

# Research on the Construction and Improvement of Social Security System for Employees in New Business Forms

Ling Jing<sup>a</sup>, Zhuoshan Yang<sup>b</sup>

School of Accountancy, Guangzhou Xinhua University, Guangzhou, China

<sup>a</sup>jingling6140@163.com, <sup>b</sup>yangleete@sina.com

**Keywords:** New business models; Social security system; Flexible employment; Platform economy; Policy suggestion

**Abstract:** With the rapid development of new business models, especially the rise of sharing economy and platform economy, the traditional social security system is facing severe challenges. Due to the flexibility and instability of their work forms, employees in new business formats often cannot enjoy the protection of the traditional social security system, which leads to issues with the coverage and fairness of the social security system. This article aims to explore the construction and improvement of the social security system for employees in new business formats. By analyzing the shortcomings of the current social security system, basic principles for building a social security system that adapts to new business models have been proposed, including inclusiveness, fairness, and flexibility. This article also explores the flexible payment mechanism of social security funds, the establishment of cross-border collaboration mechanisms, and the intelligence and personalization of security services. Based on relevant cases at home and abroad, this article further proposes policy recommendations for improving the social security system, including strengthening legal protection, enhancing the social responsibility of platform enterprises, and improving the flexibility and coverage of protection. Finally, this article summarizes the research findings and provides prospects for future research directions.

## 1. Introduction

With the rise of new business models such as sharing economy and platform economy, the traditional labor market has undergone profound changes. New businesses usually rely on the Internet platform to provide job opportunities for a large number of flexible employees, including express workers, online taxi hailing drivers, freelancers and other groups. However, there are significant differences in the work forms, income levels, and labor security needs of these practitioners compared to traditional employees in employment relationships. Therefore, employees in new business formats are facing the problem of a lack of social security. The traditional social security system is mainly designed based on stable labor relations and cannot cover flexible employment personnel. The lag and insufficient adaptability of the social security system have brought significant security risks to employees in new business formats. Therefore, it is particularly important to build and improve a social security system that adapts to the characteristics of new business formats, which not only helps to enhance the fairness of social security, but also better protects the basic rights and interests of employees in new business formats.

## 2. Definition and Characteristics of Employees in New Business Formats

### 2.1. Definition of New Business Models

New business forms usually refer to new economic activity modes generated with the development of the Internet and digital technology. It includes multiple levels such as sharing economy, platform economy, digital economy, etc., and involves a wide range of industries and professions. Sharing economy refers to the sharing of resources through the Internet platform, breaking the traditional consumption model, and representative industries such as short-term leasing, taxi service, etc.

Platform economy is to connect the supply and demand sides through the Internet platform to promote flexible matching of labor and services, such as online car hailing, delivery and distribution. The digital economy focuses on the widespread application of digital technology in economic activities, such as remote work, online education, and digital content creation. With the rise of these emerging economic models, traditional labor relations are gradually being broken, and new professions and ways of working have emerged <sup>[1]</sup>.

The diversity of employees in new business formats is particularly evident. Firstly, many practitioners choose to work part-time, which makes their working hours and income no longer fixed. Secondly, freelancers have become an important group in the new business model, as they often determine their work content based on projects or contracts and do not need to rely on a single employer. Remote work has gradually become a part of the new business model, especially in the context of the rapid development of the digital economy, where more and more work can be conducted globally without geographical limitations. The above characteristics make the work forms of new industry practitioners diverse and their demands flexible and varied, but they also bring many challenges in social security and other aspects.

## **2.2. Characteristics of Employees in New Business Models**

Firstly, employees in new business formats exhibit significant flexibility and instability. Due to their often-irregular working hours, variable work locations and methods, their income has also become uncertain. This instability is one of the main challenges faced by new industry practitioners, as the lack of long-term stable sources of income makes them vulnerable to significant impacts during economic fluctuations. In addition, although the flexibility of working hours provides more freedom for practitioners, it also exacerbates their economic instability <sup>[2]</sup>.

Secondly, the work mode of employees in new business formats is decentralized. These people usually provide services or products through Internet platforms, rather than relying on fixed companies or employers. Due to the close relationship between their work and the rules and market environment of the platform, the income and working conditions of practitioners are often influenced by factors such as platform policies and changes in market demand. Therefore, their work mode is more flexible, but also more susceptible to fluctuations in the external environment.

Finally, due to the fact that employees in new industries often do not have fixed employers, they often cannot enjoy the basic guarantees provided by traditional social security systems, such as pension, medical care, unemployment benefits, etc. This is one of the biggest problems faced by employees in new business formats. The traditional social security system is mainly designed based on formal employment relationships and lacks effective protection measures for flexible employees. Therefore, how to provide necessary social security for these practitioners has become an urgent problem to be solved in today's society <sup>[3]</sup>.

## **3. The Current Status and Problems of the Social Security System**

### **3.1. Overview of the Current Social Security System**

The current social security system in China mainly includes basic security contents such as pension insurance, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance. Pension insurance aims to provide citizens with economic security after retirement, while medical insurance covers most of the medical expenses. Work injury insurance provides compensation for work-related injuries, unemployment insurance ensures the basic livelihood of the unemployed, and maternity insurance mainly helps women maintain their income level during maternity leave. The social security system in China is guaranteed and implemented by the state through legislation, and various insurances are jointly paid by enterprises and individuals, with the government playing a role in protection and supervision.

The core goal of the traditional social security system is to ensure that workers can receive corresponding economic compensation when they encounter risks such as retirement, medical care, work-related injuries, and unemployment. Its scope of application mainly focuses on full-time

workers in formal employment relationships, ensuring that workers receive basic protection in the face of the above-mentioned social risks through joint payment of social insurance premiums by the unit and individuals. However, the design of this system did not fully consider the needs of flexible workers and emerging industry practitioners, resulting in many problems in practical operation.

### 3.2. Problems Faced by Traditional Social Security Systems

Firstly, the existing social security system cannot cover employees in new business formats. Due to the lack of formal employment relationships among employees in new business formats, they do not sign long-term labor contracts with enterprises, making it difficult for them to be included in the existing social security system. These employees who work through the Internet platform are not employees in the traditional sense and cannot enjoy the social security benefits provided by employers. In addition, due to the unique nature of platform enterprises, they are unable to provide comprehensive social security support for flexible employment, resulting in a security gap for this group of people.

Secondly, the traditional social security system suffers from an imbalance in the level of social security. Due to the development differences between regions in China, there is a significant gap in social security levels between the eastern coastal areas and the central and western regions. For example, the level of medical insurance and pension security in big cities is relatively high, while in small and medium-sized cities and rural areas, the level of security is relatively low. In addition, there are differences in social security benefits between different occupational groups, especially among flexible employment personnel, where the gap in security is more significant<sup>[4]</sup>.

Finally, there is a significant gap in social security participation, payment, and benefits enjoyed by the flexible employment group. Due to the fact that flexible employees are usually not fixed employees, their social insurance payment methods are more complex and often require them to handle their own insurance and payment. Compared with formal employees, the social security rights and interests of flexible employment groups cannot be fully protected. For example, many freelancers and gig workers fail to pay their pension and medical insurance on time, resulting in a lack of sufficient economic security when facing unemployment, illness, or other social risks.

In summary, the current social security system has significant shortcomings in meeting the needs of employees in new business formats. In order to fill this gap, it is urgent to reform and innovate the existing social security system, and explore more suitable security solutions for flexible employment groups.

## 4. Construction of Social Security System for Employees in New Business Formats

### 4.1. Basic Principles for Building a Social Security System

When building a social security system that adapts to new business formats, several basic principles need to be followed first, as shown in Figure 1.

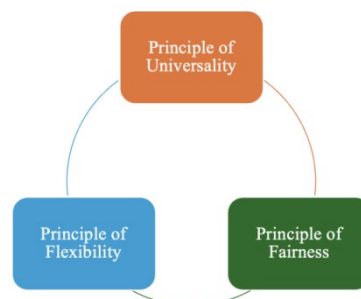


Figure 1: Basic principles for building a social security system.

#### 4.1.1. Principle of Universality

This principle emphasizes that all workers should enjoy basic social security, regardless of whether

they are in a traditional employment relationship. Due to the diversity and flexibility of their work forms, employees in new business formats often cannot enjoy the coverage of traditional social security systems. In order to ensure the fairness of social security, universal measures must be taken to ensure that all groups, including freelancers, part-time workers, platform workers, etc., can enjoy basic security benefits [5].

#### 4.1.2. Principle of Fairness

The social security system should ensure that the coverage is as fair as possible and does not affect the basic living security of employees due to differences in work modes. For employees in new business formats, the coverage of protection should equally cover their basic needs in the labor process, such as medical care, elderly care, unemployment, etc., without significant differences due to different employment models.

#### 4.1.3. Principle of Flexibility

Considering the work flexibility of employees in new business formats, the social security system should be designed with flexible and adaptable payment and collection methods. It is possible to flexibly adjust the payment amount and frequency based on factors such as personal income and working hours, and allow employees to choose suitable security projects according to their actual situation, ensuring that social security does not become ineffective due to irregular work patterns [6].

### 4.2. Construction Path of Social Security System

With the vigorous development of the new business model economy, more and more workers are shifting from traditional employment models to flexible employment, but the existing social security system has not fully adapted to this change. To achieve the universality of social security, this study explores the construction path of the social security system, including the expansion of coverage, flexibility of payment mechanisms, and the establishment of cross-border collaborative mechanisms. Through the collaborative cooperation between the government, platform enterprises, and social security institutions, the innovation of the social security system can be promoted, enabling new industry practitioners to obtain social security rights fairly and conveniently, and improving their sense of social security and stability, as shown in Figure 2.

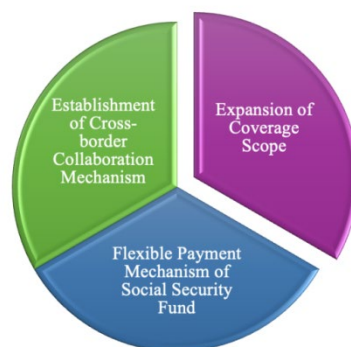


Figure 2: The construction path of social security system.

#### 4.2.1. Expansion of Coverage Scope

In order to achieve inclusiveness, the design of the social security system should be extended to new industry practitioners and provide them with opportunities for on-demand insurance coverage. Employees in the new business model should be able to choose suitable security projects based on their own needs, such as basic medical care, pension insurance, etc., and can also flexibly choose payment methods. For example, by collaborating with the government through the platform, new business practitioners can easily join the social security system and choose the appropriate coverage amount based on their income level [7].

#### 4.2.2. Flexible Payment Mechanism of Social Security Fund

New business practitioners often face unstable sources of income due to the special nature of their work, and the traditional monthly payment method is not suitable for them. Therefore, the payment mechanism of social security funds needs to be more flexible and can cooperate with the government through platforms to provide convenient payment channels for practitioners, such as hourly, project-based, or monthly payments. At the same time, transparency in the use of funds should be ensured, and the trust of practitioners in social security funds should be enhanced through third-party supervision and information disclosure.

#### 4.2.3. Establishment of Cross-border Collaboration Mechanism

The social security system for employees in new business formats involves multiple stakeholders, such as enterprises, governments, social security institutions, and new business platforms. In order to safeguard the interests of employees in new business formats, it is necessary to establish a cross-border collaboration mechanism. The government should closely cooperate with platform enterprises and social security institutions to establish specialized protection channels for employees, ensuring that they can smoothly access the social security system and enjoy the same protection benefits as traditional workers [8].

#### 4.3. Personalization and Intelligence of Social Security Services

With the application of modern technologies such as big data and artificial intelligence, social security services can be more precise and personalized. The government can provide tailored social security plans through data analysis, taking into account the work characteristics and income situation of employees in new business formats. For example, based on the historical work data of practitioners, it is possible to predict their future social security needs and provide them with the most suitable security programs. At the same time, artificial intelligence technology can also be used to optimize the social security service process, improve service efficiency, and enable new industry practitioners to enjoy relevant security services more quickly.

By introducing modern technology, social security services can not only achieve personalization, but also improve service quality and transparency, providing more intelligent and convenient security experiences for new industry practitioners [9].

### 5. Policy Recommendations

By strengthening legal protection, enhancing platform responsibilities, and improving the flexibility and coverage of social security, we can effectively promote the construction of a social security system for new industry practitioners, improve their social security level, and thus ensure their basic living needs and social welfare. This is not only a protection for employees in new business formats, but also a promotion of social equity and stability, as shown in Figure 3.



Figure 3: Policy recommendations.

#### 5.1. Strengthening Legal Protection

To ensure that the social security rights and interests of employees in new business formats are

fully protected, it is necessary to provide them with solid legal protection through the improvement of the legal system. At present, the current labor law and social security law cannot adapt to the particularity of new business models to a certain extent. Therefore, the government should promote the revision and improvement of relevant laws. Specifically, the legal status of employees in new business formats should be clarified and included in the scope of application of labor security laws, ensuring that they enjoy equal treatment as formal workers in areas such as pension, medical care, and unemployment. In addition, specific legal provisions should be formulated for new business formats, clarifying the rights and obligations of employees in terms of social security, and ensuring that their legitimate rights and interests are not infringed upon. At the same time, the enforcement of laws should be strengthened to ensure that these legal provisions are effectively implemented in practice <sup>[10]</sup>.

## **5.2. Enhancing Platform Responsibility**

As the main driving force of new business models, platform enterprises should assume corresponding social responsibilities. Platform enterprises are not only service providers, but also management and payment platforms for new business models, so they have the responsibility to provide necessary social security for employees. The government should strengthen the supervision of social responsibility of platform enterprises and require them to provide basic social security options for their employees, such as basic medical care, pension, work-related injury, etc. Platform enterprises can promote employees to participate in the social security system more conveniently by setting up convenient payment channels and providing social security consulting services. In addition, platform enterprises should regularly report to the government on the implementation of social security and ensure that the social security rights and interests of employees are effectively protected. By strengthening the responsibility of platform enterprises, more reliable support can be provided for employees in new business formats.

## **5.3. Improving the Flexibility and Coverage of Social Security**

Due to the diverse work forms and unstable income of employees in new business formats, the current social security system is unable to meet their needs. Therefore, more flexible social security options need to be provided so that they can choose the appropriate security plan based on their individual situation. The government should design a flexible social security system that allows employees to choose appropriate security programs and payment methods based on their working hours, income levels, and regional differences. For example, allowing employees to choose to pay monthly, quarterly, or annually, or adjust the payment ratio based on their income fluctuations. In addition, the coverage of social security should be expanded to ensure that employees in new industries can participate in various types of social security, including pension, medical care, work-related injuries, unemployment, etc., and personalized security plans should be provided according to different job natures and personal needs.

By improving the flexibility and coverage of social security, we can better address the difficulties faced by employees in new industries in terms of social security, enabling them to enjoy appropriate protection in different work modes and ensuring that their basic living needs are met.

# **6. Conclusion**

## **6.1. Research Summary**

This study focuses on the social security system for employees in new business formats, analyzes the shortcomings of the current social security system, and proposes corresponding paths for construction and improvement. Research has shown that the existing social security system is unable to effectively cover employees in new industries, mainly due to a lack of flexible and diverse forms of protection that are suitable for them. In order to ensure the basic rights and interests of employees in new business formats, innovation is needed in terms of legal protection, platform responsibility, and social security flexibility. By promoting the improvement of the legal system, strengthening the

social responsibility of platform enterprises, and providing more flexible protection options, the social security issues faced by employees in new business formats can be effectively addressed.

## 6.2. Future Research Directions

Future research can further explore the effects of implementing new forms of social security systems and evaluate their actual impact on employees, such as the improvement of security levels and changes in participation rates. In addition, attention should also be paid to the sustainability of social security funds and how to improve the accuracy and efficiency of security services through technological means such as big data and artificial intelligence. These studies will provide more detailed and effective policy recommendations for optimizing the social security system for employees in new business formats.

## References

- [1] Rani U, Furrer M. Digital labour platforms and new forms of flexible work in developing countries: Algorithmic management of work and workers[J]. *Competition & Change*, 2020, 25(2): 212-236.
- [2] Xu W, Hu Y, Luo W, et al. A multi-objective scheduling method for distributed and flexible job shop based on hybrid genetic algorithm and tabu search considering operation outsourcing and carbon emission[J]. *Computers & Industrial Engineering*, 2021, 157: 107318.
- [3] Shifrin N V, Michel J S. Flexible work arrangements and employee health: A meta-analytic review[J]. *Work & Stress*, 2022, 36(1): 60-85.
- [4] Barron G C, Laryea-Adjei G, Vike-Freiberga V, et al. Safeguarding people living in vulnerable conditions in the COVID-19 era through universal health coverage and social protection[J]. *The Lancet Public Health*, 2022, 7(1): e86-e92.
- [5] Saks A M. Caring human resources management and employee engagement[J]. *Human resource management review*, 2022, 32(3): 100835.
- [6] Pataki-Bittó F, Kapusy K. Work environment transformation in the post COVID-19 based on work values of the future workforce[J]. *Journal of Corporate Real Estate*, 2021, 23(3): 151-169.
- [7] Vyas L. “New normal” at work in a post-COVID world: work–life balance and labor markets[J]. *Policy and Society*, 2022, 41(1): 155-167.
- [8] Franken E, Bentley T, Shafaei A, et al. Forced flexibility and remote working: Opportunities and challenges in the new normal[J]. *Journal of Management & Organization*, 2021, 27(6): 1131-1149.
- [9] Kikuchi S, Kitao S, Mikoshiba M. Who suffers from the COVID-19 shocks? Labor market heterogeneity and welfare consequences in Japan[J]. *Journal of the Japanese and International Economies*, 2021, 59: 101117.
- [10] Diamond L M, Alley J. Rethinking minority stress: A social safety perspective on the health effects of stigma in sexually-diverse and gender-diverse populations[J]. *Neuroscience & Biobehavioral Reviews*, 2022, 138: 104720.