

TOO MANY BIG FISH IN A SMALL POND? THE NEXUS OF OVERQUALIFICATION, JOB SATISFACTION, JOB SEARCH BEHAVIOUR AND LEADER–MEMBER EXCHANGE

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Abstract

Drawing on the theories of person–job fit, relative deprivation, work adjustment and reasoned action, the present study aims to investigate the nexus of perceived overqualification, leader–member exchange (LMX), job satisfaction and job search behaviour. Anchored in philosophical assumptions, the present study adopts a survey research strategy with a cross-sectional time horizon. Data were garnered with a self-reported questionnaire from 607 convenience-sampled employees working in state-owned organisations in Sri Lanka. The study found a significant negative relationship between perceived overqualification and job satisfaction. The results further revealed that LMX moderates the negative relationship between perceived overqualification and job satisfaction such that the negative relationship is weaker at a high quality LMX. No less importantly, the results disclosed that job satisfaction is a complementary mediator of the relationship between perceived overqualification and job search behaviour. The study contributes to the frontiers of HRM literature and provides useful practical implications.

Keywords: Job satisfaction; Job search behaviour; Perceived overqualification; Person-job fit theory

1. INTRODUCTION

Many individuals are deprived of a better job owing to the global financial crisis, rising education levels, global mobility of jobs and the intrusion of cutting-edge technology into business (Arvana et al., 2019; Quintini, 2011) and the feeling that they are overqualified plagues both employers and employees. Seminal research scholars have highlighted that overqualification is a universal phenomenon and one in three workers are overqualified across many countries, such as the UK, the US, Canada and Germany (Büchel and Mertens, 2004; Feldman and Turnley, 1995; Groot and Maassen van den Brink, 2000; Quintini, 2011; Sadava et al., 2000; Verhaest and Omev, 2006). Overqualification occurs when employees have educational qualifications, skills, abilities and experience that exceed the requirements of the job or that are not used on the job (Erdogan et al., 2011; Maynard et al., 2006; Peiro et al., 2010) and therefore, overqualification is sometimes referred to as ‘underemployment’ (Erdogan and Bauer, 2009). Remarkably, a large corpus of studies has evidenced that perceived overqualification is harmful, incubating many negative outcomes, such as lower job satisfaction, lower organizational commitment, greater withdrawal behaviours, counterproductive work behaviours, poor employee well-being, higher turnover intentions, impaired health, cyberloafing, deviant behaviours and cynicism (Erdogan and Bauer, 2009; Erdogan et al., 2020; Harari et al., 2017; Johnson and Johnson, 1997; Liu et al., 2015; Luksyte et al., 2011; Maynard et al., 2006; Sam, 2020; Verhaest and Omev, 2006; Zhang et al., 2020). Consequently, of late, a growing number of organisational researchers have been focusing on overqualification, its impact and remedial actions thereon (Arvan et al., 2019; Erdogan et al., 2018; Harari et al., 2017; Sesen and Ertan, 2019; Simon et al., 2019). Taken together with previous studies, the current study fills lacunae by answering to two pressing questions: (a) to what extent an employee’s perception of overqualification influences job satisfaction and the subsequent effect of job satisfaction on job search behaviour? and (b) does LMX attenuate the negative relationship between perceived overqualification and job satisfaction?

Strongly anchored in four dominant theories in organisational studies – person–job fit theory, relative deprivation theory, work adjustment theory and theory of reasoned action – the study aims to establish the relationship between overqualification and job satisfaction with the moderating effect of LMX, and the subsequent mediating effect of job satisfaction on the relationship between perceived overqualification and

job search behaviour. The present study contributes to the current literature in several ways. First, studies on overqualification have been well established in Western countries and consequently, the prevalent concepts and models are reflective of such national contexts: therefore, the application of such models in diverse national contexts is problematic. Surprisingly, the nature of overqualification and its consequences have been far less focused on developing countries where overqualification is expected to a great extent. Therefore, undertaking the study in the context of Sri Lanka as a microcosm of developing and labour intensive countries, adds to the existing overqualification literature per se. Second, albeit the relationship between overqualification and job satisfaction has been established in previous studies, they remain agnostic on whether LMX is a means of buffering such negative relationship. Therefore, the current study fills the gap left by earlier studies. Third, the current study contributes to the existing literature by establishing a mediating effect of job satisfaction on the relationship between overqualification and job search behaviour. Lastly, the present study makes a methodological contribution by validating scales that were developed in diverse cultural contexts.

The present study proceeds as follows. In section two, strongly based on theoretical and empirical grounds, the theoretical relationships among perceived overqualification, LMX, job satisfaction, and job search behaviour are developed as hypotheses. Second, subjects and participants, measures used and data analysis mechanisms are lucidly delineated in section three. Subsequently, the hypotheses were tested with the aid of SmartPLS, as presented in section four. The paper ends by discussing the theoretical contributions, practical implications, and limitations and suggestions for future directions.

2. LITERATURE REVIEW

As mentioned, the present study strongly rests on the theories of person-job, relative deprivation, work adjustment and reasoned action. Person-job fit is an outgrowth of person-environment fit theory that explains a better match between employees' characteristics and job characteristics (Kristof-Brown et al., 2005). The demand-abilities fit of the person-job fit framework best captures the essence of overqualification where perceptions of surplus qualifications encapsulate the person-job misfit (Liu et al., 2015; Maynard and Parfyonova, 2013). Therefore, it can be submitted that the misfit triggers unpleasant employee thoughts and feelings about the job (Edwards and Van Harrison, 1993; Liu et al., 2015). Yet, relatively little is known and the relationship between overqualification and job satisfaction in the context of developing countries is unclear. Relative deprivation theory maintains that incongruence between what one has and what one feels produces negative emotions, and this has also been borrowed to explain the proposed relationship (see Crosby, 1984; Feldman et al., 2002). According to relative deprivation theory, overqualified employees feel that they deserve better jobs in which they can fully exploit their knowledge, skills and abilities. The greater the relative deprivation, the greater the sense of disappointment and therefore, their dissatisfaction with their jobs (see Alfes et al., 2016; ; Sam, 2020). Thus, it is hypothesised:

H1: Perceived overqualification is negatively related to employee job satisfaction

As discussed earlier, relative deprivation theory contends that the relative deprivation instils feelings of emotion on the job and the degree of "relative" could be alleviated with different management approaches. The current study proposes that LMX, the vital factor within the workplace situation, moderates the relationship between perceived overqualification and job satisfaction. The employees' relationship with their leaders, is reflected in the theory of LMX, called as a relationship-based approach to leadership (Graen and Uhl-Bien, 1995). By and large, a high-quality LMX is an embodiment of high levels of trust, professional respect, information sharing, career development support, loyalty, and rewards (Graen and Uhl-Bien, 1995). Moreover, in a high LMX, employees are usually given more challenging works, sponsorship, open and honest communication and greater access to information and resources and strong socio-emotional support, and resultant enjoyment in their job (Alfes et al., 2016; Davis and Gardner, 2004). Therefore, in a high-quality exchange relationship, employees expect that their leaders should recognize their potential, frame their job problems and needs, and use their power to solve problems and provide them with more resources and opportunities (Graen and Uhl-Bien, 1995). Consequently, employees' subjective expectations are fulfilled that making them happier in the workplace and therefore, the feeling of being deprived caused by

overqualification is expected to alleviate by exerting high-quality LMX in the workplace. Thus, it is hypothesised:

H2: LMX moderates the negative relationship between perceived overqualification and job satisfaction, such that the negative relationship will be weaker when LMX is high.

Drawing on the theory of work adjustment, the present study proposes the relationship between overqualification and job search behaviour (Dawis and Lofquist, 1984). According to the theory of work adjustment, employees who have surplus qualifications adjust their work behaviours and the likelihood of remaining with the same organization is questionable (e.g. Dahling and Librizzi, 2015). Although there is disagreement among research scholars about the direct relationship between overqualification and job search behaviour (see Erdogan and Bauer, 2009), the present study predicts that a positive relationship between overqualification and job search behaviour. Thus, it is hypothesised:

H3: Perceived overqualification is positively related to job search behaviour

The relationship between job satisfaction and job search behaviour is strongly anchored in the theory of reasoned action. In the theoretical discourse of reasoned action, the theory of planned behaviours, an extension of the theory, supports the notion that an individual's positive feeling affects subsequent behaviours (see Madden et al., 1992). A small number of research studies found job satisfaction as a direct predictor of job search behaviour (e.g. Swider et al., 2011). Therefore, it can be surmised that employee job dissatisfaction promotes job search behaviour. Thus, it is hypothesised:

H4: Job satisfaction is negatively related to job search behaviour

While underemployment literature suggests that overqualification is related to greater intention to leave, organisational literature suggests that happy employees stay longer (Bolino and Feldman, 2000; Bretz and Judge, 1994; O'Reilly et al., 1991). From a large number of studies, no less importantly, it can be predicted that the relationship between overqualification and job search behaviour will be channelled through job satisfaction. In developing and labour-intensive countries, getting a better job matching with an individual's qualification is very difficult and in reality, even though one perceived themselves overqualified to the job, they might be highly satisfied if the organisation provides strong management support that provides them with greater recognition, due respect and career development and thus, the employee who perceives themselves overqualified may stay longer. Therefore, a complex downstream effect is predicted in which employees' perception of overqualification may lead to job dissatisfaction and resultant job search behaviour. Thus, it is hypothesised:

H5: Job satisfaction mediates the relationship between perceived overqualification and job search behaviour

3. METHODS

a. Subjects and procedure

Anchored in the ontological assumption that social entities exist independent of social actors and epistemological assumptions that knowledge derived in statistical terms leads to law-like generalisations, this study adopted a hypothetic-deductive approach using a survey research strategy in a cross-sectional time horizon. Nevertheless, owing to the lack of studies in the realm of overqualification in Sri Lanka and even in similar Asian countries, this study employed a small scale exploratory study before embarking on a large scale study; the exploratory study found widespread overqualification and concerns thereof among employees. The questionnaire was also piloted during the study. The results of the pilot test did not give any serious concerns; however, a few questions were modified in response to the pilot test feedback.

Since the government of Sri Lanka is the major job provider for graduates, the present study focused on participants employed in state-owned organisations. Two research assistants were hired for the data collection. The participants were chosen using convenience sampling, an oft-used technique in management and business research (Blumberg et al., 2008; Bryman and Bell, 2007). The sample comprised 607 full-time

employees; the majority were females ($n = 368$; 64%) and married ($n = 308$; 61%). Most notably, 386 employees hold at least one degree (64%).

b. Measure

Perceived overqualification

Although overqualification can be measured with an objective measure (comparing required and possessed qualification for the job), the subjective measure is more meaningful for giving a more accurate judgement for the job that employees currently hold (Liu et al., 2015). Consistent with past research, the present study employs a subjective measure of overqualification (Liu et al., 2015). The perceived overqualification was measured with a four-item scale developed by Johnson and Johnson (1996). An example item is: 'My formal education overqualifies me for my present job'. The respondents were asked to indicate their agreeableness on a five-point scale from strongly disagree (1) to strongly agree (5). The reliability, Cronbach's alpha, was 0.93.

LMX

LMX was measured with a seven-item scale developed by Graen and Uhl-Bien (1995). Sample items are: 'Regardless of how much power he/she has built into his/her position, my supervisor would be personally inclined to use his/her power to help me solve problems in my work' and 'My supervisor recognises my potential'. The respondents were asked to indicate their agreeableness on a five-point scale from strongly disagree (1) to strongly agree (5). The reliability, Cronbach's alpha, was 0.91.

Job Satisfaction

Job satisfaction was measured using the Michigan Organizational Assessment Questionnaire (Cammann et al., 1979). The scale includes three items: 'All in all I am satisfied with my job', 'In general, I don't like my job', and 'In general, I like working here'. The respondents were asked to indicate their agreeableness on a five-point scale from strongly disagree (1) to strongly agree (5). The reliability, Cronbach's alpha, was 0.85.

Job search behaviour

Job search behaviour was measured using 5 items by adapting the scale developed by Blau (1994). Sample items are: 'Talk with friends or relatives about possible job leads' and 'Read ads in newspapers or websites'. The respondents were asked to indicate their agreeableness on a five-point scale from 1 (never) to 5 (very frequently). The reliability, Cronbach's alpha, was 0.94.

Data analysis

The garnered data were chiefly analysed using a highly recommended partial least squares based structural equation modelling (PLS-SEM), owing to its greater statistical power and the nature of the hypotheses that predicted orientation (Hair et al., 2016; Hair et al., 2014). The study has extremely large data, satisfying the minimum sample requirements: the sample size exceeded the '10 times rule' (ten times bigger than the maximum arrows pointing dependent variables) and at 'a statistical power of 80%', the recommended sample size is 176 for detecting at least R^2 value of .10 with a 1% probability of error (see Hair et al., 2016). The PLS-SEM is largely applied in business research (Hair et al., 2014). As advised by Hair et al. (2016), at the outset, an exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) were performed with CB-SEM approach to confirm the factor structure of the variables investigated.

4. RESULTS

Since the data were garnered from a single-source self-reported questionnaire, there may be common method variance (CMV) (Podsakoff et al., 2003). Although procedural remedies as suggested by Podsakoff

et al. (2003) were followed, such as clear instruction for the aim of the research and the need for true data, anonymity and confidentiality, the popular Harman's one-factor test, which examines whether a single factor constitutes the majority of the covariance, was performed with an exploratory factor analysis using an un-rotated factor solution. The analysis shows a four-factor solution (eigenvalues > 1 for the four factors), and the first factor accounted for 32.54% of variance. In addition, CFA produces poor model fit indices for the single factor: $\chi^2(119) = 4269.59, p = .00; CFI = .42; GFI = .51; RMSEA = .24; SRMR = .12$. On balance, the data are free from CMV.

Prior to testing the hypotheses, the factor structure of the variables was established with EFA and CFA (see Bagozzi and Foxall, 1996). All items were loaded onto factor analysis with an extraction method of principal component analysis using the oblique rotation with direct oblimin (Field, 2013). The Kaiser-Meyer-Olkin (KMO) measures of sampling adequacy is .80, exceeding the minimum threshold of .6 and Bartlett's test of sphericity confirms that all pairwise correlations are not equal to zero in R matrix ($\chi^2(136) = 7198.95, p < .001$). Importantly, factor loading for each item was found to be significant (absolute value > .4 -16%, Stevens, 2002) and the determinant of the correlation matrix exceeded the minimum requirement of 0.00001 implying little evidence of multicollinearity. The results show a clear four-factor solution (eigenvalues over Kaiser's criterion of 1 and scree plot shows a clear break after the fourth component), explaining 69.79% of variance. The summary of the results is presented in Table 1.

TABLE 1 - PATTERN MATRIX

Items	Components				Communalities
	1	2	3	4	
My supervisor recognises my potential (Q3LMX)	.915				.859
I have an excellent working relationship with my supervisor (Q4LMX)	.886				.882
My supervisor understands my problems and needs (Q2LMX)	.871				.895
Regardless of the amount of formal authority my supervisor has, he/she would "bail me out," at his/ her expense (Q5LMX)	.830				.923
Regardless of how much power he/she has built into his/her position, my supervisor would be personally inclined to use his/her power to help me solve problems in my work (Q1LMX)	.800				.878
My talents are not fully utilised on my job (OQ2)		.770			.733
Based on my skills, I am overqualified for the job I hold (OQ4)		.765			.865
My work experience is more than necessary to do my present job (OQ3)		.748			.881
My formal education overqualifies me for my present job (OQ1)		.723			.892
Send out job applications for potential employers (Q2JSB)			.865		.896
Talk with friends or relatives about possible job leads (Q1JSB)			.850		.781
Read ads in newspapers or websites (Q3JSB)			.786		.786
In general, I don't like my job (Q2JS)				.791	.795
All in all I am satisfied with my job (Q1JS)				.697	.706
In general, I like working here (Q3JS)				.693	.707
Eigenvalues - PCA	5.553	2.955	2.036	1.342	
Percentage of variance	32.54	17.38	11.98	7.89	Total 69.79
Cronbach's α	.91	.93	.94	.85	
Notes: Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization. LMX: Leader-Member Exchange, OQ: Perceived Overqualification, JSB: Job Search Behaviour, JS: Job Satisfaction					

In the next stage, an integrated CFA was performed and the results of the fit indices indicated a good model: $\chi^2(113) = 247.42, p < 0.05; CFI = .97; PCLOSE = .90; RMSEA = .04; SRMR = .04$.

TABLE 2 - AVE, CR AND FORNELL-LARCKER CRITERION

Variable	M	SD	AVE	CR	α	rho_A	1	2	3	4
1 Job Satisfaction	3.74	.64	0.77	0.91	.85	0.85	(0.85)			
2 Job Search Behaviour	3.34	.67	0.89	0.96	.94	0.94	<i>-0.35</i>	(0.94)		
3 LMX	4.10	.59	0.75	0.94	.91	0.93	<i>0.38</i>	<i>-0.10</i>	(0.91)	
5 Perceived Overqualification	4.37	.57	0.83	0.95	.93	0.94	<i>-0.45</i>	<i>0.13</i>	<i>-0.31</i>	(0.93)

M: Mean; SD: Standard Deviation; AVE: Average Variance Extracted; CR: Composite Reliability; α : Cronbach's Alpha

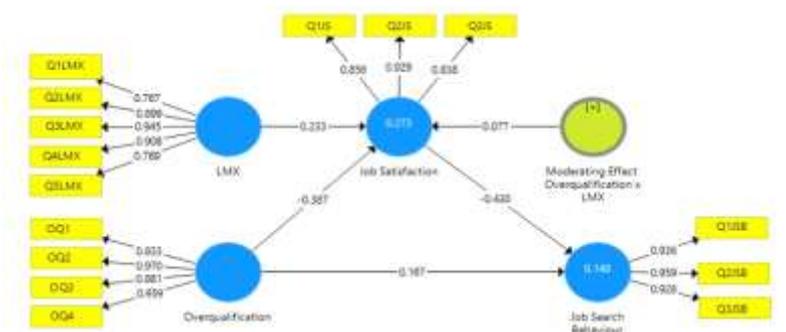
Square root of AVE in parenthesis; Correlations are in *italic*

As can be seen in Table 2, composite reliability (CR) for each construct is well above the minimum threshold of .70, indicating higher levels of internal consistency reliability. Convergent validity has also been established: (a) AVE is greater than 0.5 and (b) outer loading for each indicator is above .70 (indicators' outer loadings range from .767 to .970; see Figure 1). The results confirm discriminant validity of the measure used with the aid of two classic approaches: (a) outer loadings on each construct are higher than cross-loadings and (b) the square root of the AVEs on each construct is greater than its highest correlation with any other construct (the highest correlation is .45) (see Hair et al., 2016). Besides those two classic approaches, the heterotrait-monotrait ratio of correlations (HTMT) was performed, and the results are presented in Table 3.

TABLE 3 - HETEROTRAIT-MONOTRAIT RATIO (HTMT)

	1	2	3	4	5
1 Job Satisfaction				
2 Job Search Behaviour	0.40			
3 LMX	0.43	0.10		
4 Overqualification x LMX	0.13	0.15	0.34	
5 Overqualification	0.50	0.13	0.33	0.12

In Table 3, the HTMT ratios are well below .85 (ranging from .13 to .50). Therefore, the strong discriminant validity of the measures employed can be concluded. Referring to Table 2, participants reported a high level of perceived overqualification ($M = 4.37, SD = .57$) and LMX ($M = 4.10, SD = .59$). This implies that on average, respondents agreed with the statements that asked for the level of perceived overqualification and LMX. The mean values show the level of job satisfaction ($M = 3.74, SD = .64$) and job search behaviour ($M = 3.34, SD = .67$). As can be seen in the same table, perceived overqualification is significantly negatively related to job satisfaction ($r = -.45, p < 0.01$) and LMX ($r = -.31, p < 0.01$) and significantly positively related to job search behaviour ($r = .13, p < 0.05$). Notably, the correlations did not reveal any indication of multicollinearity ($r < .70$). Nonetheless, for robustness, two additional tests, variance inflation factor (VIF) and tolerance, are reported. The highest outer VIF of 3.31 (tolerance .30) and the highest inner VIF of 1.18 (tolerance .85) evidence no concerns about multicollinearity (tolerance $> .20$ and VIF < 5 , Hair et al., 2016).



Note: LMX- Leader-Member Exchange, OQ-Perceived Overqualification, JSB-Job Search Behaviour, JS-Job Satisfaction
Questions describing question number can be seen in Table 1

FIGURE 1 - RESULTS OF THE MODEL

The results reveal that overqualification and LMX accounted for 27.26% of variance in job satisfaction and the predictive relevance Q^2 is .19 (medium to large-sized effect), indicating those two variables have the capacity to predict job satisfaction. In a similar vein, perceived overqualification and job satisfaction explain 14.84% of variance in job search behaviour and the predictive relevance Q^2 is .12 (small to medium-sized effect), indicating those two variables have the capacity to predict job search behaviour.

In the next stage, the hypotheses were tested with path coefficient using 5000 subsamples bootstrapping (see Figure 2). Hypothesis H1 predicted that a negative relationship between perceived overqualification and job satisfaction was supported. The path coefficient between perceived overqualification and job satisfaction is significantly negative ($\beta = -0.387$, $t = -12.353$, $p < 0.01$), explaining that perceived overqualification decreases job satisfaction. Notably, the value of f^2 is .18, indicating a medium to large-sized effect. Hypothesis H2 that surmised that LMX moderates the negative relationship between perceived overqualification and job satisfaction, such that the negative relationship will be weaker when LMX is high, was also supported. The path coefficient of the interaction terms (perceived overqualification x LMX) was positively significant ($\beta = 0.077$, $t = 2.025$, $p < 0.05$) and the value of f^2 is .01, indicating a very small-sized effect. The results indicate that LMX reduces the strength of the negative relationship between overqualification and job satisfaction. The very small size of the interaction term, 1% to 3% of variance, is common in the social science literature (Champoux and Peters, 1987; Chaplin, 1991), but even 1% of variance explained by the interaction term should be considered as important (Evans, 1985). The nature of the moderating effect is shown in Figure 2.

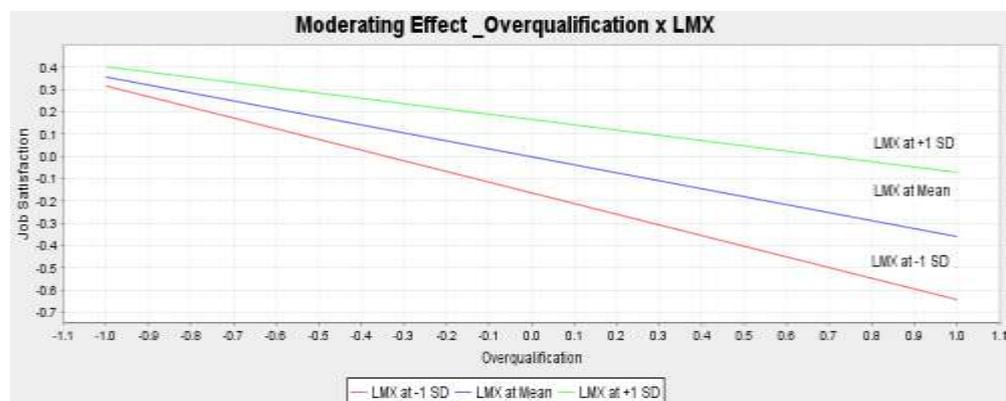


FIGURE 2 - THE INTERACTION EFFECT

Hypothesis H3 predicted that a positive relationship between perceived overqualification and job search behaviour was also evidenced. The path coefficient between perceived overqualification and job search behaviour is significantly positive ($\beta = 0.167$, $t = 3.249$, $p < 0.01$), explaining that perceived overqualification increases job search behaviour and the effect is small-sized ($f^2 = .03$). Similarly, hypothesis H4 has also been tested and the results support the notion that job satisfaction is significantly negatively related to job search behaviour, $\beta = 0.430$, $t = 10.035$, $p < 0.01$, with medium to large-sized effect ($f^2 = .17$). Finally, hypothesis H5 that predicted that job satisfaction mediates the relationship between perceived overqualification and job search behaviour was also supported.

The path coefficients are as follows: (a) the direct path coefficient between perceived overqualification and job search behaviour without the mediator was $\beta = 0.05$, $t = 1.997$, $p < 0.05$; (b) between perceived overqualification and job search behaviour with mediator was $\beta = 0.167$, $t = 3.249$, $p < 0.01$; (c) between perceived overqualification and job satisfaction was $\beta = -0.387$, $t = 12.353$, $p < 0.01$; and (d) between job satisfaction and job search behaviour was $\beta = -0.430$, $t = 10.035$, $p < 0.01$. The indirect effect of perceived overqualification \rightarrow job satisfaction \rightarrow job search behaviour with 5000 bootstrap samples was $\beta = 0.17$, $t = 7.71$, $p < 0.01$, 95% CI -0.21, 0.13). The Sobel test statistic was 7.786 ($p < 0.01$). Therefore, the present study found a complementary mediation relationship. For robustness, the variance accounted for (VAF) was assessed based on the size of the indirect effect corresponding to the total effect: Full mediation if VAF > 80%; partial mediation if 20% < VAF < 80%; and no mediation if VAF < 20% (Hair et al., 2016). The value of the VAF is 50.45%, confirming the partial mediation.

5. DISCUSSION

The present study aims to investigate the relationship among perceived overqualification, LMX, job satisfaction and job search behaviour. The data were marshalled from 607 state employees working in the Government sector with a self-reported questionnaire. First, the study found a significantly negative relationship between perceived overqualification and job satisfaction. This implies that perceived overqualification reduces employees' positive feelings towards the job. The findings are consistent with earlier studies (Maynard et al., 2006; Verhaest and Omev, 2006); nonetheless, the strength of the relationship varies. Second, the study discovered a moderating effect of LMX on the relationship between perceived overqualification and job satisfaction. Elaborating, LMX weakens the negative effect of perceived overqualification on job satisfaction. It is expected that at a high quality LMX, leaders provide employees with socio-emotional support thereby making them more satisfied (Alfes et al., 2016). The findings echoed some previous studies that submit that the high quality of LMX affects the employees' attitudes and behaviours (Graen and Uhl-Bien, 1995; Liden and Maslyn, 1998) and the LMX would be an aura of contentment in the working place. Third, the results confirm that job satisfaction mediates the relationship between perceived overqualification and job search behaviour. It explains that employees who perceived that they are overqualified experienced a low level of job satisfaction and subsequently, the low level of satisfaction would be translated into a lower level of job search behaviour. Therefore, the present study suggests that the positive relationship between perceived overqualification and job search behaviour could be negated by means of promoting job satisfaction of the employees.

A. Theoretical and practical implications

In overqualification research to date, a plethora of studies have been conducted in the West. However, researchers in developing countries have shown a weak approach to investigating the nexus of perceived overqualification, LMX, job satisfaction and job search behaviour. This is the first study combining all these moderating and mediating variables in a single model, thereby contributing to organisational literature. First, the study contributes to person-job theory and relative deprivation theory by establishing the relationship between perceived overqualification and job satisfaction. Second, the study contributes to relative deprivation theory by adding a management approach, LMX, to alleviate the strength of the negative relationship between perceived overqualification and job satisfaction. Third, the current study first applied the theory of reasoned action to explain the relationship between job satisfaction and job search behaviour and therefore, adds to the theory by informing the effect of positive feeling (job satisfaction) on subsequent job search behaviour. Fourth, the study contributes to organisational literature by finding a novel mediating effect of job satisfaction between perceived overqualification and job search behaviour. In developing and labour-intensive countries, finding a job is very difficult and therefore, anyone who gets a job may consider themselves happy and may prefer to stay longer. Next, the study focused on a developing and labour-intensive country, Sri Lanka, and therefore, the study makes a geographical contribution. In a similar vein, the study makes a methodological contribution by establishing the validity of the measures used, which have been developed in diverse cultural contexts.

Beyond these theoretical contributions, no less importantly, the study makes several practical implications. The study avers the negative consequences of perceived overqualification on job satisfaction and job search behaviour. A plethora of studies maintain that the negative effects of overqualification for both overqualified employees and employers, such as greater withdrawal behaviours, poorer health outcomes, lower organizational commitment, deviant behaviours, counterproductive work behaviours, poor employee well-being and higher intentions to turnover (Erdogan and Bauer, 2009; Harari et al., 2017; Johnson and Johnson, 1997; Liu et al., 2015; Luksyte et al., 2011; Maynard et al., 2006; Verhaest and Omev, 2006). Therefore, it behoves administrators, practitioners and policymakers to regulate the best human resource management policies to negate the negative effect of overqualification. For instance, an important way the present study revealed is a high quality LMX that buffers the negative effect of perceived overqualification on job satisfaction. Practically speaking, in high quality relationships, the leaders and employees maintain a good relationship that makes the employees ignore their perception of overqualification, thereby promoting job satisfaction in their workplace. On the same ground, organisations and their leaders should give challenging

tasks and meaningful access to resources and information, and maintain open and genuine communication that make employees feel their superior value at the organisation and consequently, those overqualified employees becomes less deprived of what they deserve. Moreover, since job search behaviour of one employee inclines other colleagues to follow a similar pattern, which plagues both employers and employees, organisations should create a positive workplace atmosphere to make the employees feel happier. Even though person-job fit is beneficial for both employers and employees, such as good performance, well-being and job attitudes, organisations should pay scrupulous attention when hiring overqualified employees since misfit leads to negative outcomes (Edwards, 2008; Feldman et al., 2002; Maynard et al., 2009).

B. Limitations and future directions

Albeit the current study is based on strong theoretical grounds and provides vital practical implications, certain limitations are inherent in the study. The prime limitation of the study was the cross-sectional design in which making causal relationship is debatable and therefore, a time-lagged approach is strongly recommended. Next, collecting the data from a single source might cause common method variance (CMV). Although there is no evidence of CMV in the current study, a multi-source method is highly recommended that negates the potential problem of CMV. Further, the possibility of reverse causality cannot be ruled out. Although there is congruence between subjective and objective measures of overqualification, data marshalling through both objective and subjective measures is warranted for the robustness of the findings.

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