

# THE INFLUENCE OF STATE POLICY ON HOUSEHOLDS WITH CHILDREN ON THE REPRODUCTION OF HUMAN CAPITAL IN THE RUSSIAN FEDERATION

Svetlana Kostina – Galina Bannykh – Ekaterina Zaitseva

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## Abstract

The reproduction of human capital (HC) is becoming one of the key tasks of the state in modern socio-economic conditions, because it is exactly HC provides economic growth. The activities on the formation of human capital are carried out both by the family and by formal structures (education, healthcare, etc.). During periods of socio-economic instability, the role of the state in this process increases many times. The purpose is to consider the main directions of state policy in relation to households with children in the Russian Federation, contributing to the reproduction of human capital.

**Research Methods.** The main theoretical foundations of the study are theories of human capital, the concept of parental labour. Research methods used by the authors in the work - analysis of documents, analysis of statistical data, secondary data analysis

**The results of the study.** The dynamics of Russian economic growth is determined by the expansion of the use of domestic resources (renovation of the fund for the development of the knowledge economy and human capital, etc.). Changes in government policy regarding support for families with children are expected to improve the reproduction of human capital in the Russian Federation.

**Key words:** reproduction of human capital, households with children, state policy, family, Russian Federation

**JEL Code:** J13, J24, E71

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## Introduction

Families are traditionally one of the main target groups of state social policy and a central element in the formation of human capital. Over the past three decades, households have been the target of a wide range of socio-demographic processes, including the destabilisation of traditional patterns of marriage, cohabitation and divorce; the growing turnover of family ties and friendships; and increasingly complex transitions through life paths (Buzar, Ogden, & Hall, 2005).

Significant changes in the value attitudes of the population to the family, children, motherhood were clearly manifested at the turn of the XX – XXI centuries in a decrease in fertility rates, a numerical increase in single-parent families, the spread of childlessness, etc. These changes, in turn, have led to an optimisation of the efforts and actions of the state in relation to households with children.

The reproduction of human capital is becoming one of the key tasks of the state in modern socio-economic conditions, because it is he who provides economic growth. The dynamics of Russian economic growth is determined by the expansion of the use of domestic resources (renovation of the fund for the development of the knowledge economy and human capital, etc.).

In the state social policy of modern states, the direct relationship between the diversity of the modern family, cultural and historical features and political practice is constantly taken into account and considered a priority. This connection has gained particular relevance in connection with migration processes from economically backward countries to economically developed countries. In addition to migration, the trends in urbanisation and suburbanisation continue to be a factor in the transformation of the family structure. Currently, the role of the state in the process of the formation of human capital in such conditions of instability increases many times.

The purpose of the article is to consider the main directions of state policy in relation to households with children in the Russian Federation, contributing to the reproduction of human capital. Research questions will be as follows:

- what role does government policy play with regard to families with children in the reproduction of human capital in Russia;
- what measures to support families with children in the context of the reproduction of human capital are currently being implemented in the Russian Federation.

## **1 Public policy on the reproduction of human capital: theoretical approaches**

The theory of human capital formed in the 50-60s thanks to the publications of T. Schulz and G. Becker remains relevant in scientific and practical terms to this day. An analysis of the scientific literature shows that the most controversial issue is the assessment of investments in human capital, the reproduction of human capital. This problem is caused by the complexity of the “human capital” category, which means the stock of health, knowledge, skills, abilities,

motivations that are reasonably used in a particular area of social reproduction formed as a result of investments and accumulations by a person, contribute to the growth of employees' qualifications, and promote productivity growth and the quality of his work and thereby affect the growth of a given person's earnings (Korchagin, 2005).

According to the methodology for assessing the development of human potential proposed by the United Nations, indicators of the level and life expectancy, access to education, and the country's achievements in the field of healthcare are subject to examination.

The process of forming human capital takes time (15 - 25 years), and involves investment in a person, the development of his creative and productive resources. For this, a purposeful state policy in the field of health care, education, culture and vocational training is necessary (Noskova, 2013).

The formation of basic human capital occurs at the pre-labour stage and is completed by the age of majority. In this process, the main role is played by the family. The family makes long-term investments in the human capital of children through the costs of raising, educating and maintaining children's health, respectively, the family's ability to form human capital directly depends on its economic situation (Bannykh, Kostina & Kuzmin, 2020).

J. Kendrick distinguishes two groups of investments - material (the cost of raising children under 14 years of age) and non-material (the cost of general education, special training, health care, etc.) (Kendrick, 1976). Moreover, the determination of the costs of family education, childcare and their development is assumed to be similar to the determination of the cost of human capital received in the formal education system.

A.P. Bagirova believes that when forming human capital, it is necessary to take into account the costs that are directly incurred by the family (direct costs), and the costs that are currently compensated by the state and in the event of termination of funding will be fully borne by the parents (Bagirova, Shmarova, 2018). One of the main mechanisms for the reproduction of human capital is parental labour — the conscious, expedient activity of the subjects of labour, with the help of which they form quantitative and qualitative characteristics of the human capital of children, satisfying both social and personal needs in the process of this work.

Researchers are focused on various aspects of the influence of the state on the situation of families. For example, Bradshaw, J., Richardson, D. found a positive relationship between child well-being and spending on family benefits and services and per capita GDP, as well as a negative relationship with social inequality (Bradshaw, Richardson, 2009). For E. Mitchell, the key issues are the types of families supported by national governments and specific measures to support different family models in the nation states of Europe (Mitchell, 2011).

Researchers from Ohio University came to interesting conclusions about the interdependence of the complexity of the family structure and the economic sustainability of the family. The positive relationship between family complexity and government assistance is more pronounced for children in families with two married biological parents. Family complexity was independently associated with economic disadvantages, namely, a lower ratio of income to needs and a higher likelihood of receiving government assistance (Brown, Manning & Stykes, 2015).

Thus, the state, when formulating and implementing purposefully state policy in relation to families by children, invests in human capital.

## **2. Government policy on households with children in the Russian Federation: analysis of the impact on the reproduction of human capital**

According to a World Bank report, human capital in the structure of the Russian economy occupies 46%, which is 24% less than the average in the countries of the Organisation for Economic Cooperation and Development (OECD), and Russia's human capital per capita in the country's wealth is one fifth of OECD average. Therefore, in the 21st century, a state policy aimed at supporting families with children for the reproduction of human potential is actively being formed in the Russian Federation.

The state stimulates family activities in raising children through policies regarding parental employment, access to infrastructure for child care and development, etc. Depending on the orientation of the state policy on the reproduction of human capital to the family or formal institutions, two main models can be distinguished - "family" and "institutional".

Within the framework of the "family" model, conditions for providing "home" care and upbringing for as long as possible by means of measures such as paying benefits to mothers on parental leave, compensation in cases of impossibility of placing a child in a municipal institution of preschool education, creating conditions for obtaining a "family" form of education instead of school, are created. Within the framework of the "institutional" model, the state stimulates the employment of the mother (parents), finding a child with as much as possible his age within formal institutions.

Consider the state policy of the Russian Federation in relation to children and families with children, aimed at the formation of "quality" human capital. As of January 1, 2019, the

number of children in Russia amounted to 30,215 thousand people, which is 20.6% of the total population<sup>1</sup>.

First of all, we will consider family policy measures regarding the employment of parents with children. The Russian Federation presents a wide range of measures to support the employment of mothers with children. These include paid parental leave up to 1.5 years and guaranteed unpaid parental leave up to 3 years. The level of employment of women with children of preschool age in the last decade remains quite high - in 2016 amounted to 64.9%<sup>2</sup>.

At the same time, the state is trying to provide full employment opportunities for mothers by increasing the availability of preschool education, including early childhood (from 2 months to 3 years). The provision of child nurseries for children from 1.5 to 3 years old was 83.6% in 2019, and the availability of preschool education for children from 3 to 7 years old was 98.9%. In addition, the state provides other measures to support the employment of pregnant women and working mothers: the creation of special conditions (transfer to easy work) and job guarantees (a ban on refusal of employment, a ban on dismissal during pregnancy and maternity leave, a ban the establishment of a probationary period, the application of a part-time working regime for them, etc.) for pregnant women, job guarantees and a moratorium on the dismissal of women with children.

Secondly, measures to ensure the education of children. In the Russian Federation, the education system requires compulsory general education. The most common form of education in the Russian Federation remains “institutional” - in educational organisations. 99.6% of children currently receive general education in schools and vocational education organisations<sup>3</sup>. At the same time, a family form of school education is provided for those who wish. According to a study by the Association for the Development of Family Education (ARSO), in the academic year 2018-2019, approximately 0.13% of the total number of pupils were in home schooling<sup>4</sup>.

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<sup>1</sup> The population of the Russian Federation by gender and age. The official website of the Federal State Statistics Service. URL: [https://www.gks.ru/bgd/regl/b19\\_111/Main.htm](https://www.gks.ru/bgd/regl/b19_111/Main.htm) (accessed 20.03.2020)

<sup>2</sup> The employment rate of women aged 20-49 years with children of preschool age (0-6 years). The official website of the Federal State Statistics Service. URL: [https://gks.ru/storage/mediabank/Trud\\_2019.pdf](https://gks.ru/storage/mediabank/Trud_2019.pdf) (accessed date 03.20.2020)

<sup>3</sup> Coverage of children with general education (the ratio of the number of students in grades 1-11 (12) of general educational organizations and students (students) mastering secondary general education programs in professional educational organizations that carry out activities under the training programs for skilled workers, employees and training programs for middle managers, to the number of children aged 7-17) The official website of the Federal State Statistics Service. URL: [https://www.gks.ru/bgd/regl/b13\\_13/Main.htm](https://www.gks.ru/bgd/regl/b13_13/Main.htm) (accessed 20.03.2020)

<sup>4</sup> Korotchenko N. Outskilling in the trend: why home schooling is becoming fashionable. RBC +. URL: <https://plus.rbc.ru/news/5cb8b3117a8aa937fee263bc> (accessed March 20, 2020)

The formation of human capital is also facilitated by the policy regarding the provision of additional education for children, the organization of work with talented children. The share of children aged 3-18 years attending additional educational (developing) classes, including on a free basis, amounted to 56.3% of the total number of children in 2019<sup>5</sup>.

The third area is ensuring the health of children. Significant efforts by the state to ensure the health of children can be noted, the result of which was a decrease in infant mortality, the coefficient of which amounted to 4.7 в in 2019, as well as an increase in the share of children with 1 health group (in 2018 amounted to 3,775,280 people)<sup>6</sup>. The state provides free medical assistance to children in the framework of compulsory health insurance, annual preventive examinations, free vaccination of children, provision of free medicines for certain categories of families, tax deductions for parents and guardians for the purchase of medicines. A number of measures are also being implemented to preserve the health of children. These include the organization of hot meals in schools, which reached 54.4% of students in 2018, the organization of summer health vacations, which covered 30% of children (5.6 million people), the development of a physical education and sports system (involvement amounted to 23, 2 minors)<sup>7</sup>.

The fourth direction of state policy is associated with poverty reduction in families with children and ensuring a decent standard of living. Behavioral economics works expand the model of family stress and have shown that poverty and resource scarcity deplete important cognitive resources, affecting the occurrence of stress in both parents and children.

According to official data, the proportion of children under the age of 16 (18) years living in households with average per capita income below the subsistence level is constantly growing: in 2011 it amounted to 19.9% and in 2017 - already 26%<sup>8</sup>. Measures to combat the poverty of families with children are varied: monthly allowances, tax deductions, measures to provide housing (preferential mortgage lending - 6% per annum). A variety of support measures (subsidies for housing and utility bills, lump sum payments, monthly allowance, etc.) are provided to families with low-income children. In addition to federal, there is a system of

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<sup>5</sup> Proportion of children aged 3 to 18 years attending additional educational (developing) classes, including free of charge Official site of the Federal State Statistics Service. URL: [https://www.gks.ru/bgd/regl/b13\\_13/Main.htm](https://www.gks.ru/bgd/regl/b13_13/Main.htm) (accessed 20.03.2020)

<sup>6</sup> Number of children with group I health. Official website of the Federal State Statistics Service. URL: [https://www.gks.ru/bgd/regl/b13\\_13/Main.htm](https://www.gks.ru/bgd/regl/b13_13/Main.htm) (accessed 20.03.2020)

<sup>7</sup> State report on the situation of children and families with children in the Russian Federation for 2018. The official website of the Ministry of Labor and Social Relations of the Russian Federation. URL: <https://rosmintrud.ru/docs/1361> (date of access 03.20.2020)

<sup>8</sup> The proportion of children under 16 (18) years of age living in households with per capita incomes below the subsistence level (as a percentage of the total number of children under 16 (18) years of age) Official site of the Federal State Statistics Service. URL: [https://www.gks.ru/bgd/regl/b13\\_13/Main.htm](https://www.gks.ru/bgd/regl/b13_13/Main.htm) (accessed 20.03.2020)

regional measures to support families with children, which includes such measures as compensation for part of the parental fee for their maintenance in state, municipal and other preschool and educational organisations. The number of children under the age of 18 from certain categories of families eligible for social support measures from the budget of a constituent entity of the Russian Federation increased from 3 074 681 in 2011 to 5 095 252 in 2018<sup>9</sup>.

However, according to researchers, the existing system of measures aimed at reducing the poverty of families with children does not give the planned results. So, Grishina E.E. and Tsatsura E.A., examining the effect of the payment of benefits at the birth of the 1st and 2nd child, come to the conclusion about their insignificant effect on the poverty level of these households (Grishina, Tsatsura, 2019).

A comprehensive measure to support families with children in the Russian Federation is “maternity capital”, which was introduced in 2007 for the birth of a second child. In 2020, its size amounted to 616 thousand rubles, or about 7,700 euros at the rate of 2020. In addition, most of the constituent entities of the Russian Federation introduced “maternity capital” for the birth of a third and subsequent children, the size of which varies significantly depending on the region. In 2020, maternal capital for the birth of the first child was also introduced at the federal level in the amount of 466,617 rubles, or approximately 5,800 euros at the 2020 exchange rate. This measure helps to solve several problems: improving the level of housing, education of children, and reducing the poverty of families with children.

## Conclusion

In accordance with the goal, the article examined the main directions of state policy in relation to households with children in the Russian Federation, contributing to the reproduction of human capital.

The problems of reproduction of human capital in the Russian Federation attract the attention of numerous researchers, public figures and practitioners (officials, managers, etc.). The place of state policy in the reproduction of human capital was determined as a methodological support on the basis of the theory of human capital: setting goals and choosing directions (macro level), stimulating the activity of organizations, including schools,

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<sup>9</sup> The number of children under the age of 18 from certain categories of families eligible for social support measures from the budget of the constituent entity of the Russian Federation Family, motherhood and childhood. The official website of the Federal State Statistics Service. URL: <https://www.gks.ru/folder/13807?print=1> (released March 20, 2020)

kindergartens, other educational institutions, healthcare and employment institutions (mesoscale ); increasing responsible behavior of household members with children, providing targeted assistance and support, stimulating parental activity (micro level).

At the same time, two models of state policy were identified in relation to supporting families with children in the framework of the concept of reproduction of human capital: “institutional” and “family”. Within the framework of the “family” model, conditions are created for providing “home” care and upbringing for as long as possible by means of measures such as paying benefits to mothers on parental leave, compensation in cases of impossibility of placing a child in a municipal institution of preschool education, creating conditions for obtaining a "family" form of education instead of school, etc. Within the framework of the "institutional" model, the state stimulates the employment of the mother (parents), finding a child with as much as possible his age in formal institutions

The main model of the state policy of the Russian Federation in relation to the reproduction of human capital for a long period of time has remained and remains the "institutional" option. The state implements numerous measures to support families in the field of raising and educating children, maintaining their health, ensuring mothers' employment and combating poverty among families with children. At the same time, measures are beginning to be taken to form a “family” model of reproduction associated with stimulating a longer period of time on maternity leave, a “family” mother’s working career, family education, etc. However, they are less ambitious and diverse. a small part of families with children. Thus, the reproduction of human capital on the basis of state policy in relation to families with children in the Russian Federation is unsystematic in nature, highly differentiated by region and difficult to implement in modern socio-economic conditions..

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## Contact

Svetlana Kostina

Institution: Ural Federal University

620002, Russian Federation, Yekaterinburg, Mira str. 19

Mail: [kostinasn@mail.ru](mailto:kostinasn@mail.ru)

Galina Bannykh

Institution: Ural Federal University, Ural State University of economics

620002, Russian Federation, Yekaterinburg, Mira str. 19

Mail: [g.a.bannykh@urfu.ru](mailto:g.a.bannykh@urfu.ru)

Zaitseva Ekaterina

Institution: Ural Federal University, Ural State University of economics

620002, Russian Federation, Yekaterinburg, Mira str. 19

Mail: [e.v.zaitseva@urfu.ru](mailto:e.v.zaitseva@urfu.ru)