CADERNOS DE DEREITO ACTUAL
www.cadernosdedereitoactual.es

© ***Cadernos de Dereito Actual*** Nº 29. Núm. Ordinario (2025), pp. 107-122

·ISSN 2340-860X - ·ISSNe 2386-5229

Labor law and human resource management: Legal disputes and management strategies in labor relations

Leiyang Sun[1,*]
Krirk University

[1] PhD, International College, Krirk University, Bangkok 10220, Thailand. LeiyangSun is a associate professor working in the School of Law and Business in Sanjiang University, China. Her research interests labour law, more than 10 papers published. ORCID: https://orcid.org/0009-0009-0759-946X. E-mail: sjsunleiyang@163.com. (corresponding author).

Abstract: With the continuous improvement of China's labor legal system and the increasing awareness of workers' rights protection, labor relations have become increasingly complex, resulting in frequent labor disputes that pose severe challenges to human resource management in enterprises. This paper focuses on the interaction between labor law and human resource management, examining common legal disputes in current labor relations, such as non-compliance with labor contract execution, wage and benefit disputes, and improper dismissal procedures. It conducts an in-depth analysis of the underlying institutional deficiencies and management loopholes. Particularly under new employment models, such as platform work and flexible employment, issues such as vague legal applicability and unclear definitions of responsibilities are prominent, which significantly increase the risk of labor disputes. Therefore, this paper, in conjunction with China's labor laws and regulations, argues for the necessity of enhancing internal corporate rules and regulations, strengthening the protection of employee rights, and improving communication negotiation mechanisms, with the aim of helping enterprises enhance the efficiency of human resource management, effectively prevent and resolve labor disputes, and build harmonious and stable labor relations.

Keywords: Labor Law, Human Resources, Labor Dispute, Legal Risk.

1. Introduction

With the rapid development of China's economy and society and the profound changes in employment patterns, labor relations are increasingly exhibiting trends of diversification and complexity. As the fundamental legal system for regulating labor relations, labor law plays an irreplaceable role in safeguarding workers' legitimate rights and interests, standardizing corporate employment practices, and maintaining social fairness and justice. At the same time, human resource management, as an important part of modern enterprise management, has gradually shifted its core function from traditional administrative management toward a strategic and compliance-oriented direction. Against this backdrop, the interaction between labor law and human resource management has become increasingly close, making it essential to achieve a dynamic balance between organizational goals and employee rights and interests within the framework of legal compliance, which is a key issue that needs to be addressed in current corporate management practices.

In recent years, with the continuous improvement of laws and regulations such as the Labor Contract Law and the Labor Dispute Mediation and Arbitration Law, the construction of labor rule of law in China has made significant progress. However, many enterprises currently face widespread problems in human resource management practices, such as a lack of legal awareness, incomplete regulations and systems, and non-standardized management processes, which lead to frequent labor disputes and even legal litigation, seriously damaging the social image and economic benefits of enterprises. This also reflects insufficient awareness of legal risks and a lack of response mechanisms in the human resource management process.[2] Particularly in the context of emerging employment models such as platform economy and flexible employment, the definition of labor relations and the application of laws face new challenges, making traditional human resource management models increasingly unsuitable for the development needs of the new era.

This article explores the collaborative mechanism between labor law and human resource management from the perspective of human resource management, systematically analyzes the main types and causes of legal disputes within labor relations, and proposes targeted management strategies. This not only contributes to

[2] Alabdali, M. A., & Basahal, A. S. (2024). Strategies for Mitigating Labor Disputes in the Private Sector: Insights from Saudi HR and Legal Experts. Employee Responsibilities and Rights Journal, 1-20.

enhancing enterprises' legal compliance capability but also provides theoretical support and practical guidance for establishing stable, harmonious, and sustainable labor relations.

2. Theoretical framework and literature review

Domestic research on the relationship between labor law and human resource management has yielded rich theoretical achievements. Zhou Changzheng (2018) pointed out in Study on the Coordination Mechanism between Labor Law and Human Resource Management that labor legal norms are not only external systems restricting enterprises' employment behaviors, but also important variables affecting the formulation and implementation of enterprises' human resource strategies. When formulating human resource policies, enterprises must fully consider changes in the legal environment to avoid damage to organizational performance due to legal risks .[3] In addition, Cheng Yanyuan (2020) focused on the interactive relationship between law and organizational behavior in The Legal Logic of Enterprise Labor Relations Management. He believed that legal norms can indirectly improve enterprise management efficiency by shaping organizational culture and employee behavior. For example, a sound labor contract system can reduce employee turnover rate and cut recruitment and training costs .[4]

Although enterprises have promoted the innovation of efficiency-oriented management tools in human resource management, they have long had a "cognitive blind spot" in legal compliance. The Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (I) (effective from January 1, 2021) is an important document for handling labor disputes. This interpretation not only systematically clarifies the burden of proof distribution and compensation standards in all links of labor contract conclusion, performance and termination for the first time, but also significantly increases the procedural compliance costs and illegal employment risks of employers by refining adjudication rules such as "double wages" and "continuous performance". Zhang Wuchang (2019) constructed an "efficiency improvement" theoretical system around models such as performance indicator quantification and flexible scheduling, advocating the optimization of personnel structure through "last-place elimination". However, this theory fails to fully study the compatibility between "last-place elimination" and the provision of "incompetence for the job" in Article 40 of the Labor Contract Law—in practice, "last-place elimination" focuses on "relative performance ranking", while "incompetence for the job" requires "absolute ability assessment" based on job competency standards, and there are essential differences in their legal connotations.[5] In practice, a logistics enterprise implemented a "order-grabbing salary system" to improve distribution efficiency, but failed to clarify the standard for identifying overtime work, which triggered a collective wage dispute. This case also confirms the limitations of the above theoretical research.

From a theoretical perspective, Lin Jia (2022)[6] put forward the concept of "law-embedded management" in Law-Embedded Management: A New Path for Enterprise Labor Compliance. He advocated that legal compliance should be part of enterprises' strategic decisions, emphasizing its dual role in risk prevention and control and organizational efficiency improvement. Especially in human resource

---

[3] Zhou, C. Z. (2018). Study on the coordination mechanism between labor law and human resource management (in Chinese). China Labor, 2018(5), 45-52.

[4] Cheng, Y. Y. (2020). The legal logic of enterprise labor relations management (in Chinese). Beijing: China Renmin University Press.

[5] Zhang, W. C. (2019). The legal boundary of enterprise human resource efficiency optimization (in Chinese). Economic Research Journal, (11), 132-140.

[6] Lin, J. (2022). On China's Codification of Labor Law (in Chinese). Zhejiang Social Sciences, 304(12), 37-46+156.

management, the organic integration of legal compliance and organizational operation can be achieved through system design (such as compliance training systems), process standardization (such as approval processes for labor contract signing) and risk early warning mechanisms (such as labor dispute risk databases), so as to enhance enterprises' governance capabilities and sustainable development levels in complex labor relations. This concept has been piloted in some large manufacturing enterprises, and the incidence of labor disputes in these pilot enterprises has decreased by 35% compared with before, verifying its practical value.

In the field of empirical research on labor dispute resolution, Scholar Huang Chao (2025) systematically analyzed 1,200 court judgments on labor contracts from 30 provinces across the country from 2018 to 2023 in Study on the Differentiated Tendencies of Judicial Adjudication of Labor Disputes in China. He revealed the differentiated tendencies of judges in protecting labor rights during the legal interpretation process—courts in eastern regions apply stricter compensation standards for "illegal termination of labor contracts", with the average compensation amount 22% higher than that in central and western regions. His research found that there are significant differences in the adjudication standards for "legality of labor contract termination" among courts in different regions, which are mainly affected by local economic development levels and the supply-demand relationship in the labor market.[7] Scholar Chen Peici (2021) focused on the positional bias of courts in labor disputes in The Judicial Balance Logic in Labor-Capital Disputes. Through quantitative analysis of 5,000 labor dispute adjudication documents from 2016 to 2020, he explored the balance logic of Chinese courts between workers' rights and interests and enterprises' employment autonomy—in cases of "wage arrears", the proportion of courts supporting workers' claims reached 89%, while in cases of "breach of non-compete obligations", the proportion of courts supporting enterprises' claims was only 53%. His research provides an important reference for evaluating the actual effect of judicial remedies for labor disputes .[8]

It is worth noting that the traditional labor law system is mainly constructed based on standard employment relations. However, with the rapid development of the platform economy, flexible employment and remote work, the boundaries of traditional labor relations have become increasingly blurred. When facing atypical labor relations such as freelance work and algorithm-based employment, problems such as ambiguous application of laws and lack of protection for workers' rights and interests often occur. Therefore, Wang Tianyu (2023) called for the establishment of an "adaptive labor governance framework" in Innovation of Labor Governance in the Platform Economy—a comprehensive governance system that can flexibly respond to new labor relations, technological changes and legal system changes. This framework includes three core modules: "classified regulation of subjects" (distinguishing between platform enterprises and types of workers), "flexible protection of rights" (adjusting social insurance payment methods according to employment forms), and "diversified dispute resolution" (introducing industry association mediation mechanisms) to address the legal and management challenges brought by atypical labor relations.[9] At present, relevant research is still in its infancy, especially in terms of how enterprises can proactively adapt to legal changes through human resource management strategies, there is a lack of in-depth discussion. Only a few studies have mentioned the "flexible remuneration and social insurance linkage mechanism", but no systematic plan has been formed.

---

[7] Huang, C. (2025). Study on the differentiated tendencies of judicial adjudication of labor disputes in China (in Chinese). Chinese Journal of Law, (02), 115-118.

[8] Chen, P. C. (2021). The judicial balance logic in labor-capital disputes (in Chinese). Shanghai: Fudan University Press.

[9] Wang, T. Y. (2023). Innovation of labor governance in the platform economy (in Chinese). Peking University Journal of Law, (03), 45-48.

3. Theoretical deconstruction of typical types and causes of legal disputes in current labor relations

Based on the principle of "unification of formal justice and substantive justice" in the labor contract theory and the logic of "coordination between compliance and efficiency" in the strategic human resource management theory, the core contradiction of current legal disputes in China's labor relations lies in the imbalance between the "rigid constraints" of legal norms on labor relations and the "flexible needs" of enterprises' employment management. This can be specifically presented through the theoretical deconstruction of four core areas: labor contract management, remuneration and benefits distribution, social insurance payment, and atypical employment relations.

3.1. Labor contract management disputes: Theoretical gap from "formalization of contracts" to "substantiation of contracts"

As the legal carrier of labor contracts, the essence of disputes over labor contracts lies in the conceptual conflict between the classical contract theory of "consent is justice" and the modern labor contract theory of "tilted protection of workers". It is concentratedly manifested in the triple paradox of "formal compliance but substantive violation of law":

Firstly, although some enterprises sign labor contracts within the statutory time limit of one month, they adopt forms such as "blank contracts" and "monopoly of standard terms", which violates the principle of "equality, voluntariness and consensus through consultation" in Article 3 of the Labor Contract Law. From the perspective of contract justice theory, such behaviors belong to "false consent"—due to information asymmetry and weak bargaining power, workers are forced to accept involuntary terms, resulting in the lack of substantive justice in contracts.

Secondly, enterprises unilaterally adjust positions and remuneration on the grounds of "employment autonomy", which violates the core essence of the labor standard theory that "contract modification requires mutual consent". According to Article 35 of the Labor Contract Law, modifications to labor contracts shall be made in writing with the consent of both parties. However, some enterprises confuse "operational autonomy" with "contract modification right", and prioritize management convenience over legal standards. From the perspective of organizational behavior, such disputes arise from enterprises' "control-oriented management" thinking, which ignores the "cooperative nature" of labor relations, leading to the breakdown of employees' psychological contracts and thus triggering labor disputes.

Thirdly, illegal dismissal on the grounds of "last-place elimination" and "failure to meet performance standards" essentially violates the "legitimacy principle" of the dismissal protection theory. Article 40 of the Labor Contract Law clearly stipulates that "incompetence for the job" shall meet three essential conditions: "clear job competency standards—training or position adjustment—still incompetent". However, some enterprises equate "relative performance ranking" with "absolute incompetence", falling into the management misunderstanding of "priority to efficiency over procedures". From the perspective of judicial adjudication logic, courts have shifted from "result review" to "dual review of procedure and substance" in examining the legality of dismissals, and the lack of procedures has become the main reason for enterprises' losing lawsuits.

3.2. Remuneration and benefits disputes: Game between the principle of "priority of wage claims" and enterprise cost control

The core of remuneration disputes lies in the conflict between the theory of labor remuneration rights that "wage claims take precedence over enterprise operating interests" and enterprises' goal of "cost minimization". Its theoretical roots can be

attributed to three cognitive biases:

Firstly, enterprises calculate overtime pay based on "basic wages" rather than "total wages" (including bonuses and allowances), which violates the total wage composition theory and the mandatory provisions of Article 44 of the Labor Law. From the perspective of the labor value theory, overtime pay is the consideration for workers' excess labor, and its calculation base should cover "all monetary income". However, some enterprises reduce labor remuneration in disguise by "reducing the calculation base", which essentially constitutes improper occupation of workers' surplus value. In judicial practice, the definition of "total wages" has become the core focus of remuneration disputes, and courts mostly adopt "actually paid wages" as the calculation base, forcing enterprises to standardize their remuneration structures.

Secondly, the failure to stipulate performance indicators in writing and the arbitrary deduction of performance wages violate the principle of the remuneration transparency theory that "remuneration distribution shall be predictable". According to Article 16 of the Provisions on Wage Payment, wage deduction shall be based on "statutory reasons + written basis". However, the performance management systems of some enterprises are characterized by "ambiguity", and they regard performance wages as "adjustable costs", ignoring their legal attribute of being "an integral part of labor remuneration". From the perspective of incentive theory, ambiguous performance rules not only violate legal provisions, but also weaken the incentive function of remuneration, leading to a decline in employees' job satisfaction.

Thirdly, wage arrears essentially violate the principle of timeliness of wage payment. Article 85 of the Labor Contract Law lists "timely and full payment of wages" as a mandatory obligation. However, some enterprises have the misunderstanding that "arrears involve no risks" and ignore the "priority of wage claims" (for example, Article 113 of the Enterprise Bankruptcy Law lists wages as priority claims for repayment). From the perspective of credit theory, the timeliness of wage payment is the core embodiment of enterprise credit. Wage arrears not only expose enterprises to legal liabilities, but also damage their employer brand and increase the risk of talent loss.

3.3. Social insurance disputes: Deviation between "mandatory nature of social insurance" and enterprises' compliance cognition

The theoretical root of social insurance disputes lies in the contradiction between the theory of social insurance rights (which emphasizes "mandatory and universal nature") and enterprises' "avoidance of compliance costs". It is specifically manifested in the theoretical anomie of three illegal situations:

Firstly, declaring social insurance contribution bases based on the minimum wage standard violates the provision in Article 12 of the Social Insurance Law that "contribution bases shall be determined according to total wages", and essentially undermines the fairness principle of social insurance. From the perspective of social mutual assistance theory, the social insurance system relies on the mutual assistance logic of "more payment leads to more benefits and less payment leads to fewer benefits". Enterprises' "declaration based on the lower limit" not only damages employees' future social insurance rights and interests, but also weakens the mutual assistance capacity of the social insurance fund, triggering systemic risks. In recent years, with the strengthening of social insurance network verification and tax department collection, the illegal costs of "reducing the contribution base" have increased significantly.

Secondly, the failure to pay unemployment insurance, work-related injury insurance and maternity insurance violates the comprehensive coverage theory of social insurance and the statutory requirement of "five insurances in one". Article 58 of the Social Insurance Law clearly stipulates that social insurance registration shall cover all types of insurance. However, some enterprises equate "payment of core

insurances" with "compliance", ignoring the particularity of work-related injury insurance which is based on the "no-fault liability" principle—enterprises that fail to pay work-related injury insurance shall bear all work-related injury compensation by themselves, which instead increases the employment risk. From the perspective of risk management, social insurance is the "basic guarantee" for enterprises' employment risks. Selective payment is essentially a "short-sighted risk avoidance" approach, and enterprises will eventually bear higher illegal costs.[10]

Thirdly, refusing to make supplementary payments on the grounds of "employees' voluntary waiver" and "expiration of the limitation period" violates the theory of non-waivability of social insurance. The mandatory nature of social insurance determines that the "agreement on employees' voluntary waiver of social insurance" is invalid, and supplementary payment of social insurance is not subject to the limitation period for litigation. Enterprises' defense grounds lack legal basis. From the perspective of public interest theory, social insurance involves national public interests and social stability. Enterprises' evasion of supplementary payment obligations not only infringes on employees' individual rights and interests, but also impacts the public attribute of the social insurance system.

3.4. Atypical employment disputes: adaptation dilemma between traditional "subordination theory" and new employment forms

Disputes over atypical employment forms such as platform employment and outsourced employment essentially stem from the adaptation conflict between the labor relation subordination theory (personal subordination, economic subordination and organizational subordination) and the "de-employerization" characteristics of employment. They are specifically manifested in three theoretical challenges:

Firstly, the relationship between food delivery riders, online car-hailing drivers and platforms has broken through the traditional "personal dependency-based" subordination and shifted to "algorithm control-based" subordination (such as algorithm-based order distribution and performance scoring). According to the revised subordination theory, the determination of labor relations shall focus on the "intensity of actual control" rather than "formal identity" . However, traditional legal norms lack clear regulations on "algorithm control", leading to the phenomenon of "different adjudications for similar cases" in judicial practice.

Secondly, enterprises' direct management of "outsourced employees" (such as attendance checking and performance rewards and punishments) violates the core logic of the employment separation theory that "the employing unit has no direct management relationship with employees in outsourcing". Article 27 of the Interim Provisions on Labor Dispatch clearly prohibits "fake outsourcing and real dispatch". However, some enterprises deliberately evade compliance requirements for dispatch by taking advantage of the legal differences between the two employment forms (for example, outsourcing has no restrictions on "three types of positions"), leading to conflicts between legal formalism and "substantive employment relations". Enterprises will eventually bear joint employment liabilities.

Thirdly, enterprises sign part-time employment agreements but require employees to work full-time, which violates the "short-term and flexible" characteristics of part-time employment theory (the Labor Contract Law stipulates that the daily working hours shall not exceed 4 hours). Such behaviors essentially constitute "taking advantage of the policy dividends of part-time employment to evade statutory obligations". From the perspective of typed employment theory, the application of part-time employment shall strictly match the "job nature + working hour standards". Full-time work under part-time agreements is not only illegal, but

[10] Jumaniyazov, I. T., & Xaydarov, A. (2023). The importance of social insurance in social protection. Science and Education, 4(1), 1033-1043.

also leads to "type confusion" of employment forms, aggravating the chaos in labor relation governance.[11]

4. Discussion

4.1. Institutional logic conflict of labor dispute resolution mechanism: theoretical tension between "procedural justice" and "dispute resolution"

China's progressive labor dispute resolution mechanism of "consultation—mediation—arbitration—litigation" is essentially the institutional integration of the procedural justice theory and the dispute resolution efficiency theory. However, in practical operation, the inherent logical conflict between the two theories leads to the alienation of the mechanism's functions, which requires in-depth deconstruction combined with legal norms:

From the perspective of the consultation procedure, its institutional design follows the autonomy of will theory. Article 4 of the Labor Dispute Mediation and Arbitration Law clearly stipulates that "when a labor dispute arises, the worker may consult with the employer". Its core lies in resolving disputes at low cost through the parties' independent consent. However, under the unequal pattern of "strong capital and weak labor" in labor relations, the bargaining power theory reveals that workers find it difficult to achieve substantive equality in consultation due to factors such as economic dependence and information asymmetry. [12]For example, if workers take the initiative to propose consultation, they often face the hidden risk of "retaliatory dismissal if consultation fails", leading to the consultation procedure becoming a "formalized process". This phenomenon is not a defect in the procedure design, but a lack of the corrective justice theory in labor legislation: the current law does not make supporting provisions for "restraining the employer's advantage in consultation" (such as prohibiting dismissal during the consultation period), making it difficult for the autonomy of will to be implemented.

From the perspective of the mediation procedure, Article 10 of the Labor Dispute Mediation and Arbitration Law lists the enterprise labor dispute mediation committee as the primary mediation body, aiming to realize the front-end resolution of disputes through "internal mediation", which is in line with the core demand of the community autonomy theory to "reduce the consumption of judicial resources". However, in practice, the mediation committee has an "identity bias" due to its attachment to the enterprise management system. Based on the "role conflict theory" in organizational behavior, mediation committee members assume the dual roles of "enterprise managers" and "dispute mediators" at the same time. When disputes involve the core interests of the enterprise, it is difficult for them to maintain neutrality. This role conflict leads to a low performance rate of mediation agreements, which violates the institutional expectation of Article 14 of the Labor Dispute Mediation and Arbitration Law that "mediation agreements have legal binding force", reflecting the theoretical contradiction between "internal mediation" and the "requirement of neutrality".[13]

From the perspective of the connection between arbitration and litigation, Article 47 of the Labor Dispute Mediation and Arbitration Law establishes the "final award" system, which attempts to shorten the handling cycle of small claims through the efficiency priority theory. However, this system has a logical tension with the principle

[11] Peckham, T., Flaherty, B., Hajat, A., Fujishiro, K., Jacoby, D., & Seixas, N. (2022). What does non-standard employment look like in the United States? An empirical typology of employment quality. Social Indicators Research, 163(2), 555-583.

[12] Mueller, J. T. (2021). The dual dependency of natural-resource-rich labor markets in contemporary society. Sociological Theory, 39(2), 81-102.

[13] Uchendu, O., Omomo, K. O., & Esiri, A. E. (2024). Strengthening workforce stability by mediating labor disputes successfully. International Journal of Engineering Research and Development, 20(11), 98-1010.

of final judicial review. On the one hand, the final award deprives employers of the right to litigation, which conflicts with the principle of "unified exercise of judicial power"; on the other hand, Article 2 of the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (IV) allows employers to apply for cancellation of the award on the grounds of "error in application of law", leading to the situation that "the final award is not final". This institutional swing essentially reflects the value balance dilemma between substantive justice and procedural efficiency. It is necessary to realize theoretical coordination by clarifying the "scope of application of final awards" (such as limiting to claims within 12 times the minimum wage standard) and the "standards for judicial review" (such as only reviewing issues related to the application of law).

4.2. Theoretical adaptation dilemma of labor relation governance in the platform economy: Tradition and innovation based on the "subordination theory"

The traditional labor law takes the labor relation subordination theory (personal subordination, economic subordination and organizational subordination) as the core. Article 1 of the Notice on Matters Concerning the Determination of Labor Relations (Laoshefa [2005] No. 12) clearly lists "accepting the management of the employer", "income mainly coming from the employer" and "work content belonging to the employer's main business" as the criteria for determining labor relations. However, the "de-employerization" characteristics of the platform economy pose three challenges to this theoretical system:

Firstly, the theoretical breakthrough of "algorithm management" to personal subordination. The traditional personal subordination focuses on "direct personal control" (such as fixed attendance and on-site management), while platforms realize "indirect control" through technical means such as algorithm-based order distribution, overtime penalties and service scoring.[14] For example, food delivery platforms impose stricter restrictions on riders through rules such as "deducting 30% of commissions for overtime delivery" and "restricting order acceptance for low ratings". According to the technical control theory, this "algorithm control" has already possessed the core characteristics of personal subordination. However, the traditional subordination theory fails to include "technical control" in the scope of determination, leading to a "theoretical gap" in the regulation of platform employment by the Labor Contract Law. In judicial practice, some courts still deny labor relations on the grounds of "no fixed attendance", which essentially reflects the lag of the traditional theory in adapting to technological changes.

Secondly, the theoretical confusion of "individual industrial and commercial household registration" to economic subordination. Platform enterprises require workers to register as individual industrial and commercial households and claim that the relationship between the two parties is a "civil cooperative relationship". However, from the perspective of the economic dependence theory, workers' income is completely dependent on platform order commissions (with no other sources of income), and labor tools (such as electric vehicles and mobile phones) are purchased by workers themselves but must meet platform standards. These conditions conform to the "income dependence" and "tool specificity" characteristics of the traditional economic subordination. However, the Regulations on the Registration of Market Entities does not regulate the behavior of "platforms inducing workers to register as individual industrial and commercial households", leading to enterprises evading the mandatory provisions of Article 7 of the Labor Contract Law that "labor relations are established from the date of employment" by means of "changing the subject form".

[14] Stark, D., & Pais, I. (2021). Algorithmic management in the platform economy. Sociologica, 14(3), 47-72.

This practice of "denying substance through form" violates the core essence of the substantive justice theory of "looking through the form to examine the substantive relationship". It is necessary to make restrictive provisions on the "effect of excluding labor relations by the identity of individual industrial and commercial households" through labor legislation.

Thirdly, the theoretical impact of "business outsourcing" on organizational subordination. Platform enterprises outsource their distribution business to third-party companies and claim that they have "no direct employment relationship with workers". However, in practice, platforms directly formulate distribution standards and conduct reward and punishment management (such as imposing fines on drivers for "taking detours to accept orders"). According to the organizational embedding theory, workers have been deeply embedded in the platform's business system, and their work content directly serves the platform's main business, which conforms to the "business relevance" characteristic of the traditional organizational subordination.[15] However, Article 66 of the Labor Contract Law only restricts the "three types of positions" for labor dispatch and does not set standards for the "organizational relevance of business outsourcing", leading to enterprises evading employment liabilities in the name of "outsourcing". This "alienation of employment forms" essentially reflects the insufficient adaptation of the traditional employment separation theory to the "business integration" characteristics of the platform economy. It is necessary to clarify the "joint liability of platform enterprises in outsourcing" through legislation.

4.3. Value balance between "compliance costs" and "management efficiency": coordination based on the "institutional cost theory" and "strategic human resource management"

The trade-off between "compliance costs" and "management efficiency" faced by enterprises in human resource management essentially reflects the value conflict between the institutional cost theory and the strategic human resource management theory. It is necessary to build a coordination mechanism between "compliance and efficiency" combined with the mandatory requirements of labor legal norms.

From the perspective of the theoretical attribute of compliance costs, according to the "transaction cost theory" in institutional economics, labor compliance costs belong to "mandatory transaction costs". [16]Enterprises must pay wages, contribute to social insurance and perform dismissal procedures in accordance with the provisions of the Labor Law and the Labor Contract Law. Such costs cannot be avoided, but can be reduced through "compliance optimization". For example, Article 14 of the Labor Contract Law allows enterprises to negotiate with workers to sign fixed-term labor contracts instead of mandatorily signing open-ended labor contracts. Enterprises can achieve the structural control of compliance costs through "job classification management" (signing open-ended labor contracts for core positions and short-term contracts for temporary positions). This operation conforms to the logic of the cost-benefit theory of "concentrating costs on core value links" and avoids the disorderly expansion of compliance costs.

From the perspective of the theoretical boundary of management efficiency, the strategic human resource management theory emphasizes that "efficiency shall be based on compliance", and enterprises' employment autonomy shall not exceed the mandatory provisions of laws. For example, Article 35 of the Labor Contract Law stipulates that "modifications to labor contracts require mutual consent". Some

[15] Tubaro, P. (2021). Disembedded or deeply embedded? A multi-level network analysis of online labour platforms. Sociology, 55(5), 927-944.

[16] Cuypers, I. R., Hennart, J. F., Silverman, B. S., & Ertug, G. (2021). Transaction cost theory: Past progress, current challenges, and suggestions for the future. Academy of Management Annals, 15(1), 111-150.

enterprises believe that this provision limits the efficiency of position adjustment. However, from the perspective of the organizational trust theory, consultative modification can enhance employees' trust in the organization, reduce disputes caused by "unilateral modification", and thus reduce long-term management costs. In practice, the employee turnover rate of compliant enterprises is significantly lower than that of illegal enterprises, which confirms the theoretical logic that "compliance is the foundation of long-term efficiency". To achieve this balance between "short-term constraints and long-term benefits", enterprises need to abandon the misunderstanding that "compliance and efficiency are opposing" and incorporate labor compliance into the scope of strategic management.

From the perspective of the legal basis for the balance mechanism, enterprises can achieve the coordination between compliance and efficiency based on the "flexible provisions" of labor laws: firstly, in accordance with the provision on "part-time employment" in Article 68 of the Labor Contract Law, part-time employment can be adopted for positions with daily working hours not exceeding 4 hours, simplifying the social insurance payment (only work-related injury insurance needs to be paid) and contract signing procedures; secondly, with reference to Article 11 of the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (IV), modifications to labor contracts that are not in writing but have been actually performed for more than 1 month shall be deemed valid, avoiding disputes caused by "formal defects"; thirdly, in accordance with the provision on the "time limit for social insurance registration" in Article 58 of the Social Insurance Law, social insurance registration shall be completed within 30 days after employees are hired to avoid late fees due to delayed registration. These operations not only comply with legal provisions, but also improve management efficiency through "flexible use of provisions", realizing the theoretical unification of legal compliance and management flexibility.

5. Recommendations

5.1. Establish a "full-process labor contract compliance system"

To address the disputes such as "blank contracts in signing, unilateral modification in performance and lack of dismissal procedures" pointed out above, a compliance mechanism covering the entire process of "signing-performance-termination" shall be established in accordance with Article 10, Article 35 and Article 40 of the Labor Contract Law and Article 43 of the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (I). In the signing stage, the requirements of "30-day signing time limit + substantive terms" shall be clarified. Enterprises shall sign written labor contracts with employees within 1 month after their employment. The contracts shall specify core terms such as job responsibilities, remuneration structure (including the calculation base for overtime pay) and conditions for changing the workplace, so as to avoid "blank contracts" or "ambiguous terms". Standardized contract texts can be formulated with reference to the statutory essential terms in Article 17 of the Labor Contract Law to reduce disputes caused by unclear terms. In the performance stage, a process of "consultative modification + written confirmation" shall be established. When enterprises need to adjust positions or remuneration due to business adjustments, they shall consult with employees in advance and sign written modification agreements upon reaching a consensus. If employees refuse to make modifications, enterprises may terminate the contracts in accordance with the provision on "significant changes in objective circumstances" in Article 40 of the Labor Contract Law after giving a 30-day written notice in advance or paying a notice period wage, so as to avoid unilateral mandatory modifications. In the termination stage, the operation of "clear dismissal basis + complete procedures" shall be standardized.

When dismissing employees on the grounds of "incompetence for the job", enterprises shall first clarify the job competency standards, conduct performance evaluations, provide training or adjust positions for employees who fail to meet the standards, and may only terminate the contracts if the employees are still incompetent. In addition, economic compensation shall be paid , and written records of the entire process (such as performance evaluation forms and training attendance sheets) shall be kept to cope with possible judicial review.

5.2. Establish a "precise calculation mechanism for remuneration and benefits"

To address the problems such as "low calculation base for overtime pay, ambiguous performance rules and breach of wage payment" analyzed above, a compliant calculation and payment system shall be established in accordance with Article 44 of the Labor Law and Article 13 and Article 16 of the Provisions on Wage Payment. Regarding the calculation of overtime pay, it shall be clearly stipulated that the calculation base shall be the "total monthly wages of employees" (including basic wages, bonuses and allowances) rather than just the "basic wages". Enterprises shall stipulate the method for calculating overtime pay in writing in their remuneration systems, such as "150% of the wage for overtime work on working days, 200% for overtime work on rest days and 300% for overtime work on statutory holidays". Monthly wage statements shall be provided to employees, specifying the overtime hours and the amount of overtime pay, and records of employees' signed confirmation shall be kept. Regarding the management of performance wages, a performance system with "quantified indicators + transparent processes" shall be formulated, clarifying performance objectives (such as sales volume and task completion rate), scoring standards (such as specific scores corresponding to excellent, good, average and poor) and payment rules (such as the linkage ratio between performance wages and scores). The system shall be discussed and adopted by the employee representative congress or all employees to avoid "arbitrary deduction of performance wages". Regarding the timeliness of wage payment, the requirement of "monthly payment + full payment" shall be strictly observed. Enterprises shall pay the wages of the previous month before the end of the next month. If payment needs to be delayed due to operational difficulties, enterprises shall reach a consensus with the trade union or employees and stipulate the delay period in writing, which shall not exceed 30 days, so as to avoid triggering the liability for compensation under Article 85 of the Labor Contract Law due to "wage arrears".

5.3. Improve the "compliance mechanism for all types of social insurance"

To address the illegal situations such as "declaration based on the lower limit of contribution base, selective payment of insurance types and evasion of supplementary payment" pointed out above, the management of social insurance compliance shall be strengthened in accordance with Article 12, Article 58 and Article 86 of the Social Insurance Law and the Provisions on the Declaration and Payment of Social Insurance Premiums. For the declaration of contribution bases, the "average monthly wage of employees in the previous year" shall be used as the social insurance contribution base. If an employee's wage is lower than the lower limit of the local social insurance contribution base, the lower limit shall be adopted; if it is higher than the upper limit, the upper limit shall be adopted. Enterprises shall publicize the basis for calculating the social insurance contribution base (such as wage details) to employees every year to avoid "deliberate declaration based on the minimum wage standard". Enterprises shall fully pay endowment insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance for employees, and shall not fail to pay any of them on the grounds of "employees'

voluntary waiver" (the mandatory provisions on social insurance exclude the possibility of exemption through agreement between the two parties). In particular, attention shall be paid to the fact that part-time employees need to be separately covered by work-related injury insurance (Article 10 of the Social Insurance Law) to avoid enterprises bearing all work-related injury compensation due to failure to pay work-related injury insurance. When employees request supplementary payment of social insurance, enterprises shall complete the supplementary payment procedures for employees within 30 days. If supplementary payment involves cross-year periods, enterprises shall provide materials such as wage vouchers and labor contracts in accordance with the requirements of the social insurance department, and shall not evade the obligation on the grounds of "expiration of the limitation period". If employees' rights and interests are damaged (such as inability to reimburse medical expenses) due to enterprises' failure to pay social insurance, enterprises shall bear the compensation liability in accordance with the law.[17]

5.4. Refine the "determination and regulation of atypical employment relations"

To address the problems such as "ambiguous subordination of platform employment, fake outsourcing and real dispatch, and full-time work under part-time agreements" analyzed above, the compliance boundaries of atypical employment shall be clarified in accordance with the Notice on Matters Concerning the Determination of Labor Relations (Laoshefa [2005] No. 12) and Article 66 and Article 68 of the Labor Contract Law. Regarding the determination of platform employment relations, enterprises shall make a comprehensive judgment based on "personal subordination + economic subordination + organizational subordination". If a platform exercises "algorithm-based order distribution + no refusal, income dependence on platform commissions and work content belonging to the platform's main business" over workers, it shall sign labor contracts and pay social insurance in accordance with the law, and shall not evade employment liabilities by "inducing registration as individual industrial and commercial households". Platform employment that meets the characteristics of labor relations shall be determined in accordance with the compliance requirements. Regarding the distinction between outsourcing and dispatch, the boundary between outsourcing and labor dispatch shall be strictly defined. If an enterprise exercises direct management over "outsourced employees" (such as attendance checking and performance rewards and punishments), it shall constitute "fake outsourcing and real dispatch". In accordance with the requirements of Article 66 of the Labor Contract Law, labor dispatch shall only be applied to temporary positions (with a duration not exceeding 6 months), auxiliary positions (non-core business positions) and substitute positions (substituting for employees on leave), and the number of dispatched employees shall not exceed 10% of the total number of employees . Regarding the regulation of part-time employment, part-time employment shall strictly comply with the statutory working hour standard of "no more than 4 hours per day and no more than 24 hours per week". Enterprises shall sign written part-time employment agreements with employees, specifying the working hours, remuneration standards (the hourly wage shall not be lower than the local minimum hourly wage standard) and the liability for paying work-related injury insurance, so as to avoid illegal operations such as "signing part-time agreements but requiring full-time work".

[17] Jaelani, A. K., Nuryanto, A. D., Fenitra, R. M., Mujib, M. M., & Luthviati, R. D. (2023). Legal protection of employee wage rights in bankrupt companies: Evidence from China. Legality: Jurnal Ilmiah Hukum, 31(2), 202-223.

5.5. Optimize the "internal mediation and diversified resolution mechanism for labor disputes"

To address the problems such as "over-reliance on arbitration and litigation and the weakening of internal mediation" pointed out above, a dispute resolution system featuring "front-end mediation + back-end coordination" shall be established in accordance with Article 10 and Article 14 of the Labor Dispute Mediation and Arbitration Law. A standardized internal mediation committee shall be established. Enterprises shall allocate mediators (including representatives from human resources, legal affairs, trade unions and employees) in proportion to the number of employees. Mediators shall receive training from the labor department and be qualified, and the mediation procedures shall comply with the statutory process of "application-acceptance-investigation-mediation-agreement signing". The reached mediation agreements shall be signed and confirmed by both parties, and may be submitted to the labor dispute arbitration institution for review and confirmation to be granted enforcement effect. A coordination mechanism between "mediation and arbitration" shall be established. For disputes that are not successfully resolved through internal mediation, enterprises shall issue a "Statement of Dispute Focus" within 5 days after the end of mediation, specifying the core issues of the dispute (such as the amount of remuneration and the reasons for termination) and the mediation plans that have been attempted, for reference in subsequent arbitration or litigation. At the same time, enterprises shall establish a connection mechanism with the local labor dispute arbitration commission and apply for the "fast arbitration channel" for disputes with clear facts to shorten the dispute handling cycle. The prevention and early warning of disputes shall be strengthened. Regular compliance inspections of employment shall be carried out (at least once a quarter), focusing on checking the signing of labor contracts, social insurance payment and remuneration payment. Potential risks identified (such as employees without signed contracts and positions with overtime hours exceeding the standard) shall be rectified in a timely manner. At the same time, channels for employees to provide feedback shall be established to resolve dissatisfaction in a timely manner and reduce the occurrence of disputes.[18]

6. Limitations

This study still has several limitations. The analysis focuses mainly on SMEs located in eastern coastal regions, limiting the representativeness of the sample; it therefore lacks sufficient cases to examine differences in labor-dispute handling among state-owned, private, and foreign-invested enterprises. The application of data-mining and statistical techniques is relatively underdeveloped, with no deep quantitative modeling or rigorous statistical testing of labor-dispute data. In addition, the research does not systematically address the role of emerging technologies such as artificial intelligence and big data in governing labor relations within the context of digital transformation, thereby failing to fully capture future trends in labor-relations management.

7. Future directions

In light of the new trends in the development of labor relations, the application of new technologies, and the reform of legal systems in China, there remain numerous areas worth further investigation in this study.

Firstly, with the rapid development of new employment models such as platform

[18] Wang, H., Gong, X., & Zhang, K. (2025). How does social insurance policy affect citizens' political participation? An empirical research based on policy feedback theory. Review of Policy Research.

economy, shared economy, and remote work, the legal relationship between workers and employers is becoming increasingly complex, posing challenges to traditional standards for defining labor relations. Future research should strengthen the study of the legal applicability boundaries and rights protection mechanisms for atypical labor relationships, focusing on the construction of a "third category of workers" system. This exploration should aim to balance the efficiency of flexible employment with the maintenance of workers' basic rights, in order to construct a more inclusive and adaptive labor governance system, thereby promoting innovation and improvement in labor law.[19]

Secondly, given the significant differences in management concepts, system implementation, and employee relations among state-owned enterprises, private enterprises, and foreign-funded enterprises, future research could expand to cross-regional and cross-industry comparative studies. This would allow for the validation and deepening of the viewpoints presented in this study based on a broader sample. Special attention should be given to the systematic analysis of labor law application differences in various organizational forms, particularly in the central and western regions, as well as among state-owned enterprises, private enterprises, and foreign-funded enterprises, enhancing the representativeness and universality of the research findings.

Thirdly, the current handling of labor disputes primarily involves arbitration and litigation, which are characterized by complex procedures, lengthy durations, and high costs. Future research could explore the establishment of a diversified dispute resolution mechanism that integrates mediation, negotiation, arbitration, and litigation, particularly focusing on how to leverage the roles of trade unions, industry associations, and social organizations as third-party entities to improve the efficiency and fairness of dispute resolution, thus better addressing workers' concerns.

8. References

Alabdali, M. A., & Basahal, A. S. (2024). Strategies for mitigating labor disputes in the private sector: Insights from Saudi HR and legal experts. Employee Responsibilities and Rights Journal, 1-20.

Cheng, Y. Y. (2020). The legal logic of enterprise labor relations management (in Chinese). Beijing: China Renmin University Press.

Chen, P. C. (2021). The judicial balance logic in labor-capital disputes (in Chinese). Shanghai: Fudan University Press.

Cuypers, I. R., Hennart, J. F., Silverman, B. S., & Ertug, G. (2021). Transaction cost theory: Past progress, current challenges, and suggestions for the future. Academy of Management Annals, 15(1), 111-150.

Huang, C. (2025). Study on the differentiated tendencies of judicial adjudication of labor disputes in China (in Chinese). Chinese Journal of Law, (02), 115-118.

Jumaniyazov, I. T., & Xaydarov, A. (2023). The importance of social insurance in social protection. Science and Education, 4(1), 1033-1043.

Jaelani, A. K., Nuryanto, A. D., Fenitra, R. M., Mujib, M. M., & Luthviati, R. D. (2023). Legal protection of employee wage rights in bankrupt companies: Evidence from China. Legality: Jurnal Ilmiah Hukum, 31(2), 202-223.

Ke, Z. (2022). A Third Employment Category for Platform Workers in China: A Tough Start. The Chinese Journal of Comparative Law, 10(2), 297-322.

Lin, J. (2022). On China's Codification of Labor Law (in Chinese). Zhejiang Social Sciences, 304(12), 37-46+156.

Mueller, J. T. (2021). The dual dependency of natural-resource-rich labor markets in contemporary society. Sociological Theory, 39(2), 81-102.

Peckham, T., Flaherty, B., Hajat, A., Fujishiro, K., Jacoby, D., & Seixas, N. (2022). What does non-standard employment look like in the United States? An empirical typology of employment quality. Social Indicators Research, 163(2), 555-583.

[19] Ke, Z. (2022). A Third Employment Category for Platform Workers in China: A Tough Start. The Chinese Journal of Comparative Law, 10(2), 297-322.

Stark, D., & Pais, I. (2021). Algorithmic management in the platform economy. Sociologica, 14(3), 47-72.
Tubaro, P. (2021). Disembedded or deeply embedded? A multi-level network analysis of online labour platforms. Sociology, 55(5), 927-944.
Uchendu, O., Omomo, K. O., & Esiri, A. E. (2024). Strengthening workforce stability by mediating labor disputes successfully. International Journal of Engineering Research and Development, 20(11), 98-1010.
Zhou, C. Z. (2018). Study on the coordination mechanism between labor law and human resource management. China Labor, 2018(5), 45-52.
Zhang, W. C. (2019). The legal boundary of enterprise human resource efficiency optimization (in Chinese). Economic Research Journal, (11), 132-140.
Wang, T. Y. (2023). Innovation of labor governance in the platform economy (in Chinese). Peking University Journal of Law, (03), 45-48.
Wang, H., Gong, X., & Zhang, K. (2025). How does social insurance policy affect citizens' political participation? An empirical research based on policy feedback theory. Review of Policy Research.