Minimum wage

Name

Institutional Affiliation

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Since the existence of the job markets, there has been significant variability in the minimum wage. During the State of the Union Address, the former president of the United States, Barrack Obama, suggested an increased minimum wage from $7.25 to $9 for every hour that an individual works. The president’s proposal sparked a national controversy regarding the benefits and costs of raising the minimum wage. There has been an ongoing debate concerning the pay level, which has been federally mandated for several decades. Most espousers of minimum wage increment overlook its essential benefits. When analyzing the effects of a raised minimum wage, it is crucial to consider the cost of living and unemployment at the same time. Since all the workers are equally significant, there is a need to treat them according to the economic state. As a result, governments should raise the minimum wage.

First, considering the high inflation rates, raising the minimum wage would enhance the living standards in the country. Specifically, this would be achieved because raising the minimum wage would provide minimum wage employees with an appropriate income level to counter the increasing living costs. As a result, the employees are likely to afford their daily expenses, include rent and other household expenses. In support of this, Senator Bernie Sanders suggests that the minimum wage should be raised to $15. The senator believes that full-time employees must not fall below the poverty line. (Botwinick, 2017). Thus, increasing the minimum wage is essential as it helps eliminate poverty.

Second, raising the minimum wage is more likely to lead to higher unemployment cases since employers would only be able to hire a limited number of laborers. Although most people view it as a negative impact of raised minimum wage, it leads to the critical question of the worthiness of such labor. In general, the jobs would have less likelihood of getting more attention from people searching the labor market than when the minimum is lower. According to Su (2020), increasing the minimum wage would lead to a disconnect since employers only find it worth paying their workers to produce the amount of money they earn to prevent businesses from making losses. As such, companies can only hire individuals with high qualifications. In contention, the raised pay acts as an incentive for employees to perform tasks to their level best as it involves filling only the most crucial job positions.

Additionally, increasing the minimum results in employee retention. In this case, companies reduce the turnover costs that would otherwise apply when an employee leaves his or her position, necessitating hiring and training new workers. Since the average cost of replacing employees is high, increasing the minimum wage would reduce expenses and thus attain higher profits. According to Carpenter (2014), failure to raise the minimum wage would result in many employees quitting their jobs, which becomes a financial burden to businesses regardless of how big or small they are. As a result, raising the minimum wage benefits both the organization and the employees because the employees are unlikely to leave and search for better jobs. In turn, this lowers the turnover rates and retention costs.

Considering the rate of economic growth in the United States, failure to raise the minimum wage would result in many vacant positions due to the cost of living, which increases rapidly. Today, only a small number of Americans receive the minimum wage, while others benefit from higher pay. To insist on the significance of the difference, President Obama suggested that raising the wages would increase most families’ incomes (Carpenter, 2014). Just as the former president stated, it is essential to reward hard work with a reasonable amount of money.

Nonetheless, increasing the minimum wage translates into improved employees’ morale, which is beneficial to an organization. In the contemporary world, organizations have found it challenging to provide sufficient encouragement to their employees, ensuring that they put more effort into their work. Significantly, this is a problem to the low-wage employees whose opinion is that their kind of work cannot drive them out of poverty. As a result, by raising the minimum wage, such employees would feel more motivated to accomplish their tasks, which results in high income for the companies. (Meer & West, 2016). Generally, employee benefits impact the workers in a positive way and the business in which they work.

Nonetheless, increasing the minimum wage would result in Americans’ capability of spending on leisure often. With a reduced minimum wage, not many citizens of America can comfortably pay for vacations to have fun. If the employees receive more, they may find themselves in positions where they can use their money in hotels. Besides, a pay rise may mean that the workers can pay their bills with ease. As a result, there would be more money circulating in the economy, which is an excellent way to promote an economic system, which is healthy.

Raising minimum wages can also address the existing inequalities related to gender and race. In contention, marginalized people, who often find themselves doing more than they earn, would benefit from the raised wages. According to data produced by Economic Policy Institute, about 27 % of the overall workforce in the United States would enjoy the benefits of increased minimum wage; 32 % of women laborers, 38% of Africa American employees, 39% of Latina and Black women, and 33% of workers who are Latino (Carpenter, 2014). Such hiring practices that incorporate diversity promote equality since the workers develop a sense of belonging.

Finally, increased minimum wages would reduce the use of government-sponsored programs and save money for taxpayers. When workers do not earn enough to sustain their lifestyles, they are likely to seek the assistance of the government, which means taxpayers are giving subsidies to the corporations. According to data provided by the Economy Policy Institute in 2016, most people who receive public services have family members who work (Meer & West, 2016). As such, increasing wages would reduce the amount of money spent on public assistance, thus improving the economic state of America.

In conclusion, governments should raise the minimum wage. Raising the minimum wage would help narrow the enormous gap between the value of essential workers to society and the low pay earned in return. Besides, an increased minimum wage would result in improved living standards for all workers. As a result, employees would be in a better position to afford their monthly needs. The morale of employees is also likely to improve when there is a rise in minimum wages. In such cases, happy workers result in a more productive and cohesive workforce, leading to higher levels of customer satisfaction. When employees are comfortable with the positions they hold in an organization and the amount of money they earn from it, there is a high likeliness that they will stay in the organization. In turn, this reduces the employer’s costs of hiring and training new staff. Increased minimum wages also benefits women and other minority workers, for example, African Americans and Latinos.

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