'Kurzarbeit' or Italian 'Cassa Integrazione' models, which focused on large companies. These differences have had quantifiable impacts, resulting in lower unemployment rates and higher levels of worker satisfaction in Spain, particularly in the vital hotel and tourism services sectors in the Spanish economy.

Indeed, firm size was a key factor in determining company transformation in the Spanish context. Unlike other intervention models, SMEs were most likely to use the ERTE modality, whereas medium-sized and large firms operating in more globalised markets were more likely to make staff cuts and recruit new employees. Following the outbreak of the pandemic, Spanish business leaders deemed it necessary to implement organisational changes in the short term, particularly with regard to process innovation, employee training and the adoption of new information technologies.

As part of the intervention model, other economic and social measures were implemented, especially for the most disadvantaged groups. These measures aimed to avoid the cut-off of basic services and extend the social bonus. They also included moratoriums on mortgage and other credit payments, aid for vulnerable tenants, and the establishment of the Minimum Living Income.

However, also noteworthy were the changes in the numbers of workers affected by the pandemic: those who saw a drastic reduction in their employability, those who lost their jobs, those who were temporarily laid off, those who went on to lay-offs and a significant proportion who worked in the undeclared economy. Reduced mobility of people, the closure of non-essential activities and society's own self-imposed limitations due to the fear of contagion were the reasons why many economic activities were reduced. On this, it is also necessary to reflect on how ERTEs proved effective in the short term.

In Spain, the hotel, catering and tourism sectors were particularly affected by the cessation of economic activity resulting from the health emergency. At the same time, young people, women, temporary workers, the less qualified and those in precarious employment, including the informal sector, were hit hardest by the labour crisis caused by the pandemic. Jobs involving greater physical proximity and social interaction, such as many in the service sector, could fall into this category.

Job losses amounted to almost three million workers (2,984,710), to which should be added the millions of unemployed already existing before the pandemic, bringing the number of unemployed to 5,684,310 actives. It is worth mentioning that these figures do not include the large number of workers in the underground economy who were particularly affected by the crisis in the service sector, especially since they were not eligible for many of the measures specifically designed to alleviate its effects. This group directly swelled the poverty figures in Spain, with increases of approximately one million people by 2020 [29].

However, the health crisis also brought with it the promotion of new, much more flexible forms of work organisation in Spain. Remote working, specifically telecommuting, made it possible to carry out professional activities during confinement. Debates on technological job destruction, new worker profiles and the so-called "jobs of the future" were generally reactivated after the crisis, in a context of increasing economic globalisation.

However, on this, it is important to note that some critics in Spain argue that this crisis may have prolonged the survival of unviable businesses and hindered necessary structural reforms by misallocating resources. The long-term implications of these interventions, particularly with regard to government debt and productivity growth, undoubtedly warrant further investigation.

Despite the economic crisis and the uncertainty generated by the health crisis, only 4.8% considered closing down their business. This is the importance and the key to the success of the Spanish government's model of intervention and protection of the labour market in times of a health emergency. Looking further ahead, employers considered that they will have to face new economic risks due to the lack of demand, the lack of liquidity and increasing taxation, but they pointed out the importance of the measures taken by the Spanish Public Administration at this critical time. Without them, the suffering of the people would have been greater and the country's economic fabric would have had enormous difficulties in not closing down definitively after the health crisis.

Author Contributions: Conceptualization, T.T.R.M.; Validation, T.T.R.M.; Formal analysis, R.M.M.; Resources, R.M.M.; Data curation, R.M.M.; Writing—original draft, T.T.R.M.; Writing—review & editing, T.T.R.M. All authors have read and agreed to the published version of the manuscript.

Funding: This research received no external funding.

Institutional Review Board Statement: Not applicable.

Informed Consent Statement: Not applicable.

Data Availability Statement: Original contributions presented in this study are included in the article. Further inquiries can be directed to the corresponding author(s).

Conflicts of Interest: The authors declare no conflict of interest.

Notes

1 In 1978, Deng Xiaoping took the first steps towards the liberation of a communist economy. In the US, Paul Vollcker, at the helm of the Federal Reserve, executed a drastic transformation of monetary policy to combat inflation, regardless of the consequences, adding Ronald Reagan's policy prescriptions to break the power of workers, deregulating industry, agriculture and resource extraction, and removing the constraints on financial powers, both domestically and globally. In the same decade, Margaret Thatcher, who had already been elected Prime Minister of Great Britain, began to undermine the power of trade unions [6]. It is this trend current globalised economic order [3], p. 17.

2 Generally, intervention is considered a formal, organised and planned activity, which has to respond to social needs that are perceived and socially legitimised. Contingency plans, on the other hand, respond to new, uncontrolled situations, to which an immediate response must be given due to the serious consequences they have on society [19].

3 The health crisis was considered a cause of force majeure by law, allowing employers to apply for an ERTE to reduce workers' working hours or cease activity altogether. The workers affected by an ERTE ceased to be employees and began to receive contributory unemployment benefits, while the companies that benefited from them reduced all or part of their wage costs and were exempted from paying social security contributions. It was even provided for after the health emergency, once the force majeure causes that motivated the ERTE had been overcome, the workers had to be reinstated in their jobs and could not be dismissed during the following six months, after the end of the "state of alarm".

4 These agreements introduced measures to make companies' production organisations more flexible, as well as economic and fiscal aid for employers.

5 The concept of the informal economy is complex and must be adapted to the field of study to which it is applied. In the labour field, it refers to tax fraud and labour fraud, understood as the failure to pay taxes on an activity or income and fraud in hiring [25].

References

1. Zuboff, S.H. La era del capitalismo de vigilancia. In *La Lucha por un Futuro Humano*; Paidós: Barcelona, Spain, 2020.
2. Piketty, T. *El Capital en el Siglo XXI.*; Fondo de Cultura Económica: Ciudad de Mexico, Mexico, 2024.
3. Mckenzie, W. El capitalismo ha muerto. In *El Ascenso de la Clase Vectoralista*; Holobionte Ediciones: Barcelona, Spain, 2021.

4. Sennett, R. La corrosión del carácter. In *Las Consecuencias Personales del Trabajo en el Nuevo Capitalismo*; Anagrama: Barcelona, Spain, 2017.
5. Sassen, S. *Expulsiones, Brutalidad y Complejidad en la Economía Global*; Katz Editores: Madrid, Spain, 2015.
6. Harvey, D. *Breve Historia del Neoliberalismo*; Akal: Madrid, Spain, 2007.
7. Lazzarato, M. La fábrica del hombre endeudado. In *Ensayo Sobre la Condición Neoliberal*; Amorrortu: Madrid, Spain, 2013.
8. Graeber, D. *Bullshit Jobs*; Akal: Barcelona, Spain, 2018.
9. Polanyi, K. La gran transformación. In *Crítica del Liberalismo Económico*; Ediciones la Piqueta: Madrid, Spain, 2007.
10. Rodríguez López, E. El efecto de la clase media. In *Crítica y Crisis de la Paz Social*; Traficantes de Sueños: Madrid, Spain, 2022.
11. Berardi, K. La fábrica de la infelicidad. In *Nuevas Formas de Trabajo y Movimiento Global*; Traficantes de Sueños: Madrid, Spain, 2007.
12. Bauman, Z. *Trabajo, Consumismo y Nuevos Pobres*; Gedisa: Barcelona, Spain, 2017.
13. Sharma, S. *In the Meantime: Temporarily and Cultural Politics*; University Press: Durham, UK, 2013. [CrossRef]
14. Frank, T.H. *Pobres Magnates*; Editorial Sexto Piso: Madrid, Spain, 2013.
15. Fontana, J. El futuro es un país extraño. In *Una Reflexión Sobre la Crisis Social de Comienzos del Siglo XXI*; Ediciones de Pasado y Presente: Barcelona, Spain, 2013.
16. Fumagali, A. La gran crisis de la economía global. In *Mercados Financieros, Luchas Sociales y Nuevos Escenarios*; Traficantes de Sueños: Madrid, Spain, 2009.
17. Goniewicz, K.; Khorram-Manesh, A.; Burkle, F.M.; Hertelendy, A.J.; Goniewicz, M. The European Union's post-pandemic strategies for public health, economic recovery, and social resilience. *Glob. Transit.* **2023**, *5*, 201–209. Available online: www.keaipublishing.com/en/journals/global-transitions/ (accessed on 22 April 2025). [CrossRef]
18. Boin, A.; Rhinard, M. Crisis management performance and the European Union: The case of COVID-19. *J. Eur. Public Policy* **2023**, *30*, 655–675. [CrossRef]
19. Fantoba, F. *Manual Para la Gestión de la Intervención Social*; CCS: Madrid, Spain, 2005. Available online: http://sid.usal.es/idocs/F8/FDO20522/sistemas_publicos.pdf (accessed on 22 April 2025).
20. Felgueroso, F.; García Pérez, J.I.; Jiménez, S. *Guía Práctica Para Evaluar Los Efectos Sobre el Empleo de la Crisis Del COVID-19 y el Plan de Choque Económico*; FEDEA: Madrid, Spain, 2024. Available online: https://documentos.fedea.net/pubs/ap/2020/ap2020-04.pdf (accessed on 22 April 2025).
21. Boscá, J.E.; Doménech, R.; Ferri, J.; Villar a, J.R.; Ulloa, C. The Stabilizing Effects of Economic Policies in Spain in Times of COVID-19. *Appl. Econ. Anal.* **2021**, *29*, 4–20. [CrossRef]
22. Llorente Heras, R. Impacto de la COVID-19 en el Mercado de trabajo. In *Un Análisis de los Colectivos Vulnerables*; Instituto Universitario de Análisis Económico y Social (IAES): Madrid, Spain, 2020. Available online: http://hdl.handle.net/10486/691084 (accessed on 22 April 2025).
23. Martínez, R.; Rodríguez, T.T.; Martínez, A. Unemployment as Social Problems in Southern Countries in the European Union: Analysis of Spain, Greece, Italy and Portugal. In *Social Problems in Southern Europe*; Entrena, F., Soriano, R.M., Duque, R., Eds.; Edward Elgar Publishing: London, UK, 2020; pp. 104–116. [CrossRef]
24. García-Pérez, J.I.; Villar, A. Non-working Workers. In *The Unequal Impact of Covid-19 on the Spanish Labour Market*; FEDEA: Madrid, Spain, 2020. Available online: https://documentos.fedea.net/pubs/eee/eee2020-43.pdf (accessed on 22 April 2025).
25. Gómez Bengoechea, G. Economía sumergida en España. Aproximación teórica y evolución estructural. *Estud. Empres.* **2014**, *146*, 4–17.
26. Arrazola Vacas, M.J.; de Hevia Payá, J.; Mauleón Torres, I.; Sánchez Larrión, R. Estimación del volumen de economía sumergida en España. *Cuad. De Inf. Económica* **2011**, *220*, 81–88.
27. Jiménez, A.; Martínez, R. La economía sumergida en España. In *Documentos de Trabajo*; Fundación de Estudios Financieros: Madrid, Spain, 2013; Volume 4, pp. 1–94. Available online: https://es.slideshare.net/slideshow/la-economa-sumergida-en-espaa/26801196 (accessed on 22 April 2025).
28. FOESSA. Distancia Social y Derecho al Cuidado. In *Análisis y Perspectivas*; Fundación Foessa y Caritas Bizcaia: Madrid, Spain, 2020. Available online: https://www.caritasbi.org/main-files/uploads/sites/29/2021/11/C%C3%81RITAS-analisis-y-persectivas-digital-derecho-al-cuidado.pdf (accessed on 22 April 2025).
29. OXFAM. *Superar la Pandemia y Reducir la Desigualdad*; Oxfam Intermon: Barcelona, Spain, 2020; pp. 1–54. Available online: https://www.oxfamintermon.org/es/publicacion/superar-pandemia-reducir-desigualdad (accessed on 22 April 2025).
30. FTI. *Resilience Barometres COVID-19 Report*; FTI Consulting: Madrid, Spain, 2021. Available online: https://www.fticonsulting.com/insights/reports/resilience-barometer-covid-19-report (accessed on 22 April 2025).
31. Mauleón, I.; Sardá, J. La economía sumergida en España. Estimaciones e implicaciones fundamentales. *Ekonomiaz* **2011**, *39*, 124–135. Available online: https://dialnet.unirioja.es/descarga/articulo/273756.pdf (accessed on 22 April 2025). [CrossRef]
32. Fifi, G. A serious crisis that didn't go to waste? The EU, the Covid-19 pandemic and the role of ambiguity in crisis-management. *J. Eur. Public Policy* **2025**, *32*, 128–151. [CrossRef]

33. Egger, C.; Magni-Berton, R. A Comparative Journey into COVID-19 Policies in Europe. In *Covid19 Containment Policies in Europe*; Springer Nature: Berlin, Germany, 2024; pp. 1–20. Available online: https://link.springer.com/chapter/10.1007/978-3-031-52096-9_1 (accessed on 22 April 2025).
34. INEc. Indicadores de Confianza Empresarial (ICE). In *Módulo de Opinión Sobre el Impacto de la COVID-19*; Ministerio de Economía y Empresas: Madrid, Spain, 2020. Available online: https://www.ine.es/covid/ice/ (accessed on 22 April 2025).
35. Eurofound. *Living, Working and COVID-19*; Publications Office of the European Union: Luxemburg, 2020. Available online: https://www.eurofound.europa.eu/en/publications/2020/living-working-and-covid-19 (accessed on 22 April 2025).
36. Rodríguez, D.; Andrés, J.; Brea, A.; Brunet, A.; de Cadenas, G.; de Rus, G.; del Canto, A.; Duelo, J.M.; Fernández, M.; del Riego, A.G. Por una economía competitiva, verde y digital tras la COVID-19. *Econ. Digit. Y Energía. Econpapers* **2020**, *20*, 1–16. Available online: https://econpapers.repec.org/RePEc:fda:fdapop:2020-11 (accessed on 22 April 2025).