**Strategic Options to Achieve Productivity Growth at Acme Sunshine Corporation**

1. Introduction

Acme Sunshine Corporation wants to increase productivity by 20% in three years to stay competitive in the solar panel industry. As the Human Resources Manager, I need to review three possible plans to achieve this goal. This report will look at the costs and benefits of each plan, discuss opportunity costs, explain how they affect the Production Possibility Frontier (PPF), and look at good and bad side effects. In the end, I will choose the best plan.

2. Option Evaluation

**Option 1: Require Employees to Work 10 More Hours Per Week While Freezing Wages and Salaries**

Benefits: The company can expect a short-term increase in output and cost savings, as employees will be working longer hours without additional financial compensation. By freezing wages, the company reduces labor costs, which can contribute to increased profitability.

Costs: Employees may experience burnout, dissatisfaction, and higher turnover rates, which can negatively affect workplace morale. The lack of wage increases may reduce motivation, leading to lower efficiency over time.

Opportunity Cost:The sacrifice of long-term employee well-being and job satisfaction in exchange for short-term productivity gains.

Impact on PPF: The initial increase in labor hours may shift the PPF outward, but declining employee morale and higher turnover could later reduce productivity, possibly shifting the PPF inward.

Externalities: Negative externalities include decreased employee well-being, lower job satisfaction, and potential harm to the company’s reputation as an employer.

**Option 2: Reinvest a Portion of Corporate Profits into Employee Training**

Benefits: Long-term productivity improvements, as employees develop new skills that enhance their efficiency and work quality. Higher employee morale and increased motivation due to investment in their professional growth.

Costs: Short-term reduction in productivity, as employees dedicate time to training instead of work. High initial financial costs to develop and implement training programs

Opportunity Cost: The trade-off between short-term output loss and long-term productivity gains.

Impact on PPF: Training may initially shift the PPF inward due to reduced productivity, but over time, improved skills and efficiency will shift the PPF outward.

Externalities: Positive externalities include increased workforce skill levels, industry innovation, and higher job satisfaction.

**Option 3: Implement a Profit-Sharing Plan to Reward Employees for Reaching Productivity Targets**

Benefits: Aligns employee incentives with company performance, boosting motivation and engagement. Encourages higher productivity as employees directly benefit from increased company profits.

Costs: Immediate financial costs to implement the profit-sharing plan. Potential reduction in funds available for other investments such as R&D or facility expansion.

Opportunity Cost: Allocating financial resources to profit-sharing rather than reinvesting in innovation or operational expansion.

Impact on PPF: Higher motivation and productivity could lead to an outward shift in the PPF.

Externalities: Positive effects include higher employee satisfaction, better workplace relationships, and improved company reputation.

3. Recommendation

After looking at all three options, option 2: Investing in employee training is the most effective strategy. Even though training costs money and reduces production at first, in the long run, workers will be faster, more skilled, and happier. A skilled workforce means higher efficiency, better work quality, and fewer mistakes. This plan will also help the company stay strong in the future by improving worker skills. Even if the PPF moves inward at first, later it will expand a lot as productivity increases.

4. Conclusion

Investing in employee training is the most sustainable way to achieve 20% productivity growth within three years. This strategy balances short-term sacrifices with long-term economic benefits, ensuring a more skilled and efficient workforce for the future.