

per cent in the last year. However, other market sources say 30 per cent is a conservative figure, and that rates have actually fallen by as much as 50 per cent. Rates are "recovering slightly", according to Díaz. But he adds that law firms have to provide added value, which could involve providing training for in-house teams, for example. He continues: "You have to have very good junior people as they now have to take more responsibility."

Gil says that defending executives in employment-related disputes is very profitable for law firms: "Lawyers defending corporations are probably making ten times less," he adds. However, conflicts of interest prevent some law firms from acting for executives in employment disputes, says Díaz.

Clients are not price-sensitive when it comes to lawyers carrying out internal investigations, which can be a more lucrative type of work,

according to Díaz. "With internal investigations, clients care less about fees," he says. Galindo says legal fees have gone down in recent years. However, he adds: "In those projects in which we can really add value, the clients are happy to involve lawyers, and fees are usually in accordance with the relevance of the matter."

Being efficient is one of the major challenges now facing employment lawyers, according to Bonilla. "The high value work cannot be done by junior people," he adds. There is more pressure on law firms to provide a partner-led service, according to Pilar Albert, partner at Araoz & Rueda. She continues: "Clients are demanding more specialised work, such as restructurings and less compliance work – the latter is being carried out by in-house lawyers."

Bonilla says that there could be an increase in small boutique employment law firms. Lawyers are more likely to offer more if clients treat them in a reasonable way according to Gil. "You get the best out of people if you treat them fairly," he says.

#### Political uncertainty

Political instability will have an impact on employment legislation with the result that it will be difficult for clients to plan ahead, according to Bonilla. He adds that some companies may do restructurings before the Spanish general election in order to avoid post-election uncertainty. Bonilla says the economic conditions are improving and that law firms now have to become more efficient and add value. Díaz adds: "If there is economic growth, there will be more transactions and law firms will become more profitable." The worst thing for lawyers is an economy that is not moving at all, according to Barros. He adds: "I hope we're exiting from the crisis, there is still restructuring work, but there are also M&A transactions, though there is some uncertainty due to the upcoming elections." Rodríguez Escudero says that some investors are awaiting the outcome of the elections before making decisions.

The nature of employment work being carried out by lawyers will



### Spain: What have been the major developments in employment in the last year?

"During this year, the Spanish government has continued focusing on the promotion of employment. For instance Royal Decree Law 1/2015 reduced employers' social security contribution rates for common contingencies for employees hired on a permanent basis within a certain period of time, subject to regulated requirements." **Moirá Guitart, counsel, Allen & Overy**

"The way case law is developing in Spain which, to some extent, is fighting against the initial goals of the employment law reform, is creating some uncertainty on the employment legal side which makes employment issues challenging, and something for which companies need to plan carefully." **Raquel Flórez, partner, Freshfields Bruckhaus Deringer**

"The new sentences of the Audiencia Nacional and the Tribunal Supremo about collective dismissals and groups of companies for labour purposes and all the case law related to the enforceability of collective bargaining agreements once the agreed duration has elapsed ("ultraactividad")." **Carlos Gil Iglesias, partner, King & Wood Mallesons**

"Spain's economic recovery means that more advice is being given on hiring and less on layoffs or dismissals. Companies are beginning to reinvest in human resources as a way of assuring growth." **Montse Rodríguez Viñas, labour law national director, BDO Abogados**

"The judicial pronouncements of the Court of Justice of the European Union, the Constitutional Court and the Supreme Court, which have interpreted the labour reform introduced in 2012 in Spain, especially in relation to the following areas: collective dismissal; probationary period on entrepreneurs engagement; and veto on compulsory retirement." **Carmen Galán, partner, Lener**

"New transparency rules on directors' remuneration in the Spanish Companies Act. Also, the European Court of Justice declared that the reference unit for determining whether a series of dismissals should be considered to be a 'collective redundancy' is the work centre instead of the whole company." **David Sequera Merino, partner, Osborne Clarke**

"The extensive employment law reform over the last three years has posed significant challenges for lawyers. To adapt to the new circumstances, lawyers have had to use their 'employment law imagination' in order to provide clients with advisory services vis-à-vis a new and unknown legislative context. The provision of advisory services on the new forms of internal flexibility that prevent more traumatic measures such as layoffs is one of the most important areas of development." **Fernando Bazán, partner, Deloitte Abogados**

"Transactions related to restructuring of companies have dropped substantially in the last year. There is now increased demand for labour due diligence and a revival of collective bargaining agreements." **Cristina Samaranch, partner, RCD - Rousaud Costas Duran**

change, according to Ruiz. "It will be more focused on compensation schemes and high-level work, while there will be more involvement

in corporate transactions," he says. Galindo says that, due to the uncertainty of the economic situation and also regarding the result of

the Spanish election, there is "less movement in the market and clients are waiting until next year to decide about some deals."

The problem law firms now have to deal with is finding "new projects" and new sources of revenue, says Gil. He adds: "The income of employment departments doubled during the crisis, but the challenge now is the issue of future income and finding new projects." Albert says: "Lawyers sell knowledge, how we value and price that knowledge will be the greatest challenge in our practice." She continues: "Lawyers are forced to consider price reductions – this may simply involve doing the same work for less than in the past, but it may also involve a complete analysis of the competitive marketplace, so that the firm understands where the competitive pressures are coming from."

### Portugal: What are the biggest employment-related challenges clients currently face?

"The economic recovery is still very timid and remains unconsolidated, while the recent political instability will most likely affect the Portuguese market and delay the consolidation of the economic recovery. Meanwhile, the absence of restructuring of the public expense and the delay in state reform will delay tax relief, namely corporate and consumption taxes, which in turn, will delay corporate investment in Portugal and lead to decreased levels of consumption and will ultimately mean that the progress of the economic recovery in Portugal will be at a much slower pace than desired." **Susana Afonso, partner, CMS Rui Pena & Arnaut**

"Uncertainty about whether the legal framework will change or not, as well as uncertainty about whether there will be increases in the minimum wage." **Ricardo Rodrigues Lopes, partner, Caiado Guerreiro**

"In the area of collective bargaining agreement, although collective agreements are slowly picking up, the number of workers covered by company agreements remains low, which should encourage companies and the government to promote collective bargaining." **Inês Albuquerque e Castro, associate, FCB - F. Castelo Branco & Associados**

"The continuous changes in the law – which involves internal training and adaptation – and the unpredictability of taxation and public incentives, for example, for the next five-year period." **David Carvalho Martins, head of employment Portugal, Gómez-Acebo & Pombo**

"The implementation of changes to employment policies on a unilateral basis in order to achieve lower total wage costs and higher number of working hours to face up to the austerity measures imposed by bailout programme." **Paula Caldeira Dutschmann, associate, Miranda & Associados**

"Clients are being faced with the difficulty of leaving past years behind, and relaunching their activities with lighter staff and cost structures that have resulted from successive downsizings." **Inês Reis, partner, Pbr**

"The constant amendments that labour and employment legislation has been subject to during the past three years and the anticipation that this will continue." **Magda Sousa Gomes, senior associate, Sérvulo & Associados**

"The persistent inflexibility of the law given the need of companies to make adjustments. It is still very difficult to lay off workers even with "just cause" and entails very high risks. Moreover, the use of temporary contracts is only allowed by the law in exceptional cases." **Ana Cláudia Rangel, senior associate, Raposo Bernardo**

"Motivating young qualified workers to join their organisations is the biggest challenge clients are facing. To put people back at the centre of the decisions, instead of financial issues, implies investing in human capital and employment law." **Luís Almeida Carneiro, lawyer, Espanha e Associados**

"With the approval of Angola's new general labour law, the first major opportunity for law firms in the area of labour and employment in the country consists of drafting new employment contracts in accordance with the new legal framework and adapting contracts to the clients' specific needs." **Elieser Corte Real, partner, Fátima Freitas Advogados – Miranda Alliance**

"Showing employees their company is stable and will be restructured and presenting new remuneration plans to motivate them." **José Maria Castelo Branco, partner, CCA Ontier**

### Portugal: Labour code changes

Among the most significant employment law-related developments in Portugal in the last 12 months was the end of the suspension of clauses in collective bargaining agreements "providing for extra work bonuses that exceeded those provided for by law", MLGTS partner Helena Tapp Barroso says. Meanwhile, recent amendments to the Portuguese Labour Code included the addition of gender identity to the "illustrative list of features on the basis of which no discrimination, privilege or prejudice may influence recruitment or labour rights or conditions", Tapp Barroso adds. In addition, a further amendment was made which extended parental leave for fathers.

In the last year, the Portuguese Labour Code was slightly changed with regard to "what concerns the termination of employment on objective grounds – failure to adapt and individual redundancy – and on the applicability of collective bargaining agreements", PLMJ partner Nuno Ferreira Morgado explains. He adds: "The changes, although minor, were influenced by the need to ensure that the legal framework may be a tool for growth and economic recovery."



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