Research has uncovered mixed results regarding the influence of overqualification on employee performance outcomes, suggesting the existence of boundary conditions for such an influence. Using relative deprivation theory (Crosby, 1976) as the primary theoretical basis, in the current research, we examine the moderating role of peer overqualification and provide insights to the questions regarding whether, when, and how overqualification relates to employee performance. We tested the theoretical model with data gathered across three phases over 6 months from 351 individuals and their supervisors in 72 groups. Results showed that when working with peers whose average overqualification level was high, as opposed to low, employees who felt overqualified for their jobs perceived greater task significance and person-group fit, and demonstrated higher levels of in-role and extra-role performance. We discuss theoretical and managerial implications for overqualification at the individual level and within the larger group context.

Keywords: overqualification, employee performance, task significance, person–group fit
is unclear about whether overqualified employees necessarily cause harm to the organization by performing poorly. While some studies found overqualification to be negatively related to self-rated performance outcomes (Bolino & Feldman, 2000), others found that perceived overqualification was either unrelated to performance (Lobene & Meade, 2013) or positively associated with performance rated by self (Fine & Nevo, 2008), or managers (Fine, 2007; Fine & Nevo, 2008; Holton, Lee, & Tidd, 2002; King & Hautaluoma, 1987), or assessed through objective metrics (Erdogan & Bauer, 2009).

To resolve the controversy in the existing findings and to further advance research on overqualification, a primary goal of the current study is to examine whether, when, and how (i.e., under what conditions) do employees who feel overqualified realize this positive potential, as opposed to being disengaged and demotivated at work. Consistent with relative deprivation theory (Crosby, 1984), the influence of overqualification on employee attitudes and performance does not occur in isolation, but is embedded within work groups, where peers shape the way individuals react to their own overqualification status. Indeed, due to the importance of peers, Erdogan, Bauer, Peiró, and Truxillo (2011b) suggest that “Examining overqualification by paying simultaneous attention to one’s coworkers seems important” (p. 264). Thus, using relative deprivation theory as the theoretical foundation, we contend that overqualified individuals’ reactions to the work environment and performance levels are contingent on whether there is a discrepancy between their own status and those of peers. Specifically, when peers of a focal employee also feel overqualified, the focal employee is more likely to see overqualification as legitimate within the group, react positively to their work, and perform better.

Taken together, the current research aims to make three important contributions to the overqualification literature. First, the current study is an active effort to resolve the conflicting views of the overqualification-performance relationship and a response to recent calls for more attention to the context of overqualification (Erdogan et al., 2011a, 2011b; Sierra, 2011). Specifically, the current study grounds predictions in relative deprivation theory, identifies an important yet neglected factor—peer overqualification—as a contingency of the effects of employee overqualification on performance, and documents that overqualified employees may make valuable contributions to their organizations, especially when peer overqualification is also high. Second, while scholars have investigated the direct effects of overqualification on job performance, considerably less is known about the mechanisms through which overqualification relates to performance. The current research is among the first to provide theoretical and empirical accounts of a job- and motivation-related factor (i.e., task significance, the extent to which employees find their work meaningful and important, Hackman & Oldham, 1976) and an interpersonal factor (i.e., person–group fit, the extent to which employees perceive a fit with their groups, Kristof, 1996) as key mediating mechanisms that link overqualification to performance outcomes. Third, by including both in-role and extrarole performance, and both job-related and interpersonal perceptions, the current research provides a more integrated perspective of how overqualification influences behavioral outcomes and how such influence is shaped by the role of peers. Figure 1 depicts the overall theoretical model.

![Figure 1](image_url)  
**Figure 1.** Proposed model. T1E = variables rated by employees at Time 1; T2E = variables rated by employees at Time 2, 3 months after Time 1; T3M = variables rated by managers at Time 3, 6 months after Time 1; OCB = organizational citizenship behavior.

### Theory and Hypotheses

#### Perceived Overqualification

Perceived overqualification reflects the extent to which employees consider themselves possessing more education, experience, or skills than the required job qualifications (Johnson & Johnson, 1996; Johnson et al., 2002). Perceived overqualification is positively related to, yet distinct from objective overqualification, which is the gap between specific individual qualifications and stated job requirements. In fact, objective and perceived overqualification are regarded not as alternative operationalizations of the same construct, but different constructs altogether (see Maltarich, Reilly, & Nyberg, 2011). Perceived overqualification is more sensitive to actual differences in job content and individual qualifications. For example, two individuals who hold the same job title and possess the same level of education and experience may have different perceptions of overqualification, due to variation in actual job content from person to person and differences in the quality and type of their education and experience. As a result, perceived and objective measures are treated as separate constructs with different predictors and outcomes (Erdogan et al., 2011b; Maltarich et al., 2011). For example, objective overqualification may more strongly predict mobility as it reflects actual ability to leave an organization whereas subjective overqualification has a stronger influence on employees’ perceptions at work.

Subjective, or perceived overqualification is particularly relevant to relative deprivation theory. Deprivation is described as “relative,” because it is a feeling derived from comparison with others and involves individuals’ feelings of deprivation that are not necessarily “objectively the most destitute” (Martin, Brickman, & Murray, 1984, p. 485). Stated otherwise, relative deprivation theory posits that, it is individuals’ subjective judgment of their own status, but not merely their objective status, that directly affects their feelings of and reactions to the environment (Corning, 2000). Indeed, researchers have suggested that perceived overqualification is more appropriate for studying employees’ psychological processes and performance (Fine, 2007; Maltarich et al., 2011; Maynard et al., 2006). Thus, we focus on perceived overqualification and its role on employee attitudes and performance outcomes.

#### The Moderating Role of Peer Overqualification

According to relative deprivation theory, when individuals feel that their situation is worse than the situation they are entitled to
have, they feel deprived, discontent, and thus respond negatively to their work and organizations (Mark & Folger, 1984). Past researchers contended that perceptions of overqualification would trigger a situation where individuals feel deprived of the job they are entitled to have (Feldman, Leana, & Bolino, 2002). The sense of deprivation is relative, and emerges as a result of comparisons with referent others, including peers. An important precondition of feeling deprived is the presence of others who are better off than them, which makes it salient to the individual that the situation that is desired should be within reach (Bernstein & Crosby, 1980; Davis, 1959). In other words, peer overqualification serves to disable the precondition of relative deprivation. Yet, when working with peers who are also overqualified, such feelings of entitlement are less likely to occur because the person is in a situation similar to the one experienced by peers. Thus, peer overqualification signals that individuals’ overqualification status is legitimate (Erdogan et al., 2011b) and makes individuals less likely to feel that they are entitled to the work that similar others can access, but they themselves cannot (Erdogan & Bauer, 2009; Guimond & Dambraun, 2002; Walker & Pettigrew, 1984). Existing evidence has shown that individuals have considered their unfavorable status (e.g., overqualification) as being more acceptable when it is considered as legitimate (Ellermer, Wilke, & van Knippenberg, 1993). We propose that peer overqualification is likely to moderate the relationship between perceived overqualification and performance through altering how overqualified employees perceive their tasks, task significance, and feel about their relationships with their work groups, person–group fit.

Task significance, the extent to which employees feel their jobs are meaningful (Hackman & Oldham, 1976), is of particular importance, as motivation researchers have suggested that employee motivation may come from different sources (Deci & Ryan, 1985; Grant & Shin, 2011) and many employees are not only motivated by money, but are also concerned with whether they are doing meaningful and impactful work (De Dreu, 2006; Grant, 2007; Grant, 2008; Grant et al., 2007; Hu & Liden, in press). Extant research has shown that perceptions of task significance enhance employee performance (Dodd & Ganster, 1996; Grant, 2008). With respect to the influence of overqualification on task significance perceptions, the literature posits that overqualified employees would feel cynical about the meaningfulness of their jobs (Luksyte, Spitzmueller, & Maynard, 2011) and would find their jobs intrinsically less satisfying (Peiró, Agut, & Grau, 2010).

Relative deprivation theory explains that the potential undesirable perceptions of one’s job are triggered by the discrepancy between one’s own overqualification status and those of similar peers (Erdogan & Bauer, 2009; Johnson & Johnson, 2000; Johnson et al., 2002). When one’s status is not deprived relative to others within the work group, one’s negative feelings of his or her job are unlikely to occur. The average overqualification level of one’s peers helps to determine whether such deprivation exists, as it sets the tone within the group regarding whether overqualification is seen as the norm or the exception, signals how things ought to be done, and how the focal employee should react to his or her own overqualification status (Erdogan et al., 2011b). From the standpoint of the social information processing perspective (Salancik & Pfeffer, 1978), by interacting with their peers, exchanging information, and shared experiences, overqualified employees gradually gain an understanding of the average peers’ overqualification level, which in turn shapes their responses to their jobs (Feldman, 1984). Specifically, when working with peers who also feel overqualified, employees see their own overqualification as legitimate rather than exceptional. Instead of feeling different and deprived of a better job, working with overqualified peers is likely to elevate the job’s importance and status, make overqualified employees feel like part of an elite cohort, which would signal to them that their jobs are important, worthwhile, and meaningful. Conversely, when the overqualification level of peers is low, overqualified employees are likely to feel they are the exception within the group and will feel entitled to a better job held by others with similar qualification levels. This greater sense of entitlement within groups with low peer overqualification is likely to generate a greater sense of frustration and trigger them to react less positively toward the environment (Erdogan & Bauer, 2009). Under this circumstance, overqualified employees will find their tasks as meaningful and important.

**Hypothesis 1:** Peer overqualification moderates the relationship between employee overqualification and task significance, such that the relationship is more positive when peer overqualification is higher.

In addition to forming job-related perceptions, when responding to their overqualification status, employees often consider the relational factors within their social contexts (Erdogan et al., 2011a). In fact, one of the theorized downsides of being overqualified is the sense of being different and not fitting in with one’s peers (Erdogan et al., 2011b). Being overqualified may affect one’s relations with peers, because overqualified employees may intimidate peers, feel like an out-group member as a result of being different from colleagues, and create tension in interpersonal relationships (Sierra, 2011). Thus, perceived overqualification is expected to have implications for the degree to which employees fit in with their group, which in turn relates to performance. Consistent with Sierra (2011), we further propose that employees’ feelings of their interpersonal environment largely depend on the status of their peers including whether or not their peers perceive themselves as also being overqualified. The perception of interpersonal environment we focused on here is person–group fit, or the interpersonal compatibility between individuals and their work groups (Judge & Ferris, 1992; Kristof, 1996). Person–group fit helps explain the effects of overqualification within the interpersonal context, as the psychological compatibility among peers is a powerful influence on employee behavior and performance in group settings (Kristof-Brown, Zimmerman, & Johnson, 2005).

The rationale for the influence of overqualification on person–group fit is grounded in the framework of relative deprivation theory, which argues that within a work group, individuals tend to compare their own qualifications with their peers and make judgments about whether their status is different from, or similar to, those of peers (Mummendey, Kessler, Klink, & Mielke, 1999), which further shapes their perceptions about their interpersonal relationships with peers (Chatman & Flynn, 2001). When individuals who feel overqualified work with peers who feel similarly overqualified, they are less likely to feel deprived and discontent and are more likely to feel psychologically close to their work groups. Peer overqualification generates such a homogenous climate within the group, which sends confirmation to overqualified
individual employees about their status, makes them feel similar to their peers, and increases their perception of fit within the group (Brewer, 1979; Erdogan et al., 2011a). In contrast, when working within a group where overqualification is more rare, feelings of overqualification will set the employee apart from their peers, which will decrease feelings of attachment to their group (Hogg, Turner, & Davidson, 1990) and create the perception of being misfits within their groups.

Hypothesis 2: Peer overqualification moderates the relationship between employee overqualification and person–group fit, such that the relationship is more positive when peer overqualification is higher.

The Integrated Model

Relative deprivation theory suggests that when individuals feel deprived and entitled, they are likely to form unfavorable cognitive (e.g., perceptions of task significance) and affective (e.g., perceptions of person–group fit) perceptions at work, which in turn, directly influence their efforts in completing required task performance (i.e., in-role performance), and their motivation to contribute to the organization beyond the normal requirement (i.e., extra-role performance or OCB; Chatman & Flynn, 2001; Erdogan & Bauer, 2009). This sense of being deprived of the job one deserves is less likely to occur when peers are also overqualified and when overqualification is considered a natural and normative status rather than a unique and personal situation within the group (Shultz, Olson, & Wang, 2011). Erdogan et al. (2011b) contended that overqualified employees might maintain a positive view of their jobs when working with peers who are similarly overqualified. This enhanced significance perception of their tasks, in turn, guides them to perform more effectively (Grant, 2008) and to contribute more to their organization (Grant, 2007). In a similar vein, when peer overqualification is high, employees see themselves as having similar status as their peers and sense a higher degree of fit with their group. These person–group fit perceptions are likely to strengthen the interpersonal connections among peers and build strong social capital within the group (Adler & Kwon, 2002; Oh, Chung, & Labianca, 2004), which serves to translate employees’ felt overqualification into superior performance (Feldman & Maynard, 2011), and allows employees to utilize their surplus capabilities to engage in more OCBs. On the other hand, when working with peers who do not feel overqualified, employees who feel overqualified are more likely to experience a sense of frustration and misfit with their group and consider their tasks as insignificant. As a consequence, overqualified employees should be less willing to exert their efforts at work and are less likely to perform well. Thus, we hypothesize that peer overqualification makes employee overqualification more positively related to their task significance and person–group fit perceptions and, subsequently, in-role performance and OCB.

Hypothesis 3: Peer overqualification moderates the indirect relationship between employee overqualification and (a) in-role performance and (b) OCB via person–group fit, such that the indirect relationship is more positive when peer overqualification is higher.

Method

Sample and Procedure

Our primary sample was comprised of full-time employees from 11 information and technology companies located in China. Employees were working professionals in functional groups, such as research and development, accounting, product management, customer service, and human resources. These groups are not departments or committees, but are traditional long-term work groups that provide immediate social contexts for employees and their functions do not frequently change over time. Data were collected through Web-based surveys conducted across three data collection periods over 6 months at Time 1, Time 2 (3 months later), and Time 3 (3 months after Time 2 and 6 months after Time 1). Three-month intervals were chosen so that data collections would be separated in time enough to decrease priming effects while being short enough for antecedents to exert influence on later outcomes. At Time 1, out of 631 employees working in the 135 groups we invited to the study, 515 employees from 106 groups returned their surveys that contained overqualification ratings. At Time 2, 373 employees from 79 groups provided information on person–group fit and task significance. At Time 3, 72 managers provided ratings on 356 employees’ in-role performance and OCB. The final matched employee–manager data across three time points were 351 employees in 72 groups, constituting the final effective response rates of 56% at the individual level and 53% at the group level. The average within-group response rate was 88%. Group size ranged between three and six (average = 5). Among employees, the average age was 29, 89% had college degree or above, and the average job tenure was 1.96 years.

Measures

All measures were rated on a scale ranging from 1 = strongly disagree to 7 = strongly agree and were subjected to the back-translation procedure recommended by Brislin (1986).

Perceived overqualification. At Time 1, all employees provided ratings of their own overqualification using Johnson and Johnson’s (1996, 1997) four-item scale (e.g., “Based on my skills, I am overqualified for the job I hold;” α = .87). Thus, the focal employee’s perceived overqualification was simply his or her ratings on this scale. This scale has been commonly used in the overqualification literature (e.g., Erdogan & Bauer, 2009; Fine & Nevo, 2008; Johnson & Johnson, 1996, 1997, 1999, 2000; Johnson et al., 2002; Lobene & Meade, 2013).

Peer perceived overqualification. Peer overqualification was calculated by averaging all of the peers’ overqualification ratings gathered at Time 1 when every employee provided ratings on this scale, excluding the focal employee’s score. Thus, for each focal employee, there was a corresponding average peer overqualification score. In addition, to ensure that focal employees were able to observe peer overqualification, we gathered supplemental data from a second sample of 264 knowledge workers in China in 50 different work groups from...
various industries, such as finance, real estate, telecommunications, automobile, retailing, and construction who provided data on perceived overqualification of themselves and their peers. The results of these analyses indicated that the average of perceived overqualification reported by peers positively correlated with perceived peer overqualification reported by focal individuals, $r = .34, p < .01$. This suggests that focal individuals were in a position to detect the levels of perceived overqualification reported by their peers, providing support for our use of the average of perceived overqualification scores reported by peers to measure peer overqualification.

**Task significance and person–group fit.** At Time 2, 3 months after Time 1, employees provided their ratings on task significance using a four-item scale from Hackman and Oldham (1975; e.g., “A lot of people (e.g., customers and clients) can be positively affected by how well my job gets done;” $\alpha = .91$); and ratings on person–group fit using DeRue and Morgeson’s (2007) three-item scale (e.g., “My personal values match my group’s values;” $\alpha = .92$).

**In-role performance and OCB.** At Time 3, 6 months after Time 1, managers were asked to rate employees’ in-role performance using Liden, Wayne, and Stilwell’s (1993) four-item scale (e.g., “The overall level of performance that you observe for this employee is outstanding;” $\alpha = .91$) and OCB using four highest loaded items from Morrison and Phelps’s (1999) scale (e.g., “This employee often tries to institute new work methods that are more effective for the company;” $\alpha = .94$).

**Control variables.** Because our sample was comprised of employees working in China, a country with different cultural values from Western societies (Hofstede, 1984) where overqualification theory was originally developed, we controlled for the potential influence of a representative cultural value—collectivism—on the study variables. We measured collectivism with three values from Western societies (Hofstede, 1984) where overqualification was significantly and positively related to both performance (Model 6, $B = .11, p < .05$) and OCB (Model 8, $B = .15, p < .05$); and person–group fit was significantly and positively related to OCB (Model 8, $B = .14, p < .05$), but was not significantly related to performance (Model 6, $B = .06, ns$). Furthermore, to accurately estimate the non-normally distributed indirect effects, we applied the bootstrapping-based moderated path analysis approach (Edwards & Lambert, 2007). Based on 1,000 resamples, the results of Table 3 further revealed that the indirect effect of overqualification on performance and OCB via task significance was more positive when peer overqualification was higher ($B = .06$, bias-corrected 95% CI [.01, .13] for performance; $B = .08$, bias-corrected 95% CI [.01, .13] for OCB).
<table>
<thead>
<tr>
<th></th>
<th>Task significance (T2E)</th>
<th>Person-group fit (T2E)</th>
<th>In-role performance (T3M)</th>
<th>OCB (T3M)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M1 B SE M2 B SE M3 B SE M4 B SE M5 B SE M6 B SE M7 B SE M8 B SE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intercept</td>
<td>4.56** .39</td>
<td>4.57** .39</td>
<td>4.67** .39</td>
<td>4.68** .38</td>
</tr>
<tr>
<td>Control variables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group size (T1M)</td>
<td>.12 .08</td>
<td>.12 .08</td>
<td>.11 .08</td>
<td>.10 .08</td>
</tr>
<tr>
<td>Collectivism (T1E)</td>
<td>.14** .05</td>
<td>.14 .05</td>
<td>.21** .05</td>
<td>.21** .05</td>
</tr>
<tr>
<td>Independent variables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OQ (T1E)</td>
<td>.35** .04</td>
<td>.36** .04</td>
<td>.35** .04</td>
<td>.36** .04</td>
</tr>
<tr>
<td>Peer OQ (T1E)</td>
<td>-.21* .08</td>
<td>-.19* .08</td>
<td>-.19* .09</td>
<td>-.18* .08</td>
</tr>
<tr>
<td>Interaction term</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OQ × Peer OQ</td>
<td>.15** .05</td>
<td>.12* .06</td>
<td>-.01 .05</td>
<td>-.04 .05</td>
</tr>
<tr>
<td>Mediators</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task significance (T2E)</td>
<td></td>
<td></td>
<td></td>
<td>.11* .05</td>
</tr>
<tr>
<td>Person-group fit (T2E)</td>
<td></td>
<td></td>
<td></td>
<td>.06 .05</td>
</tr>
<tr>
<td>Deviance</td>
<td>828.93</td>
<td>821.67</td>
<td>852.11</td>
<td>847.70</td>
</tr>
<tr>
<td>df</td>
<td>7</td>
<td>8</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Deviance change</td>
<td>7.26**</td>
<td>4.41*</td>
<td>10.19**</td>
<td>20.39**</td>
</tr>
</tbody>
</table>

**Note.** N = 351 individuals in 72 groups. HLM = hierarchical linear modeling; T2E = variables rated by employees at Time 2, 3 months after Time 1; T3M = variables rated by managers at Time 3, 6 months after Time 1; OCB = organizational citizenship behavior; M = Model; SE = standard error; T1M = variables rated by managers at Time 1; T1E = variables rated by employees at Time 1; OQ = overqualification; df = degrees of freedom. The regression coefficients are the unstandardized coefficients from HLM.

* p < .05. ** p < .01.
Hypothesis 4a was not. Taken together, Hypotheses 3a, 3b, and 4b were supported, but the difference in the indirect effects for OCB was significant. Thus, the inclusion of peer overqualification provides a clearer understanding of to what extent overqualification brings benefits to organizations.

Overall, the difference between the indirect effects for performance outcomes, although reduced, remained positive, when peer overqualification is low. It implies that overqualified employees still are able to perform well, even when felt overqualification among peers is rare. It may be due to their exceptional capabilities to perform with less effort, or other contextual factors, such as recognition from leaders or rewards within the organization, that might have influenced their reactions to the overqualification status and motivation to perform. Future studies are encouraged to replicate our research to further confirm the impact of overqualification on performance outcomes.

Our study also provides a valuable addition to the literature by considering the mediating mechanisms that link overqualification and employee performance and clarify the motivational and interpersonal issues underlying the influence of overqualification. Our research reveals that feelings of overqualification translate into high performance for those who work with similarly overqualified peers, through increasing the perceived importance of the tasks performed, and through the experience of high degree of fit within their groups.

This is important because extant research has looked at the influence of overqualification on either employee attitudes or performance, but little attention has been paid to integrate both perspectives (see Erdogan & Bauer, 2009 as an exception). Using a time-lag designed study, we investigated how overqualification influences employees’ later perceptions of their tasks and work groups, which further influences both in-role and extrarole performance rated by managers. Interestingly, we found that the higher peer overqualification, the greater influence of overqualification on employee in-role performance is realized through task significance, but not person–group fit. It seems that compared with interpersonal perceptions, task perceptions, resulting from an overqualification status, are more relevant and critical for improving employees’ in-role task performance. However, when peer overqualification is higher, the indirect relationships between overqualification and employee OCB through task significance and person–group fit are stronger. These findings suggest that to encourage employees to contribute more to the organization, it is necessary for them to have favorable perceptions about both their tasks and interpersonal contexts. Although intuitively appealing, we encourage future research to further explore whether overqualification has differentiated effects on employees’ task-related and interpersonal perceptions and their in-role and extrarole performance outcomes.

Discussion

Past research on overqualification has primarily focused on the potential harm that overqualification can cause employees, overlooking the potential benefits overqualified employees bring to the organization. In fact, the empirical evidence of the influence of overqualification on employee performance is ambivalent, indicating that such an influence is subjective to boundary conditions (Erdogan et al., 2011a, 2011b; Sierra, 2011). Contrary to some prior research (e.g., Bolino & Feldman, 2000; Lobene & Meade, 2013), we found that employee perceived overqualification was positively related to their task-related and interpersonal perceptions and subsequently performance outcomes, and these positive associations were stronger when the level of average peers’ overqualification was also high. Using relative deprivation theory as our primary theoretical lens, our research contributed to the overqualification literature by demonstrating peer overqualification as an important contingency from the social context to explain the relationship between overqualification and performance outcomes. When most peers are also overqualified, the focal employees perceive their jobs as more significant and their interpersonal environment to be a better fit with themselves. As a result, overqualified employees perform better and contribute more to the organization when they work with others who feel overqualified. Thus, the inclusion of peer overqualification provides a clearer understanding of to what extent overqualification brings benefits to organizations. Relatedly, we discovered a somewhat interesting finding that the benefits of overqualification on performance outcomes, although reduced, remained positive, when peer overqualification is low.
Table 3
Results of the Moderated Path Analysis

<table>
<thead>
<tr>
<th>Overqualification→task significance→in-role performance path</th>
<th>First stage (PMX)</th>
<th>Direct effect (PYX)</th>
<th>Indirect effect (PMX × PYX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimate Bias-corrected 95% CI</td>
<td>Estimate Bias-corrected 95% CI</td>
<td>Estimate Bias-corrected 95% CI</td>
<td></td>
</tr>
<tr>
<td>High peer overqualification</td>
<td>.43 [23, .60]  .03 [−.08, .18]  .06 [.01, .13]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low peer overqualification</td>
<td>.22 [12, .32]  .01 [−.10, .11]  .03 [.01, .07]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difference between low and high</td>
<td>.21 [01, .41]  .03 [−.12, .18]  .03 [.00, .08]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overqualification→task significance→OCB path</td>
<td>.43 [23, .60]  −.00 [−.14, .14]  .08 [.02, .16]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low peer overqualification</td>
<td>.22 [12, .32]  −.03 [−.16, .11]  .04 [.01, .09]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difference between low and high</td>
<td>.21 [01, .41]  .03 [−.16, .19]  .04 [.00, .10]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overqualification→person–group fit→in-role performance path</td>
<td>.41 [22, .57]  .03 [−.08, .18]  .00 [−.04, .06]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High peer overqualification</td>
<td>.20 [06, .28]  .00 [−.10, .11]  .00 [−.01, .03]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low peer overqualification</td>
<td>.21 [00, .41]  .03 [−.12, .18]  .00 [−.02, .04]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difference between low and high</td>
<td>.41 [22, .57]  −.00 [−.14, .14]  .08 [.02, .17]</td>
<td></td>
<td></td>
</tr>
<tr>
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<td>.20 [06, .28]  −.03 [−.16, .11]  .04 [.01, .08]</td>
<td></td>
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</tr>
<tr>
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<td>.21 [00, .41]  .03 [−.16, .19]  .04 [.01, .11]</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note. CI = confidence interval; OCB = organizational citizenship behavior. The analysis was based on 1,000 resamples (Edwards & Lambert, 2007). The cells in bold indicate significance of the corresponding estimate. PMX: Path from the independent variable (i.e., overqualification) to mediator (i.e., task significance or person–group fit); PYX: Path from the mediator (i.e., task significance or person–group fit) to the dependent variable (i.e., in-role performance or OCB); PMX × PYX: Path from the independent variable (i.e., overqualification) to the dependent variable (i.e., in-role performance or OCB).

Practical Implications

The current research offers several implications for practice. Overqualification has been considered harmful to organizations, with higher risks of turnover and lower satisfaction levels (Erdogan et al., 2011a). Thus, organizations and managers often screen out such applicants (Bewley, 1999). The assumption is that overqualification is akin to being “a big fish in a small pond,” where employees feel that they deserve to be somewhere better. However, our findings suggest that when they feel that they are not the only big fish in the pond and when overqualification becomes a norm rather than exception within the group, individual employees tend to have more favorable reactions toward their own overqualification status and perform better. Thus, managers who are wary of working with overqualified employees may benefit from the knowledge that as overqualification becomes normalized in the workplace, overqualification becomes a more positive influence over desired organizational behaviors such as performance and citizenship. When managing overqualified workers, pairing these employees with other similarly qualified employees increases the chance of being able to prevent the possibility of feeling like a misfit. Further, organizations may celebrate employees’ qualifications when they are first brought on board and point out how these overqualified employees are in good company by highlighting that they will be working with a highly qualified group. Managers may also encourage more interactions among members to build team spirit, emphasizing the importance of benefiting others through one’s work, and highlight the interpersonal compatibility within a work group to promote the positive influence of overqualification on employee attitudes and performance.

Potential Limitations and Future Research Directions

Our findings should be considered in light of potential limitations, which, in turn point to promising directions for future research. First, although study variables were measured at three time points with a 6-month lag, reverse causality is still possible. For example, task significance, person–group fit, and peer overqualification may be antecedents of felt overqualification. Because the data were collected in field organizations, it is also likely that some preexisting factors, such as company culture or leadership, may have influenced the direction of the relationship between overqualification and their job and interpersonal perceptions. Thus, we encourage future research to replicate and extend the current study using longitudinal designs to make stronger inferences regarding the directionality of overqualification effects. Second, our sample is from a more collectivistic cultural setting (i.e., China) and we found that collectivists tend to be less likely to perceive themselves as overqualified, r = −.12, p < .05, thus, overqualification may be a more prevalent phenomenon among individualists, which provides individualists with more opportunities to work with overqualified peers. Thus, our results may provide a conservative estimate of the relationships between overqualification and performance outcomes. We call for more research examining the role of peer overqualification in more individualistic cultural backgrounds to explore the generalizability of our findings. Third, in addition to the mediators and moderator we explored, other mediators and moderators likely exist. For example, when unemployment rate is high, overqualification effects may be weaker, given that employees may be grateful to have any job (during our study period, China had a low unemployment rate of 4.5% according to World Bank, 2012). A person’s career goals may make a difference, with overqualification being more tolera-
ble and expected during a career change. In addition, employees’ perceptions of overqualification may be affected by or related to their confidence level, such as self-efficacy or self-esteem. Relatedly, individual differences, such as one’s sensitivity to equity, may influence one’s perceptions of their average peers’ overqualification level. Furthermore, in addition to our focus on task significance, other task characteristics, such as perceptions of task variety and task challenge, and feelings of deprivation or equity, may also influence employees’ psychological reactions to their overqualification status. Thus, there is still a need for research to understand individual, group level, organizational, and societal moderators and mediators. Fourth, although we are interested in the individual effects of overqualification, it remains an interesting question of how overqualification affects the performance of a group as a whole. As Sierra (2011) noted, the influences of overqualification on performance at the individual level and a higher level may be different. It is possible that subgroups may exist in a group and may influence how individual member interact with others and eventually influence the whole group’s performance. Finally, our key goal was to examine how employees’ perceptions of overqualification influence their attitudes and behaviors. Even though we have collected additional data to demonstrate that perceived overqualification is related to, but distinct from objective overqualification, it remains to be seen whether perceived and objective overqualification are related to different employee outcomes (Maltarich et al., 2011). Future efforts are needed to provide a deeper understanding of the different measures of overqualification and their influences on employee outcomes.

References


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