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The Impact of Workforce Age Heterogeneity on Company Productivity

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**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

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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