

Study on the Problems and Countermeasures of Endowment Insurance Participation of Urban Flexible Employees

-- Take Z City as an Example

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Abstract: Given the numerous ways in which flexible employment differs from traditional mainstream employment methods, the task of providing social security for flexible employees is often more intricate. Consequently, this article takes urban flexible employees in Z city as a case study to delve into the challenges faced by flexible employees in participating in endowment insurance and proposes corresponding solutions to these challenges. It is my hope that all flexible employees can be encompassed within the social security system, ensuring that they have someone to support and rely on in their twilight years.

Keywords: Flexible Employees; Endowment Insurance; Problems and Countermeasures.

1. Introduction

As China's socialist economic modernization process steadily progresses, accompanied by enhanced flexibility in the labor market and constant adjustments to the industrial structure, the employment structure of the workforce has undergone notable transformations, resulting in a progressively larger scale of flexible employees, even showed a trend that surpassing formal employment. According to statistics from the Ministry of Human Resources and Social Security, the number of people engaged in flexible employment in China has reached 200 million, accounting for about 50% of the urban employment population. Flexible employment has gradually become the main way to absorb labor. Due to the diversity of employment forms, unstable economic income, and incomplete social insurance relationships in flexible employment, the social security work of flexible employees is often more complex, and the requirements for related supporting policies are also higher[1]. However, the fact that flexible employees, like those who are employed in the traditional sense, belong to the same socialist workers in China remains unchanged, and the reality that they should receive the social security they deserve remains unchanged. From the existing situation, the endowment insurance policies that have been successively introduced in China, their target audience is still concentrated on employees of enterprises and institutions. The policy-making has not

been able to adapt to the increasing number of flexible employees in China, resulting in difficulties in ensuring the specific effectiveness of policy implementation. Hence, in addressing the issues within the current social security system, it is necessary for us to make changes, progressively refine China's social security policies, keep pace with the times, and ensure that these policies align with the growing population engaged in flexible employment. This endeavor is crucial in fulfilling the role of the social security "safety net"[2].

2. Analysis of the Current Situation of Endowment Insurance for Flexible Employees in Urban Areas of Z City

2.1. Flexible Employees Endowment Insurance Policy of Z City

At present, flexible employees in urban areas of Z city can choose their own payment base between 60% and 300% of the average salary of urban entities encompassing all industries in the province where they are insured, with a payment ratio of 20%, which will be fully paid by individuals [3]. In 2020, the provisional payment benchmark for flexible employees in urban areas of Z city is 5438 yuan per month, and the payment base for flexible employment personnel is between 3263-16314 yuan. The specific base and payment amount are shown in the table below:

Table 1. Specific Base and Payment Amount of Flexible Employees in Z City in 2020 (Unit: Yuan)			
Grades	Base (Yuan)	Monthly payment amount (Yuan)	Annual payment amount (Yuan)
60% (Original lowest grade)	3263	652.6	7831.2
70%	3807	761.4	9136.8
80%	4350	870	10440
90%	4894	978.8	11745.6
100% (Original highest grade)	5438	1087.6	13051.2
150%	8157	1631.4	19576.8
200%	10876	2175.2	26102.4
300%	16314	3262.8	39153.6

Data source: Official data compiled by the Department of Human Resources and Social Security of Z City

2.2. Analysis of Survey Results

Basic information of survey respondents. Among the 167 respondents, no statistically significant gender disparity was observed, although a slight majority were male, comprising 56.89% of the total sample. In terms of age distribution, the survey respondents in Z city are predominantly middle-aged and young individuals. Specifically, the surveyed flexible employees are mainly composed of those aged 31-40, representing 47.9% of the total, followed closely by those aged 41-50 at 24.55%, and those aged 21-30 at 21.56%, and those over 50, accounting for 5.99%. There are no flexible employees under the age of 20 were included in the surveyed sample. Overall, the degree of education of the surveyed flexible employees is relatively modest, with the majority possessing either a high school or college education, accounting for nearly three-quarters of the total respondents. There are 14 individuals with an education level of junior high school or below, accounting for 8.38% of the sample. In urban areas, the proportion of flexible employees with less education is comparatively lower, as evidenced by the 25 individuals holding a bachelor's degree or higher, which constitutes 14.97% of the surveyed population.

Occupational characteristics of survey respondents. Among the 167 respondents, 60 were employed in the informal sector or small, private enterprises, comprising 35.93% of the total. Additionally, 21.56% of the respondents were engaged in part-time, temporary, and seasonal employment. Furthermore, individual business, freelancers, labor dispatch workers, and labor contract workers represented 20.96%, 10.18%, and 11.38% of the sample, respectively. Among the 167 respondents, only 8.38% signed formal labor contracts with their employers. Conversely, a significant majority of 81.44% had either verbal agreements or no contracts at all with their employers, leaving their legitimate labor rights and interests vulnerable to insufficient protection. Additionally, 10.18% of the respondents had signed short-term contracts with their employers. It is evident that flexible employment lacks stability, posing numerous challenges for flexible employees when participating in endowment insurance. Furthermore, in terms of monthly average income, the surveyed respondents generally earn significantly lower salaries compared to the average monthly

salary of the regularly employed in Z city.

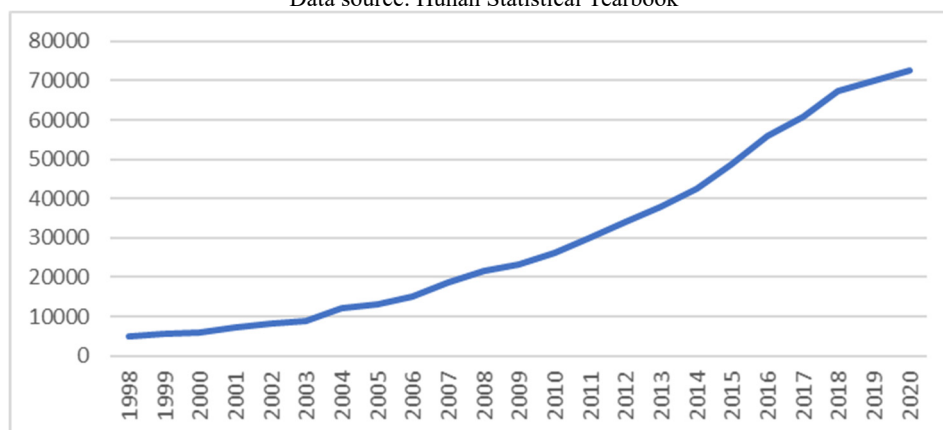
Cognitive situation of endowment insurance of survey respondents. A total of 56.29% of the survey respondents have heard of the existing endowment insurance system and possess a certain level of understanding regarding it. Conversely, 11 respondents, comprising 6.59% of the surveyed respondents, being relatively unfamiliar with the pertinent policies. In terms of the channels through which endowment insurance is understood, the internet and television continue to play a pivotal role, with 92 respondents opting for these media sources, accounting for 55.09% of the total. Following closely, relatives and friends are also significant sources of information about endowment insurance. The questionnaire results reveal that 46.71% of the respondents perceive the government's promotion of endowment insurance as inadequate, while 26.35% of respondents have limited understanding of such promotional efforts.

Insured status of the survey respondents. During the research process, we observed that the existing scope of application of China's endowment insurance laws is quite narrow, primarily encompassing regular employees within formal units. In contrast, endowment insurance policies for flexible employees remain relatively inadequate. For flexible employees, the lack of a mandatory requirement to enroll in urban employees endowment insurance will inevitably impact their coverage rate. Of the 167 surveyed flexible employees, 44.9% indicated that they were not enrolled in any form of social endowment insurance. Among the 92 respondents who participated in social endowment insurance, only 18 respondents were enrolled in basic endowment insurance for the urban working group, representing 19.5% of the insured group. Besides, some respondents opted for urban and rural resident endowment insurance.

3. The Problems of Urban Flexible Employees Participating in Endowment Insurance

3.1. The Payment Base and Proportion are not Commensurate with the Affordability of Flexible Employment Groups

Table 2. Annual Average Salary of Regular Employees in Z City (Unit: Yuan/Person)
Data source: Hunan Statistical Yearbook



Currently, the proportion of insurance premiums demanded by the basic endowment insurance system for urban employees in Z city is relatively high, particularly for flexible

employees who confront unstable incomes and the absence of unit-provided security. For the majority of flexible employees, insurance premiums constitute a substantial financial burden.

Concurrently, for regular employees, their salary structure is quite comprehensive, encompassing multiple elements such as a base salary, performance related pays, bonuses, and various employees benefits. However, the actual earnings of urban flexible employees typically exclude bonuses and allowances, resulting in their income generally being significantly lower than the average salary of regular employees. Through statistical analysis of pertinent data, it has been observed that in recent years, the salary of regular employees has consistently increased annually, as illustrated in Table 2 [4].

3.2. Lack of Targeted Legal Protection

Currently, among the existing laws and regulations pertaining to the implementation of endowment insurance for flexible employees, various policy documents, such as the *Opinions on Several Issues Concerning Part-time Employment*, have indeed outlined certain provisions and provided several ideas for addressing the endowment insurance issues faced by flexible employees, which has played a certain promoting role in promoting flexible employment and adding economic vitality. However, it is also imperative for us to recognize the shortcomings present in the current policies. Presently, we have yet to establish a dedicated system for endowment insurance for flexible employees. Despite the existence of individual policy regulations that touch upon this matter, they have not ascended to the legislative level, thereby lacking the necessary legal protection. This significantly hampers the development of the endowment insurance industry for flexible employment groups and undermines the overall improvement of China's endowment system. Within China's insurance system, there has been a persistent disconnect between the insurance for formal units within the system and formal enterprises outside the system. Furthermore, a disparity exists in the social security system between formal enterprises outside the system and flexible employment groups. This results in an imbalance within China's endowment insurance system, and even the broader social security system, ultimately affecting social fairness and justice. Such discrepancies are detrimental to the construction of a socialist harmonious society[5]. This type of endowment insurance system not only becomes increasingly rigid and loses its vitality itself over time, but also adversely affects China's economic development, dampens the enthusiasm of employees and undermines the healthy progression of the economy.

3.3. The Age Structure of Insured Persons is Relatively Large

According to pertinent information, China's existing endowment insurance system stipulates that workers are eligible to receive endowment insurance benefits only after reaching the retire age and having participated in the insurance for a minimum of 15 years prior to retirement[6]. Survey data from Z city indicates that the majority of insured flexible employees are approximately 40 years old, while young individuals exhibit a relatively low willingness and enthusiasm to enroll in endowment insurance. On one hand, from the perspective of young individuals, most of them are vigorous and maintain a hopeful outlook for the future. They are resistant to aging and anything associated with old age. On the other hand, Chinese people tend to adhere to the traditional concept of saving money rather than utilizing their

income to purchase endowment insurance, lacking awareness in this regard. Additionally, we have observed that a significant number of individuals possess a record of endowment insurance contributions but have discontinued their insurance upon becoming unemployed. These individuals harbor the intention of either making up for the missed contributions in the immediate pre-retirement period or resuming contributions continuously in the future, in order to meet the 15-year payment requirement necessary for receiving endowment insurance benefits. Apart from the influence of income, it is also evident that work units play a crucial role in the context of endowment insurance contributions. Flexible employees lack fixed work unit and do not have anyone support from behind, which subsequently results in a lower inclination towards participating in insurance. An older age coupled with a shorter duration of insurance participation elevates the risk associated with managing the endowment insurance fund, thereby hindering the positive cycle of the social security system.

3.4. Limited Cognition of Endowment Insurance Policies

While the public is increasingly focusing on issues pertaining to social security, including the escalating aging population and heightening concerns about endowment insurance, and national policy investments are gradually shifting towards this area, social security policies have yet to take deep root in the minds of the people. The majority of individuals remain unfamiliar with endowment insurance and adhere to the traditional mindset of keeping money in their own possession. For the majority of individuals, their access to information is constrained. As per the survey findings, the flexible employees surveyed primarily rely on the internet, their relatives and friends to gain insights into the endowment insurance policy. They possess limited knowledge regarding the duration of insurance contributions, the payment basis, the procedures for handling payments, or the payment channels. Even in the current era of widespread internet usage and mobile phone applications, the number of downloads among the respondents for social insurance-related apps, such as Intelligence Human Resources and Social Security APP, remains remarkably low. Hence, for the majority of flexible employees, endowment insurance remains unfamiliar and lacks credibility, prompting them to prefer self-saving for retirement or relying on familial support during their retirement years.

4. Countermeasures and Suggestions for Participation in Endowment Insurance of Urban Flexible Employees

4.1. Improve the Income Levels of Flexible Employees and Implement a Diversified Payment Option System

After conducting in-depth interviews with flexible employees, we discovered that the fundamental factors influencing their participation in endowment insurance still primarily lie in their income levels and stability. Flexible employees, who are predominantly middle-aged and young individuals, frequently confront substantial economic pressures, prompting them to prioritize saving for unforeseen circumstances over contributing to endowment insurance. On

the other hand, the significant characteristics of industries associated with flexible employment include unstable labor relations and frequent job mobility. Additionally, their labor often lacks the essential safeguards provided by labor contracts, resulting in extremely volatile labor income. A significant portion of temporary employees even confront the risk of salary arrears and unpaid salaries. Therefore, addressing the concerns of flexible employees, fundamentally improving their income levels, and securing a stable income source are crucial solutions.

On the other hand, apart from bolstering the economic strength of flexible employees from the main perspective of themselves, given the unstable industry characteristics of such employment, it is imperative to diversify the endowment insurance payment models and offer flexible employees more options when participating in endowment insurance. For flexible employees with unstable incomes, the requirement to pay a significant amount of premiums over an extended period or a large sum within a short period of time can impose considerable pressure on their lives, which also leads to a high threshold to entry for endowment insurance. Therefore, from the perspective of policymakers, it is necessary to reduce the entry threshold for endowment insurance, bridge the urban and rural areas, region, and industry disparities in endowment insurance, and achieve coordinated nationwide management. Additionally, it is essential to approach the situation pragmatically, seek truth from facts, refrain from adopting a one-size-fits-all approach, and strike a balance between efficiency and fairness, as well as welfare and benign development.

4.2. Improve Pertinent Laws and Regulations

Regarding endowment insurance for flexible employment groups, China's legislation still requires refinement, as there is an absence of a targeted and practical legal framework. As is commonly recognized, the endowment insurance system possesses a social welfare nature and continues to heavily rely on nation support. In other words, legislation at the national level must fulfill its crucial role. The absence of existing legislation is also a significant factor hindering flexible employees from effectively participating in endowment insurance. Consequently, at the legislative level, nation should expedite the legislative process pertaining to endowment insurance for flexible employees. Firstly, to introduce specific, practical, and feasible policies that reflect the interests of the flexible employment group in participating in endowment insurance. Secondly, to bolster the risk resilience of flexible employees, legislative guarantees for their labor must be provided. Furthermore, as the flexible employment group is also part of the workforce, relevant laws such as the *Labor Law* and the *Labor Contract Law* should be enhanced to ensure that flexible employees recognize their status within the workforce. Their efforts and labor cannot be overlooked, and their status as well as legitimate rights and interests as laborers should be clearly defined. Lastly, a targeted *Flexible Employment Endowment Insurance Law* should be enacted, while also imposing constraints on employers to ensure they do not disregard the existence of the flexible employment population. Their labor contributions should be acknowledged, and endowment insurance should be provided for flexible employees.

4.3. Establish an Incentive Subsidy Mechanism for Endowment Insurance

After conducting a thorough analysis and summary of existing policies, we have identified a significant flaw—the absence of incentive mechanisms. Therefore, it is recommended that existing policies be revised to incorporate specific incentive measures for insured individuals who make advance payments or sustain contributions to endowment insurance over an extended period. For instance, the current policy in China stipulates a minimum insured period of 15 years. To encourage longer-term contributions, specific incentives such as tax benefits or enhanced pension amounts could be introduced for insured individuals who have been insured for more than 15 years. The longer an insured person contributes, the more they will benefit. In contrast to the current policy standard, which only increases the pension by 1% for each additional year of insured period, such incentives would be more effective in promoting insurance coverage, more attractive to potential contributors, and could also elevate the level of urban insurance, thus this approach would contribute to the healthy and sustainable operation of the social pension security system.

From the perspective of flexible employees themselves, it is imperative to offer them specific financial subsidies and assistance, along with establishing a robust process and mechanism. Individual flexible employee should not bear the entire burden of insurance costs. Additionally, employers or temporary employment units must also contribute towards the insurance expenses of flexible employees. Furthermore, national financial institutions have a pivotal role to play by establishing special funds to provide financial subsidies or granting tax reductions or preferential treatments to enterprises. They should also offer endowment insurance subsidies or reduce endowment insurance payment rates for flexible employees who meet certain criteria, thereby addressing the challenge of high endowment insurance costs faced by flexible employees. This would facilitate their inclusion within the social security system and elevate the overall participation rate in society.

4.4. Strengthen the Government's Publicity and Work Management Level of Endowment Insurance Policies

Take Z City as an example, it is evident that there exist gaps in the implementation of endowment insurance policies by the city's administrative agencies. Firstly, concerning policy understanding and publicity, it is currently observed that Z City employs a singular channel for promoting its endowment insurance policy, with ineffective publicity and a noticeable disconnect between the policy and the general public. The questionnaire results reveal that government propaganda is not the primary source of information for the public. Many flexible employees, despite having the intention to enroll in endowment insurance, are often hindered by their limited knowledge about endowment insurance and insufficient understanding of government policies, ultimately leading to their failure to participate. Therefore, in terms of publicity, the government should invest greater effort, with a particular emphasis on community-based outreach. Furthermore, given the surge in users on short video platforms like TikTok and Kuaishou, these platforms can be leveraged by opening official accounts for the Human Resources and Social Security Bureau and regularly updating content to promote

endowment insurance policies.

Simultaneously, once flexible employees express their willingness to enroll in insurance, it is imperative to overcome their final obstacle in the insurance process by providing them with convenient and flexible services for applying for insurance. To facilitate flexible employees with convenient services, promptly address their issues, and cater to their needs, social insurance agencies and pertinent staff within the Department of Human Resources and Social Security must continuously enhance their work level, stay updated on the latest social security policy developments, foster a heightened sense of service, clarify service targets and content, and innovate service methods.

5. Conclusion

Currently, the flexible employment group is growing substantially, with numerous emerging professions now constituting part of this forms of employment. Flexible employment is increasingly becoming a choice for a vast number of young individuals. As the path of socialism with Chinese characteristics is constructed and reforms are further deepened, the question—for whom development, still needs to be kept in mind. We must not forget the people, ensuring that the benefits of development are accessible to the broadest possible segment of society. This is an inevitable requirement for incorporating flexible employees into the social security "safety net" and broadening the scope of elderly care insurance coverage.

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