

Department of Economics 2024-2025 Seminar Series



Monday, March 3, 2025
12:30 PM-1:50 PM
SBS, Room N603

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Superstar Teams

Abstract: In benchmark models of productivity and labor market inequality, workers are assumed perfectly substitutable, ignoring potential coworker interdependencies. I propose a novel and tractable theory in which production takes place in teams and requires many differentiated tasks; workers possess heterogeneous task-specific skills; and labor markets are frictional. I show analytically that skill specificity (dispersion in task-specific skills) endogenously generates coworker talent complementarities in production: talented workers gain disproportionately from talented colleagues. This promotes the concentration of talent into a few firms with “superstar teams,” though search frictions prevent perfect sorting. Using German linked employer-employee panel data, I document industry-level patterns consistent with this mechanism and calibrate the model. Growing skill specificity since the mid-1980s has amplified coworker complementarities, explaining a significant share of the observed rise in between-firm wage inequality. Further, productivity gains from increased specialization hinge on enhanced matching of coworkers with complementary skills.

All in-person seminars will be held in the Social and Behavioral Sciences Building, Room N603. For additional information, contact the seminar organizers: Profs. Chang Liu & Eva Carceles-Poveda. Visit our webpage for additional information: stonybrook.edu/economics.

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