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The Impact of Workforce Age Heterogeneity on Company Productivity
Stephan Veen, Uschi Backes-Gellner
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The Impact of Workforce Age Heterogeneity on Company Productivity

Prof. Dr. Uschi Backes-Gellner, University of Zurich
Dr. Stephan Veen, University of Zurich

Institute for Strategy and Business Economics, Plattenstrasse 14, 8032 Zurich, Switzerland

The paper is currently under revision and therefore not available for download.

Abstract:
We analyse how the age structure of a company’s workforce affects company performance using a linked employer employee panel dataset. With demographic changes at hand, this is of utmost importance for firms and organisations. Focussing on the organizational, not the individual level, we examine the effect of changes in age heterogeneity of a company’s workforce on company productivity. Incorporating theoretical insights and empirical results on aging and age diversity from multiple and very diverse disciplines, we conduct a cost-benefit analysis to evaluate how changes in age heterogeneity may affect organizational performance. Our dataset contains more than 18,000 German firms and 2 million employees over 10 years. We find significant effects of age heterogeneity on firm productivity, and that these effects are particularly moderated by type of tasks. There are positive productivity

1 Corresponding author.
Email: backes-geller@isu.uzh.ch
effects of increasing age heterogeneity, but only for companies and workforces conducting innovative or creative tasks.

**Keywords:** aging; age heterogeneity, demographic change; organizational performance, productivity effects