

The Joint Protection Mechanism of Chinese Public Policy and Bankruptcy Law for the Rights and Interests of Enterprises and Employees

Lin Kuang

Faculté de Droit et Science Politique (Aix), Aix-Marseille Université, 13628 Aix-en-Provence, France
kuanglinkl93@163.com

Abstract: Since the implementation of China's *Enterprise Bankruptcy Law* in 2007, the number of cases of Chinese bankrupt enterprises undergoing bankruptcy liquidation through judicial led procedures has been decreasing year by year, and the *Enterprise Bankruptcy Law* has fallen into a dilemma in the process of market transformation. In order to explore the optimization path of China's judicial led bankruptcy procedure, a theoretical research method based on judicial operation and public management is studied, and a joint protection mechanism of public policy and bankruptcy law for the rights and interests of enterprises and employees is proposed. Research suggests that public policy and bankruptcy law need to be optimized separately from administrative and judicial agencies' corporate restructuring efforts to safeguard the rights and interests of enterprises. Public policies and bankruptcy laws need to provide social support mechanisms for employees based on political propaganda and rights definition to safeguard their rights and interests. The research aims to address the difficulties in conducting bankruptcy proceedings under the current judicial leadership by analyzing the combination of China's public policies and bankruptcy laws, to promote the updating and construction of social security mechanisms.

Keywords: Public Policy, Bankruptcy Law, Rights Protection, Judicial Procedures, Applicable Dilemma

1. INTRODUCTION

After 2007, China's policy-based bankruptcy procedures were replaced by judicial led bankruptcy procedures. However, in the process of application, employees and enterprises still have a dependence on policies and do not trust the judicial led procedures to safeguard their own interests. Meanwhile, judicial institutions are unable to fully handle public interest issues such as employee placement and corporate restructuring involved in bankruptcy cases. Therefore, relevant fields are currently seeking the integration of public policies and bankruptcy laws. Ghio et al. used bankruptcy laws from six European countries to address the lack of coordination among EU members and the limitations of coordination strategies (Ghio et al., 2021). Meanwhile, it discussed the development of

European bankruptcy law under the COVID-19 epidemic, observed the top-down suspension of bankruptcy coordination during the epidemic, and found that governments of various countries turned to domestic policies and legal responses. Research suggests that although public policy measures are not coordinated, they reflect a bottom-up trend towards coordination and convergence towards a common approach (SAID et al.). Wee analyzed the characteristics of China's *Enterprise Bankruptcy Law* and believed that although the bankruptcy law allows recognition of foreign bankruptcy proceedings based on the principle of reciprocity in the absence of a treaty, the meaning of reciprocity is unclear and lacks recognition and assistance rules. Meanwhile, the study found through actual cases that the bankruptcy law poses obstacles to the adoption of corporate structures from China to Hong Kong, indicating the need for dynamic development of China's bankruptcy law in both theoretical and practical fields (Ram Mohan & Gupta, 2023). Gurrea Martínez et al. analyzed the Singapore government's approach to amending bankruptcy legislation and encouraging out of court agreements to address financial difficulties (Gurrea-Martínez, 2020). It is believed that bankruptcy laws have an effect in efficient framework countries such as Singapore, but there are limitations, and financial restructuring training needs to be promoted. Meanwhile, this study suggests that the comprehensive measures of the Singapore government and the application of bankruptcy laws will help alleviate the impact of the epidemic on the economy (Giroux, 2010). The purpose of the research is to analyze the joint mechanism between Chinese public policy and bankruptcy law, in order to safeguard the rights and interests of enterprises and employees in bankruptcy proceedings, and promote the improvement of bankruptcy law judicial practice.

2. DIFFICULTIES IN THE APPLICATION OF BANKRUPTCY LAW

The promulgation of China's *Enterprise Bankruptcy Law* is to adapt to the normal operation of debt relationships in the market economy, and to replace traditional administrative management with neutral bankruptcy administrators, which can ensure the standardization and scientificity of bankruptcy procedures. However, bankruptcy proceedings involve the interests of groups such as employees, so bankruptcy proceedings have the attribute of public interest. At the same time, the promulgation of China's *Enterprise Bankruptcy Law* has accompanied the transformation of China's

social economy, and enterprises within the market continue to emerge and change. This has resulted in the inability of China's *Enterprise Bankruptcy Law* to achieve the intended legal effects and social governance functions.

2.1 Manifestations of Difficulties in the Application of Bankruptcy Law

Firstly, Chinese companies currently do not choose to enter bankruptcy law judicial proceedings for bankruptcy. During the process of socio-economic transformation in China, a large number of enterprises have emerged, but there have also been numerous bankruptcies. However, a large number of enterprises do not enter the judicial process of bankruptcy law after bankruptcy, and despite long-term losses, these enterprises are even in a state of production stagnation. However, enterprises still rely on government subsidies, bank loans, or other forms of external financial support to maintain their operations. Due to the debt and credit issues arising from these zombie enterprises, they are brought into judicial proceedings as civil and commercial disputes. A large number of enterprises in the Chinese market that cannot sustain their operations through their own profitability do not officially declare bankruptcy through bankruptcy proceedings in court, but rather end their operations through other means. Among them, private small and medium-sized enterprises disappear through the cancellation of their business licenses by the industry and commerce department in accordance with the law, or by actively applying to the industry and commerce department to cancel their legal person status. Some medium-sized and large enterprises also choose to directly cease operations without going through formal procedures due to the complexity or high cost of deregistration procedures. Secondly, the current dilemma in the application of bankruptcy law in judicial practice is also manifested as the asymmetry of procedural subjects. Due to the involvement of multiple parties, the relativity of arbitration agreements in bankruptcy law arbitration may lead to difficulties and contradictions in handling creditor disputes, and there is no clear regulation on this in the legislation of the *Enterprise Bankruptcy Law*. According to the *Interpretation (III) of the Bankruptcy Law*, when several creditors object to the same claim, the court should list all dissenting creditors as plaintiffs in a joint lawsuit. This is based on the system of joint litigation established in *Article 52 of the Civil Procedure Law*, known as the system of consolidated litigation. However, there is currently no provision in the *Arbitration Law* regarding the consolidation of arbitration. This leads to a lack of legal basis and practical feasibility for consolidation arbitration in corporate bankruptcy proceedings. In addition, the neutral bankruptcy administrator established

by the *Enterprise Bankruptcy Law* lacks a unified identity definition in disputes among multiple parties. Although the law grants the administrator the litigation authority in bankruptcy proceedings, in judicial practice, the administrator's litigation status is difficult to be recognized due to the lack of subject qualification for creditor's rights and debts.

2.2 Reasons for Difficulties in the Application of Bankruptcy Law

Firstly, the reason why bankrupt enterprises do not choose to enter bankruptcy judicial proceedings is due to outdated concepts. Debt creditors believe that entering bankruptcy legal proceedings means the formal demise of the enterprise. Debt creditors are unable to recognize the protective function of the *Enterprise Bankruptcy Law* on the rights and interests of enterprises and employee groups (Kokorin, 2021). The bankruptcy law only regulates the bankruptcy of enterprises, without regulating the bankruptcy of natural persons within the enterprise. By adopting a passive approach of debt law, it is unable to constrain debtors. Meanwhile, corporate creditors have greater trust in government agencies to protect their own rights and interests. The judicial procedure for corporate bankruptcy involves public interests and lacks government resettlement plans for employee groups. Courts are also unable to take over bankruptcy arbitration for some companies. In addition, the long trial period, complex procedures, and high costs of bankruptcy judicial procedures are also important reasons for enterprises to avoid bankruptcy judicial procedures. The judicial procedure for bankruptcy must properly handle labor relations, tax relations, and even contract relations such as land and health, and information sharing between various departments is required during the processing. However, the current sharing of digital information may infringe upon the interests of some departments, leading to a more common situation of fragmentation (Mevorach & Walters, 2020). Secondly, there is currently a lack of coordination between bankruptcy proceedings and arbitration proceedings, and the conflict between the two has also led to difficulties in the application of the *Enterprise Bankruptcy Law*. Arbitration procedures emphasize flexibility and party autonomy, while bankruptcy procedures emphasize legality and standardization. The conflict between the two has led to the asymmetry of the program subject. Meanwhile, the statutory bankruptcy administrator must face multiple parties such as debtors and creditors in the bankruptcy proceedings. The lack of constraints on the relationship between multiple parties in the *Enterprise Bankruptcy Law* has led to the administrator often participating in the proceedings as a litigation representative and as a party

to the case, resulting in disputes over the status and authority of the administrator.

3. THE JOINT FOUNDATION OF PUBLIC POLICY AND BANKRUPTCY LAW

3.1 Theoretical Basis for the Combination of Public Policy and Bankruptcy Law

The Chinese *Enterprise Bankruptcy Law* ensures the fairness, legality, and efficiency of bankruptcy proceedings through clear legal provisions and procedural requirements, reflecting the characteristics of legal formalism. Although the formalism of the *Enterprise Bankruptcy Law* can effectively resist administrative intervention and maintain the basic strategy of governing the country according to law. However, the diversification of values in modern society has also had an impact on legal formalism. For example, the difference in public and individual value concepts between bankruptcy proceedings and arbitration proceedings has caused difficulties in the application of the *Enterprise Bankruptcy Law*. Adopting legal norms alone cannot solve the diverse demands of multiple stakeholders such as debtors and creditors in corporate bankruptcy. Therefore, the current Chinese *Enterprise Bankruptcy Law* must be integrated into public policies to promote the transformation of bankruptcy judicial arbitration. Public policy is a series of action guidelines or decisions formulated by the government or public power institutions to solve social problems, achieve public interests, and guide social behavior. Since ancient times, China has had non-legal methods of judgment, and currently the United States has established a series of integrated and interactive mechanisms between law and public policy based on legal pragmatism (Zhang, 2022). An important feature of legal practice integrated into public policy is the emphasis on maximizing social wealth during the adjudication process. The traditional bankruptcy in China is entirely based on political procedures, and even after the promulgation of the *Enterprise Bankruptcy Law*, the political procedures for bankruptcy still deeply influence the current market choices. Therefore, in the current handling of bankruptcy cases in China, on the one hand, it is necessary to improve the satisfaction of public interests in the bankruptcy process through the use of public policies, and on the other hand, it is also necessary to be wary of excessive intervention of public policies in the bankruptcy judicial process. Although the current public policy entering the judicial process is considered an important way

to reverse the drawbacks of legal formalism in modern society. However, the integration of public policy into judicial practice has always been controversial. Public policy itself has a clear political stance, so it may affect the fairness of judicial decisions after entering judicial practice (MP, 2022). Meanwhile, public policies may not be able to fully address social issues involving multiple stakeholders such as corporate bankruptcy. So judicial practice and public policy will face the same risk of failure. The extensive intervention of public policies in judicial practice also does not conform to the principle of rule of law in modern society. Therefore, based on the coexistence of advantages and disadvantages of public policy entering the judicial process, it is necessary to constrain and restrict the integration of public policy. The limitations on the integration of public policies into judicial procedures can first be achieved through the application of public policies as legal interpretations. The law should be interpreted and supplemented within the legal framework to apply public policies. Secondly, when legal norms are unclear or missing, making it impossible for judicial decisions to be fully based on existing laws, public policies can be applied to fill legal loopholes (Gurrea-Martínez & Loh, 2020). Thirdly, when conflicts of interest between parties in bankruptcy proceedings cannot be resolved through internal legal means, discretion and resolution can be based on public policies that represent the public interest of society. Through three ways, public policy not only provides guidance beyond specific legal provisions to ensure the fairness and adaptability of the law, but also reflects the close connection between law and social public interests, limiting the judicial integration of public policy.

3.2 The Inevitability of the Combination of Public Policy and Bankruptcy Law in Practice

The transformation of judicial practice is jointly determined by political practice and economic practice. In economic practice, the economies of various countries have gone through stages of government failure and market failure, thus forming an economic development model dominated by free markets and supplemented by state intervention. This change is also reflected in legal practice. With the establishment of a rule of law country, natural law gradually gave way to conceptual law, and formalism became the mainstream of judicial practice. But when formalistic judicial practice cannot meet the needs of modern social governance, formalistic judicial practice will also need to integrate realistic and pragmatic judicial practice thinking. In the handling of bankruptcy cases in China, the early stage relied entirely on political means to lead the bankruptcy proceedings. Relying

solely on political leadership in bankruptcy cases has improved the efficiency of bankruptcy procedures while also ensuring social fairness. However, it violates the definition of enterprise bankruptcy in a market economy and also goes against the principle of governing the country according to law (Ghio et al., 2021). Therefore, China's corporate bankruptcy cases have entered a fully judicial led stage. However, under the guidance of judicial procedures, all issues related to employee placement and creditor interests in bankruptcy cases involve the principle of public interest, and pure judicial procedures cannot effectively adjudicate them. Therefore, subsequent bankruptcy cases in China must integrate the fairness and efficiency of public policies with the democratic stability of judicial procedures. In the process of transforming and developing China's market economy, clearing zombie enterprises in the market has gradually become a political task for local governments. The government's demand for liberating social production capacity may lead to a return to policy led bankruptcy procedures. Therefore, in order to avoid bankruptcy cases in China returning to the traditional policy led model, it is necessary to start with innovative reforms in judicial procedures and optimize the judicial led bankruptcy procedures to adapt to the transformation and development of the social economy (Gurrea - Martínez, 2022). Meanwhile, China's judicial procedures for building a market debt credit system are still incomplete, leading to companies choosing to evade debt issues after bankruptcy rather than entering the judicial procedures of bankruptcy law. The interests of a large number of creditors are damaged in the current bankruptcy case, while debtors evade their debt responsibilities through the existing financial credit system.

Therefore, current bankruptcy cases in China must be combined with public policies and judicial procedures. Public policies should support the development of judicial led bankruptcy procedures through policy legalization, forming a debt credit system for market entities. Judicial procedures should be developed as a formal channel for corporate bankruptcy, so that companies can consider choosing a judicial led bankruptcy procedure to protect their own rights and creditors' rights after bankruptcy (Wee, 2022). In addition, in judicial practice, it is necessary to accelerate the construction of the natural person bankruptcy system, ensure that creditors can maintain their personality and survival rights through judicial procedures, and ensure that widely existing debt disputes can be properly resolved through litigation procedures.

4. JOINT PROTECTION MECHANISM OF PUBLIC POLICY AND BANKRUPTCY LAW FOR THE RIGHTS AND INTERESTS OF ENTERPRISES AND EMPLOYEES

4.1 Enterprise's Interest Protection Mechanism

Enterprises expect to achieve the goal of corporate restructuring through judicial led bankruptcy procedures, but the current judicial led bankruptcy procedures in China do not have the market integration power to provide a rebirth for enterprises. This is the main reason why the current bankruptcy law judicial procedures cannot protect the interests of enterprises. At present, only administrative agencies can provide market integration economic activities for bankrupt enterprises, but administrative agencies and judicial agencies face the same problem. Administrative agencies need to carry out economic activities with the aim of local economic development. The reorganization of bankrupt enterprises is directly led by local governments, which also carries the risk of disrupting local economic development and efficiency. Meanwhile, government led participation in corporate restructuring may not guarantee the effective operation of the restructured enterprises due to its violation of the laws of the market economy. It is necessary to avoid bankrupt enterprises entering the cycle of bankruptcy-reorganization in order to effectively protect the interests of the enterprise.

4.2 Joint Formation of Market-Oriented Enterprise Restructuring Mechanism

In order to achieve the goal of safeguarding corporate interests and optimizing corporate restructuring, China's public policies and bankruptcy law judicial practices need to be integrated to promote the entry of bankrupt enterprises into the transformation market, and jointly help with corporate restructuring and interest protection. Specifically, China's public policy tends to focus on the principle of restructuring bankrupt enterprises as the main approach to economic activities, supplemented by the method of enterprise liquidation and exit. In response to the public policy principles proposed by China, local governments need to actively assess the status of enterprises and identify suitable enterprises for restructuring that have the potential for transformation and upgrading. For enterprises that cannot adapt to market transformation, it is necessary to adopt the method of exiting the market to ensure that market rules will not be disrupted by government intervention (YONATAN et al., 2023). In the implementation

of economic behavior in public policies, the government needs to comprehensively consider local economic benefits and the willingness of creditors. In bankruptcy proceedings, creditors' judgments on the industry situation and operational risks should be fully respected. Government agencies need to maintain a certain degree of autonomy in safeguarding the rights of creditors. The government's promotion of corporate restructuring also needs to be based on the laws of the market economy. The implementation of government public policies requires optimizing the registration system for the cancellation and status change of bankrupt enterprises. It also necessitates strengthening the participation and support of financial institutions in bankruptcy proceedings, and facilitating the handling of tax-related affairs of bankrupt enterprises. Furthermore, it involves further optimizing the business environment and supporting bankrupt enterprises to exit the market or restructure in an orderly manner in accordance with the law (Wood, 2019). In the dilemma of resettling employees in bankrupt enterprises, public policies need to actively improve the bottom line mechanism, and bankruptcy laws need to jointly protect the legitimate rights and interests of employees. The government prioritizes the resettlement of employees in bankrupt enterprises by establishing stability maintenance funds or encouraging third-party advances. In addition, it is necessary to strengthen information sharing through the National Enterprise Bankruptcy Information Disclosure Platform, the National Credit Information Sharing Platform, and other platforms, to improve the convenience of information awareness among relevant stakeholders and facilitate the lawful performance of bankruptcy administrators. This is a cooperation between public policy and bankruptcy law in terms of information sharing.

4.3 Joint Protection of the Functions of Bankruptcy Administrators

Secondly, the integration of China's public policies and bankruptcy judicial practices requires the active role of bankruptcy administrators. The bankruptcy administrator established by the *Enterprise Bankruptcy Law* should play a role in property custody, investigation and evaluation, distribution and handling in the judicial practice of bankruptcy cases. The administrator should be guaranteed neutrality, openness, fairness, and impartiality in carrying out liquidation activities in accordance with the provisions of the law during bankruptcy judicial proceedings. The assessment report of the bankruptcy administrator in the bankruptcy judicial procedure regarding the business operation and debt status of the enterprise, as well as the responsibility production of the debtor, is not only

the basis for public policy and judicial judgment, but also has guiding value for whether and how to restructure the enterprise. This needs to be based on the implementation of the authority of the bankruptcy administrator. Therefore, judicial institutions must actively monitor whether the authority of the bankruptcy administrator is implemented in bankruptcy proceedings, supervise the management behavior of the bankruptcy administrator, and ensure that the reports provided by the administrator have real and reliable value (Xie, 2019). Meanwhile, local judicial institutions must improve the compensation mechanism for bankruptcy administrators, cooperate with the government to establish relevant special funds, and carry out supervision work on the basis of safeguarding the interests of bankruptcy administrators. The administrator should protect the right to know of creditors, investors, and relevant stakeholders in accordance with the law, improve the transparency of bankruptcy affairs processing, increase information sharing among all parties, and provide convenience for the informatization and openness of the administrator's handling of bankruptcy affairs. Similarly, government agencies can also invite bankruptcy administrators as consultants to promote the restructuring of enterprises. Due to their deep involvement in the investigation of bankrupt enterprises and debt relationships, as well as their in-depth understanding of market development related fields, bankruptcy administrators are able to fully coordinate market rules and corporate restructuring (Gechert et al., 2021). In addition, China's judicial procedures must fully utilize the role of bankruptcy reorganization and bankruptcy settlement procedures to provide opportunities for the revival of enterprises with hope of rescue, which is beneficial for all parties to achieve win-win results and reduce the adverse impact of corporate bankruptcy on society. In bankruptcy judicial proceedings, it is necessary to establish a pre restructuring system for the reorganization of enterprises. The efficiency of bankruptcy judicial procedures should be accelerated to avoid companies and creditors wasting costs in long delay proceedings.

4.4 Employee Benefit Protection Mechanism

The current social security mechanism in China is still imperfect, facing enormous challenges in the placement of employees in bankrupt enterprises. The rights and interests of creditors and employees should be treated equally in the legal system and fairly distributed in bankruptcy. However, in actual judicial proceedings, due to the large funding gap, high corporate liabilities, difficulty in realizing assets, and numerous historical legacy issues, it is difficult to protect the rights and interests of employees

during the process of job placement. Meanwhile, the current liquidation principle of bankruptcy law is to ensure a balance of interests, but it cannot solve the future living problems of employees after the bankruptcy of the enterprise. It is necessary to improve relevant supporting laws, such as the *Labor Security Law*, *Insurance Law*, *Employment Promotion Law*, etc., to help employees of bankrupt enterprises solve the problems they encounter in their lives.

4.5 Joint Placement Mechanism for Employees

Firstly, it is necessary to optimize the definition of the legitimate rights and interests of employees in the current Chinese *Enterprise Bankruptcy Law*, in order to provide a foundation for the construction of subsequent mechanisms to protect employee rights and interests. The *Enterprise Bankruptcy Law* is a type of civil procedure law in China, and the implementation of its procedures requires the necessary system of employee placement. The *Bankruptcy Law* must further clarify the scope of employee creditors' rights through legislation or judicial interpretation, including wages, medical care, disability allowances, pension expenses, as well as compensation that should be paid to employees according to laws and administrative regulations. The current legal framework should be improved, the operability of the law should be enhanced, and the legitimate rights and interests of employees in bankruptcy proceedings should be ensured to be respected and protected. When the court hears bankruptcy cases of state-owned enterprises, it requires the assistance and support of government departments, especially the mutual cooperation between the court and the government in terms of employee placement (Persson, 2020). Secondly, the current *Bankruptcy Law* lacks channels for employee government to supplement appeals related to the interests of bankrupt enterprise employees on relevant online platforms. The bankruptcy enterprise reorganization information network jointly established by China's public policy and judicial institutions has avoided discussing the issue of employee placement. Obviously, policy-based support for employee placement lacks clear supporting measures. Therefore, public policies should work together with judicial institutions to address the issues of changing, terminating, and re signing employee labor contracts, while implementing the payment of economic compensation for employees who have terminated their labor contracts. Government agencies should increase publicity and cooperation in the continuation of social insurance relationships for employees (Routledge, 2021). The judicial authorities need to make judgments and handle enterprises that owe employees wages and

other debts, as well as outstanding social insurance premiums. When considering the issue of employee placement, administrative agencies must fully analyze the actual situation of employees themselves. They must make every effort to ensure the rights and interests of employees and creditors, and timely communicate with employees. Administrative agencies should properly handle the issue of employee placement during the bankruptcy disposal process, following the principles of "compliance with laws and regulations, equal consultation, voluntary selection, and openness and fairness".

4.6 Joint Underlying Mechanism for Employee Benefits

The joint protection of the interests of enterprise employees through public policies and bankruptcy laws not only optimizes the implementation of employee placement issues, but more importantly, improves the social security mechanism on the basis of social support. The current government's full intervention approach is no longer suitable for the rapidly developing market economy, and it is necessary to transform employee interests into market development issues through a bottom-up mechanism. Public policy and bankruptcy judicial procedures need to ensure that the assets of bankrupt enterprises can be prioritized for repayment and employee benefits. Administrative agencies and the judiciary need to supervise the property situation and direction of bankrupt enterprises, prioritize the repayment of wages owed by enterprises to employees, and use the property of bankrupt enterprises to fill the medical, pension insurance, and pension expenses of employees. If the assets of bankrupt enterprises cannot support and compensate for the interests of employees, public policies need to provide support for employees and prioritize solving their basic living problems. After the completion of the enterprise restructuring work through judicial procedures, the situation of the restructured enterprise will be determined, and communication with employees will be carried out to clarify their needs. The employees will be classified according to their work experience and requirements, and a plan for employee placement will be formulated. Priority will be given to arranging employees to enter the new enterprise to carry out production and operation. Secondly, in the judicial process, to optimize the realization of voting rights for employee creditors, it is necessary to strengthen legal education for employee creditors through public policies, and enhance their understanding and participation ability in bankruptcy proceedings. Meanwhile, the bankruptcy administrator should ensure that employee creditors can timely and accurately obtain relevant information about the

bankruptcy proceedings, and safeguard their right to know. In addition, judicial institutions need to strengthen their connections with trade unions, increase knowledge training and talent reserves related to corporate bankruptcy, so that trade unions can better safeguard the legitimate rights and interests of employees in bankruptcy liquidation work.

5. CONCLUSION

In response to the application difficulties of China's *Enterprise Bankruptcy Law* during the period of social market transformation, this study explores the social rights protection system of public policy combined with bankruptcy law. For enterprises, it is necessary to establish a market-oriented restructuring mechanism, optimize the registration system for the cancellation and status change of bankrupt enterprises, strengthen the participation of financial institutions, facilitate the handling of tax related affairs of bankrupt enterprises, and improve the bottom line mechanism for employee resettlement difficulties. For employees, it is necessary to optimize the definition of their legitimate rights and interests in the *Enterprise Bankruptcy Law*, clarify the scope of their creditor's rights, improve legal operability, and ensure that their rights and interests are respected and protected. Courts and government departments need to cooperate with each other to resolve employee labor contract issues, implement economic compensation payments, and increase publicity and cooperation on the continuation of social insurance relationships. In addition, it is necessary to establish a social support mechanism, prioritize the settlement of employee interests, strengthen legal education for employee creditors, and enhance their understanding and participation in bankruptcy proceedings. Safeguarding their right to know and strengthening ties with trade unions are also crucial to safeguard the legitimate rights and interests of employees.

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