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Submission date: 18-Aug-2020 08:39PM (UTC+0700)

Submission ID: 1371004390

File name: wage.docx (18.48K)

Word count: 500

Character count: 2548

Question and Response

1

Student's Name

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Question and Response

Question 1

The issue of the minimum wage has been a discussion for several years now. Although the debate will continue to take place in the coming years because of the changing economic status, I do not think the minimum wage rate should be increased because of the many implications it has to the organizations and economy in general. When minimum wage rate is increased, companies will incur more cost for paying wages while the production is still the same; therefore, to balance their financial supply, they will need to increase their products or services. According to Jardim et al. (2017), an increase in prices will consequently lead to inflation in the country. Similarly, the rise in prices of goods and services will, in return, leads to an overall increase in cost of living which will have no benefit for people getting more money.

Moreover, the increase in the minimum wage rate will also affect organizations as they will need to reduce the employees so that they can maintain profitability. However, employees play a critical role in the production of the company, thus reducing them is just a strategy that will help in balancing the profitability, but the output will decrease. Also, according to Liu et al. (2016), the increase in wage rate would also lead to increased labor competition, especially for minimum wage employees. The effect would lead to many inexperienced workers seeking jobs at lower wages because they need to advance their careers; thus, many organizations will compete for the less experienced workers who will be paid minimum wage.

References

Jardim, E., Long, M. C., Plotnick, R., Van Inwegen, E., Vigdor, J., & Wething, H.

(2017). *Minimum wage increases, wages, and low-wage employment: Evidence from Seattle* (No. w23532). National Bureau of Economic Research.

Liu, S., Hyclak, T. J., & Regmi, K. (2016). Impact of the minimum wage on youth labor markets. *Labour*, 30(1), 18-37.

Response 1

I concur that the minimum wage should not be increased because of the repercussion it comes with. First, the cost of living will be increased because of the intensified prices of goods and services. An increase in minimum wage will mean a higher value in organizations, hence to ensure more profitability, the company will have to increase the prices of its goods. Also, there will be a loss of jobs since companies will hire people based on skills and performance (Travis, Part 4).

Response 2

I agree that an increase in minimum wage has effects on the job market because people who will suffer the most are low paid individuals subjected to fewer working hours. Furthermore, when companies realize they pay more to what technology can do, they will tend to invest in technology, leading to more jobless people. According to Travis (Part 4), many employees always enjoy benefits such as vacation time, which machines do not need.

Reference

Travis Kendall, Alice. Part 4: Compensating and Managing Human Resources

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