

The Rise of Specialists in the Workplace: Productivity Gains, Coordination Costs, and Learning

Katrine Løken
Aalto University

Mikko Silliman
Norwegian School of Economics

Alexander Willén
Norwegian School of Economics

Abstract

We examine how the growing division of labor within firms affects productivity and human capital accumulation. Internal task specialization raises productivity through Ricardian gains from task trade, but at the cost of greater coordination demands. Extending Becker and Murphy (1992), we argue that specialization also generates a dynamic constraint on organizational design: by fragmenting tasks, it reduces interaction and collaboration, slowing co-worker learning and human capital growth. Using linked administrative and large-scale workplace survey data from Norway, we document a steady rise in internal task specialization and a parallel increase in coordination costs, reflected in expanded management structures and greater time spent on coordination. While more specialized firms exhibit higher productivity and wage premia, they also display weaker collaboration, slower learning, and lower wage growth among workers.