



# Social Unemployment Insurance Systems in China and Russia: Comparative Characteristics

Nadezda V. Gamulinskaya , Anastasia A. Sozinova , Veronika E. Garkovenko , and Natalia N. Zubareva

## Abstract

The paper aims to compare the social unemployment insurance system in the People's Republic of China and the Russian Federation, as well as to identify similar elements and differences and the possibility of transferring the experience of China to the Russian social unemployment insurance system. During the research, the authors use general scientific methods such as analysis, synthesis, generalization, induction, deduction, and comparison. After comparing the Russian social insurance systems with the parameters of the system operating in China, the authors revealed certain similarities and differences. The research on China's experience can contribute to transferring certain elements of it to the Russian social unemployment insurance system.

## Keywords

Social insurance · Unemployment · People's Republic of China · Comparative analysis

## JEL Codes

E24 · F66 · G28 · G52 · H24 · H53 · H55 · H75 · I38 · J21 · J65

N. V. Gamulinskaya · A. A. Sozinova (✉)  
Vyatka State University, Kirov, Russia  
e-mail: [nv\\_gamulinsky@vyatsu.ru](mailto:nv_gamulinsky@vyatsu.ru); [aa\\_sozinova@vyatsu.ru](mailto:aa_sozinova@vyatsu.ru)

V. E. Garkovenko  
Plekhanov Krasnodar Branch of the Plekhanov Russian University of Economics, Krasnodar, Russia

N. N. Zubareva  
Belgorod State University, Belgorod, Russia

## 1 Introduction

The economy is now characterized by the need to attract high-quality labor resources. According to experts, during the economic crisis, the restructuring of the economy is a consequence of the lack of stability in the processes of employment of the population and high risks of job loss.

Employment is the essential means of survival and the basis for the stable growth of people's incomes.

The problems of unemployment have recently become extremely pressing. Recent years saw an increase in the global unemployment rate. Global unemployment was 5.4% in 2018 and 5.9% in 2022 (ILOSTAT, n.d.). These dynamics indicate the increasing level of unemployment rate in the global community, which bring to the fore the problem of the availability of social insurance for the unemployed.

Global experience has different approaches to organizing the work of employment agencies and the implementation of employment programs, as well as measures of social protection against unemployment. Thus, it is necessary to compare social security systems against unemployment.

This research aims to analyze regulations that form the basis of the social insurance system for unemployment in China and compare the Russian social insurance system for the unemployed with a similar system in China.

The scientific novelty of this research includes a comparison of social unemployment insurance systems in the selected countries. The practical significance of the research implies the possible use of the results in the development of the social insurance system against unemployment in Russia.

## 2 Methodology

The research uses general scientific methods, including analysis, synthesis, generalization, induction, deduction, and comparison.

As part of the research, the authors selected the following key parameters that are important for comparison: the method of financing the unemployment insurance system, the conditions and frequency of the unemployment allowance, and the date of commencement of the unemployment allowance and its amount.

The system of social insurance against unemployment in Russia is considered in part of the law “On employment in the Russian Federation” (April 19, 1991 No. 1032-1) (Russian Federation, 1991).

Considering the experience of social security in China, it is noted that unemployment insurance is included in the social insurance system, which is regulated by the law “On labor” (People’s Republic of China, 1994). The law of the People’s Republic of China “On social insurance” (October 28, 2010) provides general provisions on the conditions for unemployment payments (People’s Republic of China, 2010). The procedure for providing unemployment insurance is specified in the Unemployment Insurance Rules (Ministry of Human Resources and Social Security of the People’s Republic of China, 1998)

It is necessary to specify that the team of authors has already used these parameters in the works devoted to studying social insurance systems against unemployment in Russia and foreign countries (Bespyatykh et al., 2022a, b).

The problem of developing a system of social insurance against unemployment is reflected in the works of such researchers as E. V. Ganebnykh (2021), S. I. Maksimov and D. A. Rusinov (2021), S. E. Pashkova and F. I. Mirzabalaeva (2021), O. V. Rodimushkina (2021), G. P. Voronin (2018), E. V. Yanchenko (2020), S. Zhang (2021).

### 3 Data Availability

The main economic indicators of labor in compared countries (Trading Economics, n.d.), which are described in the following section of the research, are available at <https://figshare.com> with id <https://doi.org/10.6084/m9.figshare.20453622>

### 4 Results

Unemployment is a condition in which workers remain without work involuntarily. Unemployment statistics measure the state and extent of unemployment in the economy.

The key indicator used to analyze unemployment is the unemployment rate. It represents the number of unemployed per total unemployed labor force. In Russia, the unemployment rate is 1.4% lower than in China. The number of unemployed Russians is three times lower than in China. Russia is inferior to China in terms of average and minimum

wages. Chinese citizens earn twice as much income as Russians.

Social unemployment insurance is a system that is provided by the government through legislation and is centrally established by society to provide material assistance and re-employment services for a normatively established period to workers who lost wages after interrupting work.

China’s social unemployment insurance system was created in 1986 for employers of state-owned enterprises.

Unemployment social insurance payments are jointly paid to the unemployment fund by two parties: employees and employers.

Urban enterprises and institutions pay unemployment insurance payments in the amount of 2% of total wages. Employees of urban enterprises and institutions pay unemployment insurance payments in the amount of 1%. Migrant wage earners employed by urban enterprises and institutions do not pay unemployment insurance payments.

By agreement with the Central Government, the governments of provinces, autonomous regions, and municipalities may adjust the premium rate based on the number of unemployed people and the size of the unemployment insurance fund in their respective administrative regions.

Unemployed persons who meet the following conditions can get unemployment payments from the unemployment insurance fund:

- The employer and the individual have paid unemployment insurance payments for at least one calendar year prior to unemployment;
- The employee did not resign voluntarily;
- The dismissed worker is registered as unemployed and is looking for a job.

An unemployed person is issued a certificate of termination of employment; after receiving it, he or she applies to the designated state employment agency with an application for registration for unemployment. The Social Insurance Agency issues documents to the unemployed person for receiving payments and the unemployed person who has all necessary documents applies to the specified bank to receive unemployment insurance payments.

The term for receiving unemployment insurance payments is calculated from the date of registration for unemployment. Unemployment insurance payments are paid monthly by the Social Insurance Agency.

Maximum periods for receiving unemployment insurance payments are as follows:

- 12 months if the employer and the unemployed person made unemployment insurance payments for 1–5 years;

- 18 months if the employer and the unemployed person made unemployment insurance payments from 5 to 10 years;
- 24 months if the employer and the unemployed person made unemployment insurance payments for more than 10 years (People’s Republic of China, 1994).

Unemployed people who were not employed after the maximum payment period and who have less than 1 year left before the statutory retirement age may continue to receive unemployment payments until retirement (Ministry of Human Resources and Social Security of the People’s Republic of China, 2020).

During the period of receiving unemployment insurance payments, the unemployed can use the basic health insurance provided for employees. Health insurance payments are paid for the unemployed from the unemployment insurance fund.

Unemployed people who receive unemployment insurance payments stop receiving it if one of the following circumstances occurs:

- Employment;
- Induction into the armed forces;
- Emigration;
- Receiving pension insurance payments;
- Deprivation of freedom;
- Refusal to find a job or study without sufficient reason;
- Other circumstances stipulated by laws and administrative acts (People’s Republic of China, 2010).

If the Chinese local governments are directly subordinate to the state, the amount of unemployment insurance benefits is determined by the government of the province or autonomous region at a level below the local minimum wage and above for urban residents (Ministry of Human Resources and Social Security of the People’s Republic of China, 1998).

Let us move on to another research object—the social security system against unemployment in the Russian Federation.

The working population that does not have work and income belongs to the category of unemployed. They are registered with the employment center to find a suitable job and are ready to start working.

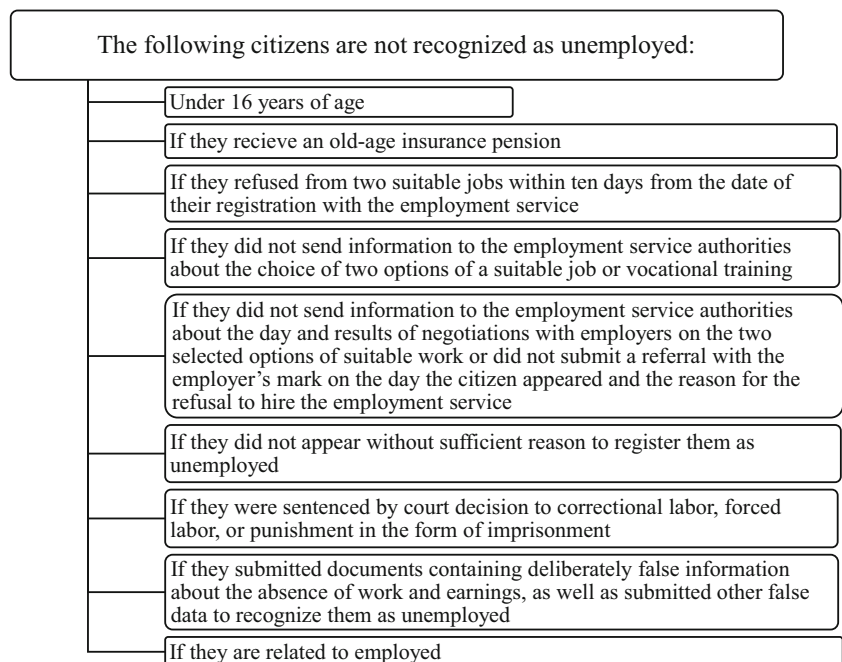
The decision to recognize a citizen as unemployed is made by the employment service authorities from the day the unemployed person submits an application for providing him or her with a state service to assist in finding a suitable job and if the employment service authorities have documents or information necessary for registering the unemployed citizen.

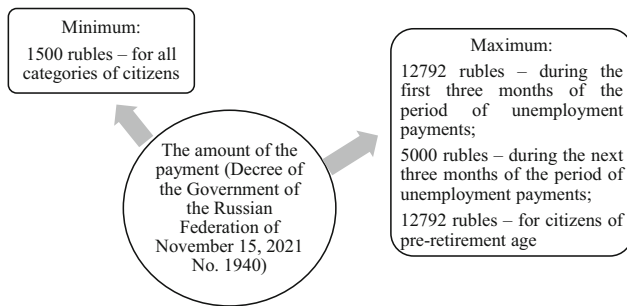
Categories of citizens who cannot be recognized as unemployed are shown in Fig. 1.

Unemployment benefits are correlated to the average income at the last place of work. Along with this, this category of citizens must be in an employment relationship for at least 26 weeks for 12 months before the unemployment process begins. In the first 3 months, 75% of the average income is accrued, in the next 3 months—60%.

The size of the studied payment has its limits. The lower limit is the minimum amount of the benefit; the upper limit is

**Fig. 1** Reasons for refusal to register as unemployed. Source: Compiled by the authors based on the law of the Russian Federation “On employment in the Russian Federation” (Russian Federation, 1991)





**Fig. 2** Sizes of unemployment payments in the Russian Federation in 2022. Source: Compiled by the authors

the maximum amount of social payments, considering the level of the district coefficient. These limits are determined annually by the Government of the Russian Federation. Information on the amount of unemployment benefits in Russia in 2022 is presented in Fig. 2.

The accounting of payments in Russia occurs from the first day a citizen is recognized as unemployed. The period of payments should not exceed 6 months in total terms within 12 months.

For citizens who have not previously worked, the total period for receiving unemployment benefits should not exceed 3 months in 12 months.

Unemployment benefit is paid monthly, but no more than twice a month.

Table 1 provides a summary of standard unemployment benefits.

The main difference is the presence of deductions to the unemployment fund in China and the absence of such deductions in Russia. In both countries, the amount of social insurance payments for unemployment is tied to age,

minimum wage, subsistence level, period of service, and voluntariness of dismissal.

The study allows us to compare the unemployment insurance system in China with the social insurance system in Russia.

The results of a comparison of unemployment insurance systems in Russia and China are presented in Table 2.

## 5 Conclusion

After comparing the Russian social insurance systems with the parameters of the system operating in China, the authors identified similar and different elements.

The similarities between the two systems are established in the start date of benefits, the frequency of payments, the presence of limits on the amount of payments, and the sum of unemployment benefits depending on the average earnings of the employee before the loss of his or her job.

The main difference in the compared insurance systems is the sources of funding for the insurance systems for the unemployed. In China, funding is solidary, which is distributed between the employee (33%) and the employer (67%). In Russia, 100% of funding is provided by the government. Until 2001, in Russia, contributions were made from the payroll fund by employers to the employment fund in the amount of 2%.

Thus, the analyzed unemployment insurance systems are aimed at improving the efficiency of state regulation of unemployment and the possibility of increasing the level of financial assistance to the unemployed. The study of the Chinese experience, in this case, can contribute to transferring it to the Russian unemployment social insurance system

**Table 1** Standard unemployment payment in the compared countries

| Country | The amount of contributions to the "employment fund," % |           | Unemployment payment rate  | Unemployment payment, CNY   | Conditions for receiving payments   | The main period of payments, months |
|---------|---|-----------|--|---|---|-------------------------------------|
|         | employee  | employer  |  |   |   |                                     |
| China   | 1.0   | 2.0       | Determined by the governments of provinces, autonomous regions, and municipalities | Below the local minimum wage and above the subsistence level of urban residents, determined by the governments of provinces, autonomous regions, and municipalities | The employer and the individual paid contributions for at least one calendar year prior to unemployment; the employee did not quit voluntarily; the dismissed worker is registered as unemployed and is looking for a job | 12–24                               |
| Russia  | Not found   | Not found | 60%–75% of average earnings  | 121–1030 per month  | The unemployed person is registered with the employment service, is looking for a job, and is ready to start it   | 3–6                                 |

Source: Compiled by the authors based on the law of the Russian Federation "On employment in the Russian Federation" (1991), Labor Law of the People's Republic of China (1994), Social Insurance Law of the People's Republic of China (2010), Unemployment Insurance Regulations (1998), Notice of the General Office of the Ministry of Human Resources and Social Security on Further Promoting the "Smooth Collection and Safe Handling" of Unemployment Insurance (2020).

**Table 2** Similarities and differences in the financing of unemployment insurance systems and standard unemployment payments in Russia and China

| Feature                                     | Similarities   |  | Differences  |  |
|---|--|--|--|--|
|   | Russia   | China  | Russia   | China  |
| Financing the Unemployment Insurance System | Not found  |  | State  | Solidary financing: employee + employer  |
| Conditions for payments                     | Not found  |  | Paid to citizens recognized in the generally established manner as unemployed and registered in the employment service | Employer and employee paid unemployment insurance contributions for at least 12 months prior to unemployment; employee did not quit voluntarily; the dismissed worker is registered as unemployed and is looking for a job |
| Start date of payments                      | From the first day of recognition as unemployed  | From the date of registration for unemployment | Not found  |  |
| Payment period                              | Not found  |  | 3–6 months   | 12–24 months   |
| Frequency of payments                       | Every month  |  | not found  |  |
| Amount of payments                          | The presence of the minimum and maximum limits on the amount of payments. The dependence of the amount of payments on the average earnings of the employee |  | 60%–75% of average earnings  | Is determined by provincial, autonomous region, and municipal governments  |

Source: Compiled by the authors based on the law of the Russian Federation “On employment in the Russian Federation” (1991), Labor Law of the People’s Republic of China (1994), Social Insurance Law of the People’s Republic of China (2010), Unemployment Insurance Regulations (1998), Notice of the General Office of the Ministry of Human Resources and Social Security on Further Promoting the “Smooth Collection and Safe Handling” of Unemployment Insurance (2020)

in terms of the principle of collective solidarity and combining the risks of employers, employees, and the country.

## References

- Bespyatykh, A. V., Gamulinskaya, N. V., Palesheva, N. V., Savelieva, N. K., & Sozinova, A. A. (2022a). Economic models of social insurance systems in Switzerland and Russia: Comparative characteristics. *Kreativnaya ekonomika [Creative Economy]*, 16(1), 307–330. <https://doi.org/10.18334/ce.16.1.114126>
- Bespyatykh, A. V., Palesheva, N. V., Savelyeva, N. K., & Sozinova, A. A. (2022b). Retrospective analysis of economic models of the social insurance system for unemployment in the Russian Federation. *Kreativnaya ekonomika [Creative Economy]*, 16(2), 849–864. <https://doi.org/10.18334/ce.16.2.114156>
- Ganebnykh, E. V., Savelyeva, N. K., Sozinova, A. A., Fokina, O. V., Burtseva, T. A., & Bespyatykh, V. I. (2021). Evaluation of employers’ readiness for unemployment insurance: Scientific analytics based on the study of opinion. *Russian Journal of Labour Economics*, 8(12), 1621–1638. <https://doi.org/10.18334/et.8.12.113946>
- ILOSTAT. (n.d.). *Data*. Retrieved from <https://ilostat.ilo.org/data/> (Accessed 25 April 2022).
- Maksimov, S. I., & Rusinov, D. A. (2021). Employment insurance in Russia: Prospects for development against the background of the epidemics. *Self-Management*, 6(128), 47–50.
- Ministry of Human Resources and Social Security of the People’s Republic of China. (1998). *Unemployment Insurance Regulations (approved by the Resolution of the State Council No. 258 on December 26, 1998)*. Beijing, China. Retrieved from [http://www.mohrss.gov.cn/SYrlzyhshbzb/zcfg/ffg/xzfg/201604/t20160412\\_237907.html](http://www.mohrss.gov.cn/SYrlzyhshbzb/zcfg/ffg/xzfg/201604/t20160412_237907.html) (Accessed 25 April 2022).
- Ministry of Human Resources and Social Security of the People’s Republic of China. (2020, March 5). *Notice of the General Office of the Ministry of Human Resources and Social Security on Further Promoting the “Smooth Collection and Safe Handling” of Unemployment Insurance*. Retrieved from [http://www.mohrss.gov.cn/xxgk2020/fdzdgknr/zcfg/gfxwj/shbx/202003/t20200306\\_361582.html](http://www.mohrss.gov.cn/xxgk2020/fdzdgknr/zcfg/gfxwj/shbx/202003/t20200306_361582.html) (Accessed 25 April 2022).
- Pashkova, S. E., & Mirzabalaeva, F. I. (2021). The practice of developing unemployment insurance systems in foreign countries. *Russian Journal of Labour Economics*, 8(11), 1357–1378. <https://doi.org/10.18334/et.8.11.113790>
- People’s Republic of China. (1994). *Labor Law of the People’s Republic of China (approved by Decree No. 28 of the President of the People’s Republic of China on July 5, 1994)*. Beijing. Retrieved from [http://www.gov.cn/banshi/2005-05/25/content\\_905.htm](http://www.gov.cn/banshi/2005-05/25/content_905.htm) (Accessed 25 April 2022).
- People’s Republic of China. (2010). *Social Insurance Law of the People’s Republic of China (approved on October 28, 2010, revised on December 29, 2018)*. Beijing. Retrieved from [http://www.npc.gov.cn/zgrdw/npc/xinwen/2019-01/07/content\\_2070267.htm](http://www.npc.gov.cn/zgrdw/npc/xinwen/2019-01/07/content_2070267.htm) (Accessed 25 April 2022).
- Rodimushkina, O. V. (2021). Legal regulation of unemployment benefits: international legal framework and experience of the Russian Federation. *Baltic Humanitarian Journal*, 2(35), 359–362. <https://doi.org/10.26140/bg3-2021-1002-0094>
- Russian Federation. (1991). *Federal law “On employment in the Russian Federation” (April 19, 1991 No. 1032-1)*. Moscow. Retrieved from [http://www.consultant.ru/document/cons\\_doc\\_LAW\\_60/](http://www.consultant.ru/document/cons_doc_LAW_60/) (Accessed 25 April 2022).

- Trading Economics. (n.d.). *Economic indicators*. Retrieved from <https://ru.tradingeconomics.com/> (Accessed 25 April 2022).
- Voronin, G. P. (2018). The system of social insurance of the population – myths and reality. *Standards and Quality*, 12, 1.
- Yanchenko, E. V. (2020). Unemployment risks in the context of digitalization of the economy. *Russian Journal of Labour Economics*, 7(8), 677–692. <https://doi.org/10.18334/et.7.8.110729>
- Zhang, S. (2021). Social protection responses in China and other countries during the COVID-19 pandemic. *Bulletin of the Academy of Knowledge*, 2(43), 261–265. <https://doi.org/10.24412/2304-6139-2021-11079>