

Discussion on Reflection and Optimization of China's Social Security System

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ABSTRACT

By use of the document analysis method, this paper analyzes the existing problems in China's social security system from the aspects of system design and payment based on the analysis of the influence of China's social security system. To solve this problem, it explores countermeasures from the two dimensions of system optimization and payment optimization. The optimization proposals can make the existing system more suitable for the security needs of modern Chinese society, which is conducive to the improved effectiveness and rationality of the system.

Keywords: China's social security system, salary, existing problems, optimization suggestions

I. INTRODUCTION

People will inevitably encounter some risks in their daily life or work, which are social risks, such as employees being fired by the work unit (employment and economic risk), or having no economic security after retirement (pension risk) and so on. The emergence of these risks will inevitably lead to the weakening of people's ability to survive in the society, even to the point of being unable to survive. The role of China's social security system is to avoid the occurrence of such risks and reduce the degree of damage, indicating the importance of the system. However, with the continuous development of the society, social risks have also changed in form, type and other aspects, so it is inevitable that there will be some problems in China's social security system in the face of new risks. Therefore, in order to ensure the effectiveness and practicality of China's social security system, it is necessary to study the existing problems and carry out reform through relevant strategies, which is of practical significance to promote the development of the system and improve the strength of social security.

II. THE INFLUENCE OF CHINA'S SOCIAL SECURITY SYSTEM

According to relevant studies, the impact of China's social security system is mainly reflected in the aspect of employment, which has both advantages and disadvantages. The specific manifestations of these impacts are as follows.

A. The beneficial influence of China's social security system

The positive effects of social security system on labor employment can be divided into two categories: promoting the optimal development of labor allocation and providing protection for labor. An analysis of each effect is provided below.

1) *Improving the allocation of labor forces:* The allocation of social labor force will affect the activity of China's market economy. That is, the better the allocation is, the higher the economic activity will be; otherwise, on the contrary, it is necessary to constantly optimize the allocation of labor force. Under this condition, the reform of China's social security system has broken the pattern of labor allocation under the traditional system. This kind of influence has cured the problem of labor force solidification under the traditional system. In the traditional allocation of labor force, since the post welfare and salary under the system are all borne by the working enterprise, when the worker enters the post, in order to ensure that they can always enjoy security services, they must always stick to the post. The labor force is thus fixed in the post, which leads to the restriction of labor force freedom, and accordingly there appears the problem of labor force solidification. However, under the conditions of modern social security system, the undertaking subject has changed from "work enterprise alone" to "enterprise, individual and state jointly". In this context, even if the workers leave their jobs, they can continue to enjoy the services provided by the

social security system, so that the workers become free workers, which promotes the economic activity.

2) *Providing protection for the workforce:* The basic purpose of the establishment of China's social security system is to protect the labor force. Accordingly, under the modern institutional conditions, the protection measures for the labor force are more perfect, mainly reflected in the re-employment and labor development. First of all, re-employment refers to providing relevant services for the workers out of work because of certain factors, so that they have the ability to be re-employed, which maintains the basic viability of such workers in the society. For example, when a laborer is dismissed by the enterprise because he is physically disabled due to injury and cannot continue to be competent for the original post, he or she can enjoy a skill training service through the existing system, which enables such workers to acquire new skills, enabling them to re-enter the workforce. Secondly, in terms of labor development, many modern rural workers are more willing to establish economic relations with the city because of the modern system. Therefore, the existing system has successfully developed the economic capacity of rural labor force and realized the integration of labor force on the whole.

B. The harmful influence of China's social security system

The negative influence of China's social security system is mainly reflected in employment, that is, the existing system hinders employment. The main problems of this phenomenon are reflected in two aspects, that is, to reduce the labor demand of enterprises and the impact of informal employment. The specific demonstrations will be analyzed below.

1) *Reducing the manpower demand of enterprises:* The manpower demand of an enterprise is the key factor that decides whether the laborer can work in the enterprise. Accordingly, when the enterprise's demand for human resources is low, it means that some social workers cannot work in the enterprise. After such problems spread widely, social employment problems will be caused. In fact, because the social security system will inevitably bring a certain economic burden to enterprises, accordingly, if enterprises aggressively recruit social workers, the cost of their social security system will increase significantly. Therefore, considering its own cost, enterprises will try their best to reduce their own manpower demand, and at the same time, they will put forward a higher threshold for manpower recruitment. For example, an enterprise pays more attention to men in recruitment, because maternity insurance must be paid for female employees if they are

recruited. And the enterprise itself is not the beneficiary of birth insurance, indicating that the expense of this part is unnecessary for the enterprise. This enterprise is more willing to recruit male workers, making it hard for female workers to work in the enterprise. In addition, the impact of the social security system on the reduction of enterprise manpower demand is very widespread in reality, but not to the extent of "discrimination against female workers", and if this goes further, such negative impact can occur, so it needs to be addressed.

2) *Impact for informal employment:* China's current employment mode is divided into two types, namely formal employment mode and informal employment mode. Among them, informal employment mode refers to the mode that laborers work in private enterprises, in which most private enterprises do not bear the costs under the social security system. However, in the formal employment mode, enterprises must undertake the cost, which is the biggest difference between the two modes. Under such different conditions, most of the workers are more inclined to the formal employment mode in terms of employment choice, which to some extent limits the informal employment mode and indirectly limits the diversified development of China's employment mode. In addition, the existing social security system also limits the pooling level of China's labor market. As a result, the pooling level of the modern market is still low, which is not conducive to the unification of the labor market, and is prone to cause regional segmentation, leading to the problem of difficult settlement in different places.

III. EXISTING PROBLEMS IN CHINA'S SOCIAL SECURITY SYSTEM

A. Problems in system design

Taking endowment insurance, unemployment insurance and medical insurance as examples, this paper analyzes the existing problems of their system design.

1) *Problems in system design of endowment insurance:* First of all, in the current situation, the pension system in China's social security system mainly adopts the unified account combination model. The main purpose of this model is to combine the system of accounting on the cash basis and the reserve accumulation system, so as to achieve the purpose of social mutual aid and self-protection at the same time. Secondly, on the surface, this kind of design can deal with the problem of population aging peak that is expected to appear around 2025, but in depth, this kind of system design falls into a trap. That is, according to

relevant studies, although China's social security system combines system of accounting on the cash basis and the reserve accumulation system, it is more inclined to the former in essence. Under this condition, the combination of the two will lead to a cycle of accounting on the cash basis .between the elderly group and the young group, which will inevitably lead to the loss of the individual interests of a certain group

2) *Problems in system design of unemployment insurance system:* On the whole, the unemployment insurance system in China's social security system is relatively perfect. When in the on-the-job state, the worker is charged the unemployment insurance premium regularly, and he can receive unemployment insurance benefits or subsidies for 24 consecutive months when he or she is out of job. The design of this system is also perfect on the surface, but in depth there are still problems. Under normal circumstances, the unemployed can find a new job within the time limit, indicating that this system has a good effect on the normal unemployment problem. However, in case of large-scale unemployment caused by industrial restructuring, it is not certain that all the unemployed can find jobs within the time limit. Therefore, the efficacy of the current unemployment insurance system is not perfect.

3) *Problems in system design of medical insurance:* China's social security system in the medical insurance system is also relatively sound. The basic principle of the system design is low level, wide coverage, to achieve the combination of social pooling and individual accounts, so that the social economy can better serve the social groups. But to be examined more carefully, there are also problems in the system design of the medical insurance. At present, the core of the medical insurance design is individual account, which is mainly set according to individual standard on payment and subsidy amount. However, medical malpractice may occur at any time, and medical expenses cannot be estimated. Under this condition, payment and subsidy amounts set according to individual standards of individual accounts is unreasonable and may not meet actual needs, thus reducing the effectiveness of the system.

B. Payment problems

The establishment of China's social security system must be established on the basis of payment, that is, the insured must pay the cost first in order to enjoy security services when necessary. It can be seen that the payment is an important part of China's social security system, but according to the situation of modern system payment, there are two major problems in the payment, namely, the enterprise payment rate is too high, and the

individual payment is insufficient. They are to be analyzed as follows.

1) *The payment rate of enterprises is too high:* According to the current situation, Chinese enterprises need to bear 60% of the social insurance payment rate in the social security system, which is a high standard even seen from a global view. Accordingly, exorbitant payment rate will cause the enterprise to bear excessive payment burden. In this context, enterprises may avoid payment through a variety of unreasonable methods.

2) *The payment rate of individuals is insufficient:* From an individual perspective, the fees charged according to China's social security system are linked to individual salaries. That is, the amount of fees is formulated according to the individual salary, at the same time corresponding adjustment can be made in the follow-up subsidies accordingly. It can be seen that the level of individual salary will directly affect the amount of payment and the security effect of the system. In reality, according to statistics, since 2017, per capita disposable wage income in China's urban areas has accounted for 61% of per capita disposable income, and this proportion has been declining in the following years. This brings about individual contribution to subsidy, limiting the security effect of the system.

IV. OPTIMIZATION SUGGESTIONS FOR CHINA'S SOCIAL SECURITY SYSTEM

A. System optimization

Aiming at the above system design problems, the optimization decision should be made based on the practical problems of various insurance systems in China's social security system. For example, for the endowment insurance, it should be ensured that the insurance works on individuals and that each pension is independent, so that the circulating ring of accounting on the cash basis can be avoided in the system. And whether the two generations are to support each other through the endowment insurance is fully up to their own. For unemployment insurance, the strategy of putting a time limit on each benefit is worth preserving. But on this basis in order to improve the efficacy of insurance, it is necessary to combine skills training system with the management. That is, when an unemployed person has not been reemployed for a long period of time, and is at the end of the period for receiving unemployment benefits, it is necessary to remind them to receive reemployment training and whether to participate in it is up to this person and he or she will undertake all consequences. For health insurance, individual accounts must be converted into savings accumulation accounts so as to provide robust insurance service when people are in need.

B. Optimization of payment problem

First of all, in view of the problem of excessive enterprise payment rate, it is necessary to reduce the enterprise payment rate in the optimization. But the decrease of pay rate cannot be completed overnight; instead, it should be gradually down. This measure has been implemented in China's social security system reform in recent years. Between 2016 and 2019, China lowered the enterprise payment rate five times. As a result, the payment burden of enterprises has been successfully reduced, and the phenomenon of refusal and evasion of payment has been continuously reduced, indicating that this measure is effective. Secondly, in view of the problem of insufficient individual contribution, according to the speech of the Chinese premier (Mr. Li Keqiang) at the executive meeting of the State Council, the optimization of individual contribution needs to be carried out on the basis of the average salary of all employed personnel weighted by non-private units and private units in the cities and towns of this province, which will help low-income people or other types of workers better integrate into China's social security system and solve the problem of insufficient individual contributions.

V. CONCLUSION

To sum up, after years of development, China's social security system has become more and more perfect. However, under the influence of social development and changes, the system has also brought negative influences while having positive influences. In this context, this paper analyzes the existing problems of China's social security system, and puts forward corresponding optimization suggestions, which can make the existing system more suitable for the security needs of China's modern society, and promote the effectiveness and rationality of the system.

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