

The Impact of Perceived Overqualification on Employee Job Performance: A Literature Review and Framework Synthesis

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Abstract: Within the context of the modern labor market, the phenomenon of overqualification is fairly prevalent. In addition to the unpredictability of the global economy and the growing popularity of higher education, this phenomenon is connected to a number of issues that are being researched in the field of science, including social and economic development as well as management. A comprehensive consideration of the positive and negative effects of overqualification perception on employee job performance is included in this paper, as well as the construction of a corresponding conceptual framework of the relationship effect of overqualification perception on individual job performance. This paper also systematically sorts out the connotation and relationship between overqualification perception and employee job performance from a theoretical perspective. On the basis of the findings of the research and the theoretical insights, it is discussed that while it is vital to detect the negative impact of overqualification perception on job performance (the dark side), it is equally necessary to guide and strengthen the positive influence that it has on performance (the bright side).

Keywords: perceived overqualification, performance, literature review

1. Introduction

The expansion and popularization of education across various levels and types have significantly increased the number of highly educated and qualified workers in the labor market. Despite the rapid development of the social economy, it is still insufficient to accommodate the growing number of highly skilled individuals. Facing enormous employment pressure, some highly qualified talents are forced to lower their employment expectations, or even underestimate themselves, in order to find "buyers" to sell themselves quickly and engage in jobs that require qualifications and abilities lower than what they possess, resulting in "high ability, low job" situations. This phenomenon of mismatch between employee and jobs is known as overqualification in organizational behavior. Perceived over-qualification (POQ) refers to the degree to which employed individuals believe their credentials, including education level, experience, knowledge, and skills, surpass the standard requirements for their current position. The situation of overqualification is widespread and has persisted for an extended period across various industries. The notion of employee overqualification has emerged as a significant and challenging issue in organizational management. Theoretical inquiry and empirical investigation must urgently undertake comprehensive research on the perception of overqualification among the new generation of employees, elucidating the correlation between this perception and their job performance. This endeavor will yield novel insights for the advancement of human resource management theory and possess practical implications for enterprises in addressing the issue of employee overqualification perception. Consequently, it is essential both theoretically and practically to comprehend the impact of overqualification on employees' attitudes and behaviors in the workplace and to offer constructive counsel[1].

The literature assessment revealed that, in the early stages of the study, the "direct" effect of overqualification on job performance appeared to be minimal. Nonetheless, as educational attainment improves and practical contexts evolve, an increasing number of studies indicate that overqualification correlates with elevated performance levels through specific processes or under specific contexts[2]. Thus far, limited studies have focused on the conditions in which perceptions of overqualification may result in favorable performance outcomes. The present emphasis is on recognizing the possible adverse attitudinal, behavioral, and performance impacts of overqualification and mitigating them to some degree. This research area must examine the positive outcomes and negative impacts of overqualification from various perspectives.

This analysis theoretically examines the interconnections among several mechanisms and situations within the overqualification-performance relationship. The various methods through which overqualification might adversely or beneficially influence the performance of overqualified individuals and their group members are likely interrelated rather than existing in isolation. This article offers a comprehensive and detailed analysis of the reasons, mechanisms, and timing by which perceptions of overqualification may influence job performance.

2. Research methodology

2.1 Literature review and evaluation

We combined several terms when searching international databases (Web of Science, ElsevierSD, and Ebsco). For example, we employed a combination of several keywords, aligning "job performance" and its synonyms with "perceived overqualification," "overqualification," and "overqualified workers," respectively. Furthermore, while querying the Web of Science database, we employed the advanced search query: (TS=("perceived overqualification" OR "overqualification" OR "overqualified" OR "overqualified workers")) AND TS=("employee performance" OR "job performance" OR "task performance" OR "creative performance" OR "staff performance" OR "work performance" OR "individual performance")) to meticulously investigate the subject and ensure the inclusion of pertinent articles. This study examined literature pertinent to the research issue from the year 2000 forward. By December 2024, a total of 159 academic papers had been retrieved. This article examines the relationship between perceptions of overqualification and individual employee performance, based on a literature review that includes a final sample of 24 studies.

2.2 The content analysis

Content analysis is a research methodology that integrates qualitative and quantitative approaches. It is extensively utilized in management research and is progressively employed in literature evaluations to assess and comprehend current knowledge and content frameworks. The content can be examined on two analytical levels: the first level involves analyzing the explicit content of documents and texts using statistical approaches. The second level necessitates the examination of the potential content of documents and texts, employing professional terminology and reasoning to elucidate their possible interpretations. This paper employs content analysis to elucidate the relationship between perceived overqualification and job performance among new generation employees, while also investigating strategies to positively influence those who perceive themselves as overqualified to enhance their job performance in the context of educational surplus.

3. The relationship between perceived overqualification and employee job performance

Feldman (1996) initially articulated the notion of overqualification as a variant of underemployment. This condition is frequently regarded as detrimental in the labor market and may hinder employment opportunities, while also affecting employees' work attitudes, workplace habits, and interpersonal connections[3]. Currently, people possessing greater knowledge and abilities are vying for scarce professions, and overqualification is increasingly prevalent globally. A preliminary literature assessment reveals that the majority of prior studies on the sensation of overqualification have concentrated on its adverse effects, such as unproductive behavior, work burnout, and diminished job performance. In recent years, the emergence of positive organizational behavior has prompted studies to examine the beneficial impacts of overqualification perception on employee innovation, proactive conduct, job performance, and advisory behaviors. In the current dynamic landscape, the issue of when and how perceived overqualification influences employee performance has gained significance for organizational survival and competitive advantage. Based on this, the study intends to further investigate the process and framework of how the perception of overqualification can positively guide the individual job performance of employees by using the perception of overqualification as the antecedent variable and employee job performance as the outcome variable.

The breadth of overqualification perception and individual employee job performance are the main topics of this article. The final sample for this article consists of 24 articles after searching, reading, and evaluating the prior literature. Through a survey of the literature, we discovered that the two primary theories guiding these investigations are relative deprivation theory (Crosby, 1976) and equity theory (Adams, 1965). In this subject, these two ideas hold a strong position. They concentrate on elucidating, from various angles, why overqualification causes employees to exhibit distinct attitudes and behaviors. At first glance, these theoretical frameworks seem to be corroborated by extensive data indicating that perceived overqualification correlates with numerous adverse employment attitudes[4]. The correlation between perceived overqualification and performance is far less adverse than previously assumed. The 24 studies included in this article revealed a dual association between perceived overqualification and performance, exhibiting both positive and negative correlations. Fourteen of these research indicated a favorable effect, while the two studies that revealed no significant relationship between the two demonstrated that overqualification was linked to enhanced performance under certain settings (moderating variables) or via particular processes (mediating variables). Consequently, it may be opportune for studies to focus on the advantageous or "bright" aspects of overqualification.

3.1 The direct impact of perceived overqualification on employee job performance

3.1.1 The perception of overqualification negatively affects employee job performance

The perception of overqualification, from the standpoint of both individual employees and organizations, can result in adverse behaviors, like burnout and disengagement, potentially harming employees' mental health[5]. Initial investigations into the correlation between perceived overqualification and job performance revealed that perceived overqualification adversely affects individual performance. Numerous factors influence employee performance both in personal life and in the job. Certain variables stem from individuals, but others are influenced by external forces. Research across several disciplines and methodologies has demonstrated that in the initial phases of employees' impression of overqualification, individuals typically opt to "withdraw" or "perform poorly." Kerstin Alfes (2013) included the moderating variable "peers' perception of overqualification" in her examination of the link between a heightened sense of overqualification and individual performance. The findings indicated that a low impression of overqualification among the peer group correlates negatively with job performance[6]. Gokhan Onat (2022) indicated that the notion of overqualification adversely affects employee performance significantly. The research findings indicate that a 1-unit shift in perceived overqualification correlates with a 45% decline in employee performance[7].

3.1.2 The perception of overqualification positively affects employee job performance

Overqualified employees possess superior educational qualifications and professional competencies. Should these employees cultivate effective self-management and self-regulation skills, coupled with an appropriate organizational management style and ample opportunities for growth, persons possessing overqualified perspectives may positively influence the organization. Despite the limited research on the positive aspects of overqualification views, some academics have acknowledged that, even in instances of resource misalignment, it is feasible to enhance the rational utilization of human resources by either reallocating personnel or optimizing organizational structures[8]. With the shift of social practice background and the updating of research dynamics, the positive impact of POQ on employee job performance has been studied in the field of marketing. Basant Purohit (2018) examined the correlation between the perceived of overqualification and supervisors' assessment of employee sales performance [9]. This study indicates that within a result-based control system, the perception of overqualification is positively connected with sales performance, elucidating how the company might enhance sales performance among its sales team through POQ. Van Dijk H (2019) examined the correlation between overqualification and job performance, proposed a theoretical model, and assessed the circumstances under which overqualification is most likely to positively correlate with job performance[10]. Nasib Dar (2020) discovered that the perception of overqualification is positively associated with creative performance; additionally, if overqualified employees regard their current position as a professional role, they are more inclined to exhibit innovative behaviors and enhance creative performance, rather than diverging negatively from organizational norms[11].

3.2 The indirect effect of perceived overqualification on employee job performance

In the contemporary business landscape, overqualification is prevalent. The indirect influence of perceived overqualification on employee job performance is typically mediated by various variables and moderated by others. Allan Lee (2021) posited that increased relative deprivation and enhanced task mastery are two avenues via which perceived overqualification exerts an indirect and inverse impact on task performance. The findings indicated a beneficial indirect effect of POQ on task performance mediated by task mastery[12]. Man Zhang (2021) examined the circumstances and mechanisms through which overqualified personnel exhibit creative performance behaviors, utilizing the framework of person-organization (P-O) fit theory. The findings indicated that the perception of overqualification favorably influences employees' creative performance, with organizational identity serving as a beneficial mediator in this relationship[13]. Maike E. Debus (2023) indicated that employees' perception of overqualification diminishes their sense of person-job fit due to frustration with their employment position, ultimately resulting in decreased job performance and job satisfaction[14]. Zhiqiang Liu's (2024) findings suggest that constructive deviance positively influences the perception of overqualification and employee job performance, indicating that overqualified employees may proactively alter their environment to enhance job performance and creativity[15].

Lastly, this paper develops a mechanistic model illustrating the relationship between perceived overqualification and employee job performance, elucidating how the advantages of overqualification, as described by relative deprivation and equity theories, influence performance and interrelate (Figure 1). Negative narratives regarding overqualified employees prevail in both social practice and scientific research, despite empirical evidence indicating that their average performance frequently matches or exceeds that of their peers. By highlighting the advantages of overqualification and aligning it with contemporary theoretical frameworks, we aim to alter this narrative and encourage researchers to focus more on the possible benefits of overqualification.

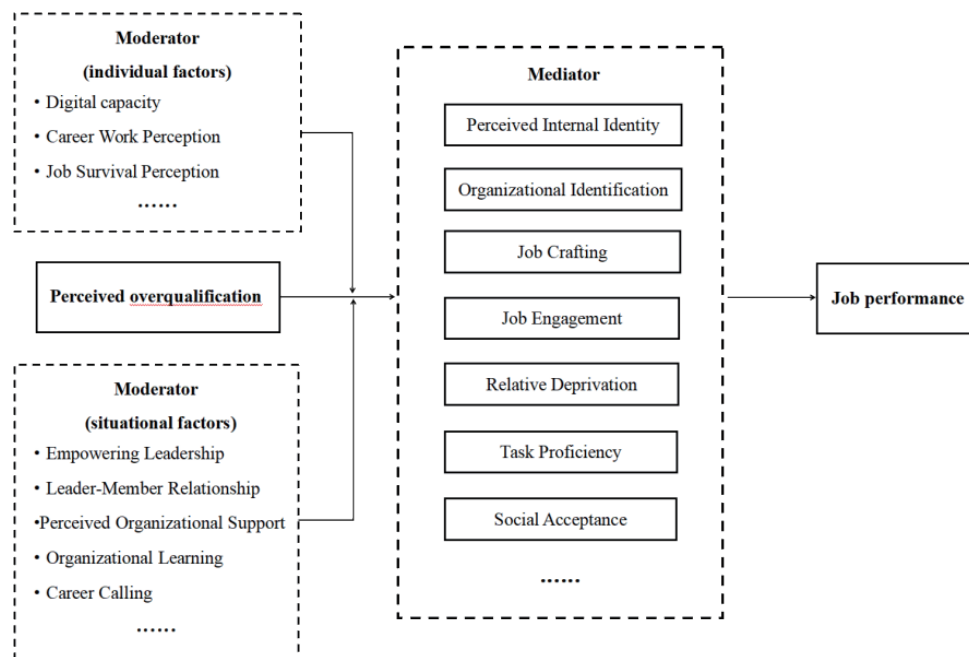


Figure 1. Research framework on the impact of perceived overqualification on employee job performance

4. Conclusion

This paper first delineates the definitions and debated aspects of overqualification perception and employee job performance. It was discovered that the two theories that drive this field of study are relative deprivation theory and equity theory. These two ideas concentrate on elucidating how, from various angles, overqualification causes employees to exhibit distinct attitudes and behaviors. This provides a solid basis for examining the relationships that follow.

Second, this study synthesizes perspectives on the beneficial and detrimental effects of perceived overqualification on job performance. The conceptual framework enhances our comprehension of the ramifications of overqualification and aids future research in formulating more precise expectations regarding its outcomes, considering the social and occupational context of the study.

Additionally, this research provides a comprehensive summary of the direct and indirect impacts of overqualification perception on job performance, drawing on social learning theory and the social categorization perspective.

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