



The Impact of Social Infrastructure and Gender Equality on Productivity and Employment in South Korea

Ortega Josue*

Department of Social Economics, University Indiana, Bloomington, United States

DESCRIPTION

This analysing the effects of social infrastructure defined as spending in education, childcare, health and social care, and gender pay gap in South Korea on aggregate output and employment of men and women based on a Post-Kaleckian feminist macroeconomic model. As of 2018, South Korea is one of the world's worst countries in terms of "Economic Participation and Opportunity," ranking 124th out of 149 countries. Global Gender Gap Index also shows that South Korea ranks 88th in terms of female labour force participation and 121st in terms of gender age equality for similar work. The average wages of women in South Korea are on average 36.7% lower than average male wages. Despite the fact that South Korea is currently designated as a high-income economy, these statistics show that there remains a large economic gender disparity in the country. Furthermore, in an aging population, the lack of developed care infrastructure and women's dependency on unpaid care labour pose major demographic and social sustainability concerns.

The majority of the unpaid care work is carried out by women within the household, which limits women's employment opportunities and leads to an interruption in their careers. Empirical research finds a strong positive effect of public spending in social care and education on female employment as well as total employment. These employment effects have further effects on the economy and the wellbeing of the society, as microeconomic studies show that a larger share of women's income compared to that of men's is spent on the needs of the household and an increase in women's income leads to increased spending on children's education and wellbeing. There are additional demand and supply side impact on output, productivity, and employment as a result of many factors. Due to both demand and supply adverse effects, there are potential

positive effects on consumption and investment, as well as negative effects on net exports and investment, when it comes to the effect of gender equality on output. The effects vary in the short and medium term, and crucially depend on the economy's structure.

South Korea's economic growth and social welfare

South Korea is often referred to as an important case of "East Asian miracle" due to its high growth rates in the post-1960s period (World Bank, 1993, Page, 1994). In 1960 South Korea had lower income per capita than today's lower and lower-middle income countries such as Cameroon, Bolivia, Haiti and Democratic Republic of the Congo, and in 1995 became a high-income country according to the World Bank classification (World Bank, 2019). In 1970 South Korea was poorer than Argentina, Brazil, Mexico, South Africa, or Turkey and significantly surpassed them since the late 1980s.

Theoretical framework and estimation methodology

The theoretical framework for analyzing the impact of social infrastructure spending, wages, and the gender pay gap on men's and women's output and employment, as well as the estimation methodology for bringing the analysis of these multi-dimensional endogenous relationships into empirical terrain in this section. In post-Kaleckian models, wages are considered as both a cost and source of demand. The distribution between capitalists and workers has an important effect on demand. Feminist post-Kaleckian models extend post-Kaleckian analysis by integrating the effects of gender gaps in wages and employment, occupational segregation, public spending in social infrastructure, behavioral differences between men and women in household consumption in the social sector the rest of the economy.

Correspondence to: Ortega Josue, Department of Social Economics, University Indiana, Bloomington, United States, E-mail: josueorteg987@gmail.com

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