

- 2 (a) Discuss the likely impact of an increase in the minimum wage on a firm such as Whitbread.

(8)

~~#~~ Extract D says that Whitbread is one of the UK's biggest employers, therefore an increase in the minimum wage ~~will~~ would have a significant impact on them as they have many employees that they would have to increase the pay for. This would increase their costs and raise their average cost so they would in turn raise prices to compensate for the profit ~~lost~~ from paying employees more. This may cause a decrease in demand and less sales for Whitbread as some customers may not be willing to pay the new price.

Another impact on Whitbread may be that they decide not to employ staff or to let people go because they want to lower costs in order to keep prices low and stay competitive.



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