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# Employee overqualification and manager job insecurity: Implications for employee career outcomes

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## Abstract

In this study, we propose that manager job insecurity will moderate the nature of the relationship between perceived overqualification and employee career-related outcomes (career satisfaction, promotability ratings, and voluntary turnover). We tested our hypotheses using a sample of 124 employees and 54 managers working in a large holding company in Ankara, Turkey, collected across five time periods. The results suggested that average perceived overqualification was more strongly, and negatively, related to career satisfaction of employees when managers reported higher job insecurity. Furthermore, employee perceived overqualification was positively related to voluntary turnover when manager job insecurity was high. No direct or moderated effects were found for promotability ratings. Implications for overqualification and job insecurity literatures were discussed.

## KEYWORDS

career satisfaction, career success, job insecurity, perceived overqualification, promotability ratings, turnover

## 1 | INTRODUCTION

Employee overqualification describes an employment situation where an employee's skills, education, experience, and other qualifications exceed established job requirements (Johnson & Johnson, 2000). Such a mismatch between worker qualifications and job demands is increasingly common around the world. For example, according to one estimate, 43% of college graduates in the United States held jobs that did not require their degrees (Rose, 2017). According to statistics from Organization for Economic Cooperation and Development (OECD), in developing economies such as Cyprus, Peru, Romania, and Turkey, these figures are even higher (OECD, 2019). As a case in point, in Turkey, 29% of the labor force is estimated to be overeducated for their jobs, with another 36% holding jobs that are substantially different from their field of formal education, potentially resulting in feelings of perceived overqualification.

In the management literature, *perceived overqualification* and its implications for employee attitudes and behaviors have attracted increasing research interest in the past decade (Erdogan, Bauer, & Karaeminogullari, 2017). To date, studies have shown that perceived overqualification is related to negative outcomes such as less positive job attitudes and well-being (Harari, Manapragada, & Viswesvaran, 2017), higher levels of career stress (Maynard, Brondolo, Connelly, & Sauer, 2015), and greater likelihood of leaving one's job (Erdogan & Bauer, 2009). At the same time, there is a growing stream of evidence suggesting that overqualified individuals may make positive contributions to the organization under the right conditions in the form of performance (Deng et al., 2018; Erdogan & Bauer, 2009; Fine & Nevo, 2008), and creativity (Luksyte & Spitzmueller, 2016). The emerging picture of employees who perceive themselves to be overqualified is that despite their potential value to organizations, their effectiveness and career prospects are often thwarted. Thus, in the

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past decade, researchers turned their attention to identifying the conditions under which perceived overqualification constitutes a mitigated threat to well-being and retention.

To date, studies have identified a number of individual-level moderators of perceived overqualification such as psychological empowerment (Erdogan & Bauer, 2009), perceived organizational support (Lukšyte & Spitzmueller, 2016), and leader-member exchange quality (Alfes, Shantz, & van Baalen, 2016). Interestingly, these studies, and the literature at large, have tended to treat managers as parties who would be naturally interested in supporting and retaining overqualified workers. Therefore, the overqualification literature primarily focused on identifying what specific strategies leaders may embrace in order to leverage the potential benefits of overqualified workers. An unexamined, yet important possibility is that managers differ in their likelihood to provide employees with an environment where they are able to take on additional responsibilities, receive career-related support, and prepare for a future role. As a case in point, Erdogan, Bauer, Peiró, and Truxillo (2011) noted that managers' feelings of insecurity about their jobs are one such potential barrier. In fact, the idea that employees who feel overqualified will encounter significant difficulties in hiring and advancement due to managers who feel insecure about their positions is an often expressed but untested assumption (Gallo, 2011; Gudmundsson, 2019). To date, the overqualification literature has tended to focus on employee's own feelings or perceptions to explain individual-level variation in employee reactions to perceived overqualification. However, manager-level factors, such as the manager's own sense of insecurity and standing within the organization, may also play a role, and theoretically explain the underperformance of overqualified employees in their careers.

In this study, we examine the relationship between perceived overqualification and three indicators of employee career success: career satisfaction, promotability ratings, and employee turnover. These constructs capture both intrinsic and extrinsic aspects of career success. Employees who feel overqualified believe that they have the capacity to perform a job that has higher demands. However, career success in organizations is not merely a function of one's skills and abilities. Instead, supervisors play a key role in shaping the environment in which career success takes place (Ng, Eby, Sorensen, & Feldman, 2005; Ng & Feldman, 2014). Thus, we predict that the nature of the relationship between perceived overqualification and intrinsic and extrinsic career success will vary across managers, and will be contingent on the job insecurity experienced by one's manager. Job insecurity is an important stressor, eroding an individual's sense of mastery and control. When individuals experience job insecurity, a job preservation motive is triggered, motivating individuals to behave in ways that will secure their own positions (Shoss, 2017). As a result, we expect that when managers experience high levels of job insecurity, employees who may constitute a threat to their position by virtue of having superior skills relative to their jobs should be less likely to find an environment that is supportive of their career development and advancement. Thus, we propose that the nature of the relationship between perceived overqualification, career outcomes, and mobility

will be influenced by the extent to which their managers feel insecure in their jobs.

Our study contributes to the literature in three distinct ways. First, we contribute to the overqualification literature by examining manager job insecurity as a cross-level moderator of perceived overqualification in relation to indicators of career success. We extend the literature on overqualification by shifting attention from individual-level moderators to a manager-level moderator based on the view that interpersonal relationships are important sources of career development support in organizations (Hall, 1996). By recognizing that managers' own sense of insecurity may affect the nature of the organizational experiences their overqualified direct reports have, we add to our understanding of when overqualified employees achieve success in organizations and the specific conditions under which managers may in fact be less likely to provide an environment in which overqualified employees thrive. To the degree to which there are systematic reasons managers' feelings about their own jobs serve as a barrier to the advancement and retention of overqualified employees, rectifying this situation will necessitate investing in the manager-organization relationship and instilling in them a sense of security as opposed to teaching them how to manage and motivate their overqualified workers.

Second, we extend the overqualification literature by considering promotability ratings as an outcome of perceived overqualification. Previous research examined career satisfaction (Erdogan, Tomás, Valls, & Gracia, 2018) and turnover (Maynard & Parfyonova, 2013) as outcomes, but the degree to which overqualification could be related to promotability ratings has not yet been examined. Promotability ratings are important predictors of upward mobility and a precursor to receiving career-related support (De Pater, Van Vianen, Bechtoldt, & Klehe, 2009). Typically, supervisors make the recommendations for promotion decisions and thus, they are an important source of "other person" assessments (Wayne, Liden, Kraimer, & Graf, 1999). Indeed, comprehending the career success of overqualified employees necessitates understanding how organizational decision makers react to overqualified employees. An examination of managers' promotability ratings as an outcome is an important addition to understanding the implications of perceived overqualification for employees' career success.

Finally, our study contributes to the literature on job insecurity. Even though much is known about the implications of job insecurity for one's own well-being and attitudes (Probst, 2011; Probst & Brubaker, 2001), the literature remained largely silent regarding how managers' job insecurity affects their direct reports. There is research evidence that employee perceptions of job insecurity crosses over to affect the well-being of employee's family members (Westman, Etzion, & Danon, 2001). However, research examining how manager job insecurity affects employees reporting to them is sparse. In their review of the job insecurity literature, Lee, Huang, and Ashford (2018) noted the precariousness of leadership positions and called for research examining the implications of leader job insecurity for employees. We were able to identify only one cross-level examination of manager job insecurity. In that particular study, Lam et al. (2015)

showed that for employees who were aware of an impending merger, manager job insecurity predicted employee job insecurity. To the best of our knowledge, ours is the first cross-level investigation of how manager job insecurity affects employees' career outcomes. This is an important addition to the nomological network of job insecurity, as we aim to show that job insecurity has effects on employees reporting to insecure managers.

## 2 | THEORETICAL BACKGROUND

### 2.1 | Perceived overqualification and employee career outcomes

There is now a rich body of literature suggesting that perceived overqualification is related to job attitudes, well-being, and employee behaviors (Harari et al., 2017). Perceived overqualification is regarded as a type of person-job misfit (Erdogan, Karaeminogullari, Bauer, & Ellis, 2020). Employees who feel overqualified for their jobs experience a sense of injustice termed relative deprivation (Erdogan et al., 2018). Relative deprivation theory (Crosby, 1984) predicts that when individuals believe they are entitled to an outcome, they regard the outcome as desirable, but when they do not have it, they experience a sense of deprivation. By the same token, employees who feel overqualified are in a state of frustrated expectations (Johnson & Johnson, 2000), and believe that they are entitled to a better job than the one they currently have, resulting in reduced motivation and engagement (Harari et al., 2017).

Researchers contend that in addition to understanding the attitudinal and behavioral outcomes of perceived overqualification, it is also critical to examine its relation to career success (Erdogan & Bauer, 2011). Early researchers studying the effects of overqualification on career outcomes embraced a more optimistic stance and proposed that working in a position for which one is overqualified could be a stepping stone to a better job within the same organization (Sicherman & Galor, 1990). However, subsequent research testing this prediction has suggested that overqualified employees (operationalized as those who were overeducated for their jobs) were less likely to believe that they had good career prospects within their organizations (Wald, 2005), and less likely to feel that they were learning things that would be beneficial for future promotions (Büchel & Mertens, 2004). Therefore, there is a growing need to examine the career advancement and retention of overqualified employees.

In our study, we focus on three indicators of career success as potential outcomes of perceived overqualification. *Career satisfaction* refers to the degree to which individuals believe that they are successful in achieving their career goals. It is regarded as the key indicator of intrinsic career success (Ng et al., 2005). *Promotability ratings* are important signals for future upward mobility of employees (De Pater et al., 2009; Hoobler, Wayne, & Lemmon, 2009). This is also a subjective assessment of the employee's success within the organization, but it utilizes the ratings of organizational decision makers (Wayne et al., 1999). Finally, *turnover*—or the likelihood that the

employee would depart the organization—is a relevant career outcome, as employees whose career goals are thwarted are more likely to leave the organization (Carson, Carson, Griffeth, & Steel, 1994). Indeed, inter-organizational mobility is regarded as a salient outcome in investigations of career success (Arthur, Khapova, & Wilderom, 2005). Thus, previous research has shown that perceived overqualification is negatively related to career satisfaction and likelihood of remaining in the organization (Erdogan et al., 2018; Maynard & Parfyonova, 2013), but no prior studies examined promotability ratings as an outcome.

To date, scholars proposed that the nature of the relationship between perceived overqualification and success within the organization would be contingent on factors such as support provided by management and an organizational context supporting upward mobility (Erdogan et al., 2017; Erdogan & Bauer, 2011). Furthermore, Sikora, Thompson, Russell, and Ferris (2016) emphasized the importance of satisfying the career-related needs of overqualified employees as a key to their advancement and retention. While managers are not the only organizational agents that can provide such support, they are uniquely impactful in creating working conditions and support associated with better career outcomes (Eby, Butts, Hoffman, & Sauer, 2015; Scandura & Williams, 2004). By participating in developmental relationships with their employees, and offering them career development experiences and opportunities (e.g., challenging assignments, exposure, or sponsorship), managers can facilitate better career outcomes among their direct reports (Gentry & Sosik, 2010; Kraimer, Siebert, Wayne, Liden, & Bravo, 2011). Thus, we argue that the career outcomes and success of direct reports will be dependent on managers' interest in providing support to their employees. To this end, we introduce manager job insecurity as an important contingency of the effects of perceived overqualification on career success indicators in the current study.

### 2.2 | The moderating role of manager job insecurity

Job insecurity is defined as a perceived threat to continuity in one's current job (Probst, 2011; Shoss, 2017). Individuals with high levels of job insecurity are more likely to perceive an instability and a threat of involuntary job loss (Sverke, Hellgren, & Näswall, 2002). As suggested by Roskies and Louis-Guerin (1990), "any manager in any firm at any time is potentially vulnerable to job loss" (p. 346). Therefore, the subjective experience of insecurity is considered an essential component in many definitions of the construct (De Witte, 1999; Sverke et al., 2002). Research has shown that job insecurity is an important stressor that frustrates need satisfaction and threatens one's identity, status, and livelihood in those who experience it (Shoss, 2017). Meta-analytic evidence suggests that it is negatively related to job attitudes, trust in organization, and physical and mental health (Sverke et al., 2002).

Job insecurity literature identified job preservation motive as a key predictor of how individuals behave when they face insecurity

(Shoss, 2017). According to this view, individuals who experience job insecurity will be motivated to behave in ways that will prevent them from losing their jobs, by proving their self-worth and refraining from behaviors that will jeopardize their position. Job preservation motive manifests itself in different ways depending on the target of the behavior. For example, insecure employees may adopt strategies to demonstrate their worth to the organization by showing efforts (i.e., task performance) that will be easily noticed by higher levels (Fischmann, De Witte, Sulea, & Iliescu, 2018; Shoss & Probst, 2012). Thus, these individuals typically intensify their efforts and performance to secure their positions (Probst, Stewart, Gruys, & Tierney, 2007). However, when relations with others are considered, a different pattern of relations emerges. Insecure individuals may engage in more passive strategies to “fly under the radar” (Shoss, 2017) when interpersonal issues are concerned. For example, Allen, Poteet, and Burroughs (1997) predicted that when they experienced job insecurity, individuals would be less willing to mentor others. De Cuyper, Baillien, and De Witte (2009) suggested that job insecurity results in seeing one's colleagues as rivals, and affects interpersonal treatment toward them. Shoss, Jiang, and Probst (2018) found that job insecurity is positively related to interpersonal counterproductive behaviors such as trying to make others look bad or withholding resources from them. In other words, based on the job preservation motive, individuals may mistreat their rivals and hoard knowledge in response to feelings of job insecurity (Serenko & Bontis, 2016; Shoss, 2017). Employees who feel overqualified are potential rivals for their managers given that they feel underutilized and believe that they deserve a job that can more fully utilize their skills. As a result, insecure managers are unlikely to behave in ways that will increase the visibility of these overqualified employees and aid their advancement, which could further jeopardize their resources and position.

To summarize, we expect that the effects of perceived overqualification on employee's attitudes toward their own career success will be more negative when they report to a manager with high levels of job insecurity. Research has shown that there is a negative relationship between perceived overqualification and employee perceptions of career success (Erdogan et al., 2018; Ren, Bolino, Shaffer, & Kraimer, 2013), as the perception that one is overqualified for their job is likely to relate to the feeling that they are deprived of the career they are entitled to have. We contend that managers are in a position to alleviate these feelings by creating an environment that supports the career goals of employees. However, the experienced context is less likely to provide these opportunities and support the employees who feel overqualified to the degree to which these employees report to managers who feel insecure about their own jobs. Thus, we predict the following:

**Hypothesis 1** *Manager job insecurity will moderate the relationship between the focal employee's perceived overqualification and career satisfaction, such that the relationship will be more negative when manager job insecurity is high.*

Furthermore, the nature of the relationship between perceived overqualification and promotability ratings should be contingent on managers' job insecurity. Promotability ratings reflect an assessment of an individual's advancement prospects (Greenhaus, Parasuraman, & Wormley, 1990). Typically, immediate supervisors are the rating source for these assessments (Wayne et al., 1999) and their assessments of promotability are thought to be particularly critical to an employee's advancement within an organization (Rubin, Dierdorff, & Brown, 2010). Research has shown that promotability assessments are a subjective process and reflect both an employee's job-related qualifications, and more interpersonal influences such as influence tactics employees utilize (Sibunruang, Raymund, Garcia, & Tolentino, 2016; Thacker & Wayne, 1995), and stereotypes and cognitive biases held by managers (Hoobler et al., 2009). In other words, promotability ratings are not an objective assessment of employee readiness for a higher position, and instead may be regarded as a perceptual and political process.

We predict that the nature of the relationship between perceived overqualification and promotability ratings will be positive when managers perceive low levels of job insecurity. In the absence of a job preservation motive, managers are positioned to make an assessment of promotability that is aligned with the employee's qualifications and readiness for a higher level position. Given that employees who feel overqualified for their current positions can achieve a better match at a higher level position with greater responsibilities, perceived overqualification should be positively related to promotability assessments. In contrast, in the case of managers who feel insecure, we expect a negative relation between perceived overqualification and promotability ratings. Promotability ratings are related to actual promotions (Breaugh, 2011) and to the likelihood of being offered a promotion (Hoobler et al., 2009). We expect that managers who are feeling insecure about their jobs are less likely to be supportive of, and elevate and sponsor the careers of individuals who may be potential rivals. As a result, we expect a negative relation between perceived overqualification and promotability assessments for managers who feel higher levels of job insecurity.

**Hypothesis 2** *Manager job insecurity will moderate the relationship between the focal employee's perceived overqualification and promotability ratings, such that the relationship will be positive when manager job insecurity is low, and negative when manager job insecurity is high.*

Finally, we expect that manager job insecurity will moderate the relationship between perceived overqualification and actual turnover. Indeed, perceived overqualification has been associated with higher turnover intentions and actual voluntary turnover (Erdogan & Bauer, 2009; Holtom, Lee, & Tidd, 2002; Maynard, Joseph, & Maynard, 2006; Maynard & Parfyonova, 2013). Harari et al.'s (2017) meta-analysis supported the positive relationships between perceived overqualification, withdrawal, and job search behaviors. A desire to leave one's job is a common reaction to feelings of overqualification as perceived overqualification triggers feelings of relative deprivation. However, Erdogan and Bauer (2009) pointed to the importance of

identifying boundary conditions and established psychological empowerment as an individual-level moderator. Based on a job preservation motive, we propose that manager insecurity is a salient manager-level contextual variable influencing the nature of the relationship between perceived overqualification and voluntary turnover. Secure managers may provide career support to overqualified employees that extends beyond employment contract, facilitating their access to job- and organization-related information and resources, and contribute to their career success (Seibert, Kraimer, & Liden, 2001), reducing exit behaviors. Reporting to a manager experiencing high job insecurity, on the other hand, should result in a lack of developmental opportunities, career support, and sponsorship for the employee. Job preservation motive predicts that these insecure managers are more likely to avoid supporting overqualified employees who may pose risks for their managerial positions. Hence, perceived overqualification will be more positively related to turnover of employees to the degree to which their managers feel high job insecurity.

**Hypothesis 3** *Manager job insecurity will moderate the relationship between focal employee's perceived overqualification and voluntary turnover, such that the relationship will be more positive when manager job insecurity is high.*

### 3 | METHOD

We collected data from employees and managers working for a holding company established to support a private university, as well as from the administrative personnel of the university in Ankara, Turkey. The company operates in a diverse set of industries including construction, manufacturing, and tourism. The university and affiliated businesses have substantial overlap in terms of mission, vision, and cultural values. The HR managers of the holding and the university shared the names of employees and e-mail addresses with the research team, resulting in a population of 594 employees who held white-collar jobs and 135 managers. Employees reporting to the same manager were physically located in the same unit, and interacted regularly to achieve shared goals through meetings and more informal interactions.

Data were collected via web-based surveys. We conducted the study in five waves by collecting data from managers at T1 and T4, and from employees at T2 and T3. Waves were separated by 3 weeks each. Finally, at T5, 6 months after T4, we obtained voluntary turnover data from company records. Our measurement strategy was intended to minimize the effects of common method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), and be aligned with the sequence of the relationships underlying our model, with outcomes measured at later time periods. Manager-rated job insecurity was measured in T1 given that we expected it to constitute the context in which employees experience and react to their feelings of overqualification. We chose a six-month lag for measuring voluntary turnover, as we felt that a six-month lag was appropriate to allow employees sufficient time to depart the organization while also ensuring that the lag was not too long to observe the effects of study variables. We received 77 surveys in T1

from managers, 185 in T2 from employees, 175 in T3 from employees, 78 managers rated 291 employees in T4, and at T5, voluntary turnover data were provided for all employees. The sample used to test our hypotheses included 124 employees and 54 managers. The employee sample was 44% female with a mean age of 37.90 years ( $SD = 8.41$ ) and a mean organizational tenure of 9.10 years ( $SD = 8.27$  years). In terms of education level, 68% of employees had college, 20% had post-graduate, and 12% had associate or high school degrees.

### 3.1 | Measures

Questionnaires were administered in Turkish, and utilized response options ranging between 1 = strongly disagree and 5 = strongly agree.

#### 3.1.1 | Manager job insecurity

At Time 1, managers reported their job insecurity using a five-item scale by Weiss, Dawis, England, and Lofquist (1967). We used a Likert format as opposed to a satisfied/dissatisfied format to examine the degree to which one's job was cognitively regarded as insecure, as opposed to dissatisfaction with job insecurity. This approach follows the recommendations of job insecurity researchers to follow a cognitive, as opposed to an affective approach (Shoss, 2017). A sample item was "My job is secure" (reverse coded,  $\alpha = .89$ ).

#### 3.1.2 | Perceived overqualification

At Time 2, employees provided ratings of their own overqualification using the nine-item measure of Maynard et al. (2006). A sample item was "My job requires less education than I have" ( $\alpha = .90$ ).

#### 3.1.3 | Career satisfaction

At Time 3, employees rated their level of career satisfaction using Greenhaus et al.'s (1990) five-item scale. A sample item was "I am satisfied with the success I have achieved in my career" ( $\alpha = .88$ ).

#### 3.1.4 | Promotability ratings

At T4, managers rated the promotability of their employees using Hoobler et al.'s (2009) three-item scale. A sample item was "I believe that this subordinate has high potential" ( $\alpha = .94$ ).

#### 3.1.5 | Voluntary turnover

Six months after the completion of the study (T5), we received information from the HR department regarding whether each employee



voluntarily left the organization or not (1 = *voluntarily left the organization*, 0 = *stayed in the organization*). Of the 124 participants, 8% had left the organization voluntarily within 6 months following the data collection. The voluntary departures did not include any retirements.

### 3.1.6 | Control variables

We considered organizational tenure (in months) and education as potential controls due to their potential relation with perceived overqualification and outcomes. Because their addition did not result in any changes, we report the results without controls.

## 3.2 | Data analyses

Given our focus on cross-level interactions, we tested our hypotheses with random coefficient models using *Mplus* Version 8.2 (Muthén & Muthén, 1998–2018) and full information maximum likelihood. For Hypothesis 3, given that voluntary turnover was operationalized as binary (0 = *stay* vs. 1 = *leave*), we estimated a multilevel logit model. Specifically, to test the hypothesized cross-level interactions involving manager job insecurity as the between-level moderator, we estimated the effect of group-level manager job insecurity on the random slope for employee perceived overqualification in relation to the focal outcome (i.e., career satisfaction, promotability ratings, and voluntary turnover).

A significant yet spurious cross-level interaction may emerge when a significant between-group interaction exists but is not specified in the model (Hofmann & Gavin, 1998). In other words, a significant interaction between average overqualification and manager job insecurity (i.e., between-group interaction) could result in a significant cross-level interaction if the former is not specified in the model. To

avoid confounding the cross-level and between-group interaction effects, we group-mean centered employee-level overqualification, and added the interaction of manager job insecurity and average overqualification into the model (Hofmann & Gavin, 1998; Mathieu, Aguinis, Culpepper, & Chen, 2012). This approach leads to an unbiased estimate of the cross-level interaction. Furthermore, grand-mean centering group-level predictors aids in the interpretation of the group-level main effects in the presence of the group-level interaction term, and grand-mean centering group-level variables allows one to interpret the effect of a group-level predictor when all other group-level predictors are at their means.

For significant cross-level and group-level interactions, we estimated the simple slopes at 1 *SD* above and below the mean of manager job insecurity. In addition, we estimated the region of significance for significant interactions using Preacher, Curran, and Bauer's (2006) online utility. Finally, intraclass correlations (ICCs) were estimated based on random-intercept null models including just the outcomes. ICCs were 0.02, 0.08, and 0.41 for career satisfaction, promotability ratings, and voluntary turnover, respectively. Note that the ICC for voluntary turnover is on the logistic scale because the variable is binary and cannot be converted easily to a proportional scale; however, results from Eldridge, Ukoumunne, and Carlin's (2009) simulation would suggest that a binary ICC of 0.41 is roughly equivalent to a conventional ICC of 0.10.

## 4 | RESULTS

Means, *SD*s, and correlations among the variables are presented in Table 1. Perceived overqualification was negatively correlated with career satisfaction ( $r = -.22, p < .05$ ) and positively associated with voluntary turnover ( $r = .18, p < .05$ ), where the latter should be interpreted with caution given the low turnover rate (8%) coupled with the

**TABLE 1** Means, *SD*s, and correlations for study variables

Variables	Mean	<i>SD</i>	1	2	3	4	5	6	7
<i>Within level (employee)</i>									
1 Overqualification (T2)	2.78	0.82							
2 Career satisfaction (T3)	3.15	0.86	−0.22*						
3 Promotability (manager-rated, T4)	3.65	1.03	−0.17	0.14					
4 Voluntary turnover (T5)	0.08	0.27	0.18*	−0.01	0.04				
5 Education (T2)	2.96	0.81	0.21*	0.16	0.20*	−0.07			
6 Organizational tenure (T2)	109.14	99.27	0.01	0.00	−0.31**	0.09	−0.10		
<i>Between level (manager/group)</i>									
7 Manager job insecurity (T1)	2.49	0.84	n/a	0.13	−0.07	0.06	−0.10	−0.12	
8 Group-mean overqualification (T2)	2.85	0.74	n/a	−0.58**	0.13	−0.02	0.10	−0.31*	−0.17

Note:  $N_{\text{within}} = 101\text{--}124$  employees;  $N_{\text{between}} = 44\text{--}54$  managers. T1 = Time 1, first study week; T2 = Time 2, fourth study week; T3 = Time 3, seventh study week; T4 = Time 4, tenth study week; T5 = Time 5, 6 months after T4. Organizational tenure was measured in months. n/a indicates that between-level correlation involving aggregated overqualification is redundant with group-mean overqualification and thus is not reported. Voluntary turnover was coded 1 = left organization and 0 = remained at organization.

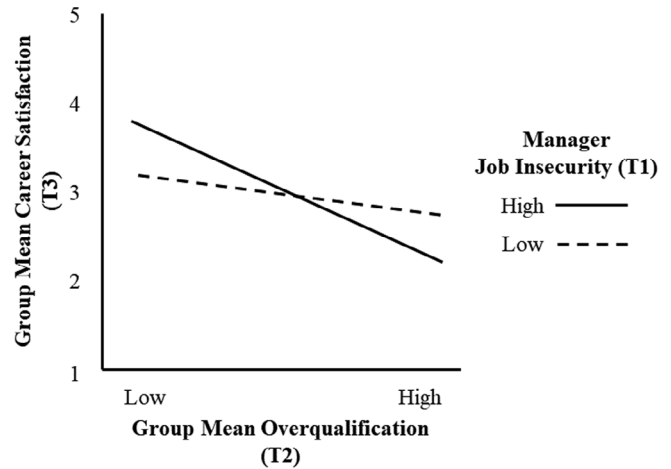
\* $p < .05$ .

\*\* $p < .01$ .

fact that a point-biserial correlation is not estimated using a logit transformation (Huselid & Day, 1991). No significant correlations were observed between overqualification and promotability ratings.

For Hypothesis 1, we predicted that manager job insecurity would moderate the relation between employee overqualification and career satisfaction, such that the association would be more negative when manager job insecurity is high. The hypothesis was not supported, as the cross-level interaction was not significant ( $\gamma = -.24$ ,  $p > .05$ ) (Table 2). However, the group-level interaction between group-mean overqualification and manager job insecurity in relation to group-mean career satisfaction was statistically significant ( $\gamma = -.50$ ,  $p < .01$ ). As a follow-up test, we estimated the group-level interaction in a model *without* the cross-level interaction, random (or fixed) slope, or group-mean-centered employee overqualification specified, as group-mean centering the predictor variable and introducing its group mean at the between level may bias between-level parameter estimates (Preacher, Zhang, & Zyphur, 2011). The group-level interaction remained statistically significant and retained the same form. As shown in Figure 1, a simple slope analysis of the group-level interaction indicated that the association between a group's average level of overqualification and its average level of career satisfaction is negative when the group's manager has high job insecurity (simple slope =  $-1.07$ ,  $p < .01$ ), whereas the association is nonsignificant when the group's manager has low job insecurity (simple slope =  $-.23$ ,  $p > .05$ ). A follow-up region of significance analysis

showed that simple slopes are statistically significant and negative when manager job insecurity is greater than 1.73 on the 1–5 agreement scale, which is equivalent to 0.76 points below the sample mean. In other words, when their shared manager feels insecure, groups of employees with higher collective levels of overqualification tend to feel less satisfaction with their careers. In sum, although Hypothesis 1



**FIGURE 1** Manager job insecurity moderating the association between the group means of employee overqualification and group means of employee career satisfaction

**TABLE 2** Results of hypothesis testing

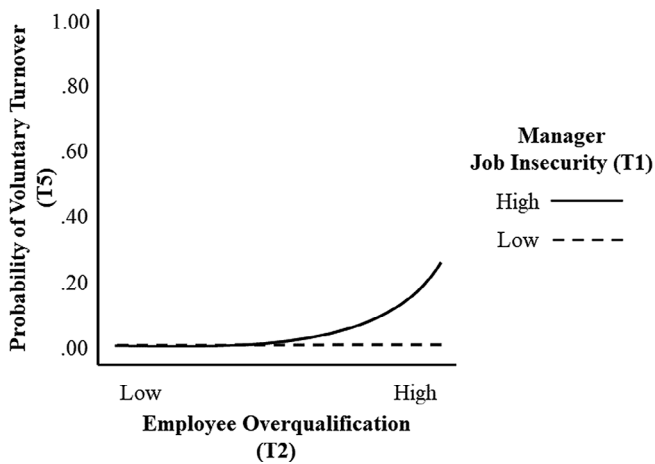
Parameter	Hypothesis 1 (career satisfaction)		Hypothesis 2 (manager-rated promotability)		Hypothesis 3 (voluntary turnover)	
	Estimate	SE	Estimate	SE	Estimate	SE
Between (manager) level						
Intercept/threshold ( $\gamma_{00}$ )	3.06**	0.07	3.67**	0.12	-4.88**	1.43
Mgr. job insecurity ( $\gamma_{02}$ )	0.01	0.11	-0.06	0.14	0.55	0.92
Overqualification group mean ( $\gamma_{01}$ )	-0.65**	0.08	0.13	0.19	-0.09	1.12
Mgr. job insecurity $\times$ Overqualification group mean ( $\gamma_{03}$ )	-0.50**	0.15	0.03	0.20	1.70	1.19
Within (employee) level						
Overqualification ( $\gamma_{10}$ )	-0.35	0.20	-0.36	0.61	2.79**	0.81
Cross-level interaction						
Mgr. Job insecurity $\times$ Overqualification ( $\gamma_{11}$ )	-0.24	0.24	-0.20	0.55	4.89*	2.11
Variance components						
Residual variance ( $r_{ij}$ )	0.46**	0.12	0.95**	0.25	-	-
Intercept variance ( $u_{0j}$ )	0.01	0.03	0.07	0.15	6.25	3.63
Slope variance ( $u_{1j}$ )	0.27	0.22	0.02	0.28	0.03	0.03
Pseudo- $R^2$	0.36		0.03		-	

Note:  $N_{\text{within}} = 101\text{--}124$  employees;  $N_{\text{between}} = 44\text{--}54$  managers. Unstandardized estimates reported for each model. Pseudo- $R^2$  was calculated using Snijders and Bosker's (2002) formulas and weighted by the proportion of variance nested at each level. The MLR estimator (i.e., ML estimation with robust SEs) was used for the Hypothesis 1 and Hypothesis 3 models. Given the saddle point reached when estimating the Hypothesis 2 model, the MLF estimator (i.e., ML estimation with SEs approximated by first-order derivatives) was used; when the MLR estimator was used, the same pattern of results emerged, with the exception that the relation between employee overqualification and promotability ratings became statistically significant. A dash (-) indicates that the within-level residual variance was not estimated due to estimation of the multilevel logit model; consequently, pseudo- $R^2$  could not be calculated.

\* $p < .05$ .

\*\* $p < .01$ .





**FIGURE 2** Manager job insecurity moderating the association between employee overqualification and employee voluntary turnover

was not supported, we did find an interaction of the expected form at the group level of analysis, signaling that emergent perceived overqualification at the collective level may be consequential.

For Hypothesis 2, we predicted that manager job insecurity would moderate the association between employee overqualification and promotability ratings, such that the association would be negative when manager job insecurity is high. We did not find support for this hypothesis, as the cross-level interaction was not statistically significant ( $\gamma = -.20, p > .05$ ).

For Hypothesis 3, we predicted that manager job insecurity would moderate the relation between employee overqualification and voluntary turnover, such that the association would be more positive when manager job insecurity is high. The hypothesis was supported as the cross-level interaction was significant ( $\gamma = 4.89, p < .05$ ) (Table 2), and a simple slopes analysis indicated that the relation between overqualification and turnover was significant and positive when manager job insecurity was high (simple slope =  $6.89, p < .05$ ) but was nonsignificant when manager job insecurity was low (simple slope =  $-1.32, p > .05$ ). Figure 2 displays the simple slopes at one within-groupSD above and below the moderator mean, which are based on a logit transformation of voluntary turnover converted to probability of voluntary turnover. A follow-up region of significance analysis showed that simple slopes are significant ( $p < .05$ ) and positive when manager job insecurity is greater than 2.12 on the 1–5 scale, which is equivalent to 0.37 points below the sample mean. Thus, Hypothesis 3 was supported.

## 5 | DISCUSSION

In this study, we developed and tested a model treating manager job insecurity as a moderator of the relationship between employee perceived overqualification and career outcomes. Perceived overqualification has been related to a number of negative attitudinal and

behavioral outcomes for employees (Harari et al., 2017), despite the possibility that these employees may provide benefits to organizations in the form of higher job performance or citizenship behaviors (Erdogan & Bauer, 2009; Hu et al., 2015). The literature to date identified a number of moderators of the relationship between perceived overqualification and outcomes, focusing on work values such as employee growth orientation (Maynard & Parfyonova, 2013) and aspects of the work environment managers may directly influence such as the degree of empowerment employees experience (Erdogan & Bauer, 2009).

Challenging the assumption that managers may always be motivated to provide an environment that will help employees cope with or leverage their surplus skills, we contended that managers' own sense of security within the organization will play a key role in how employees reporting to them react to their feelings of overqualification. Based on the job preservation motive (Shoss, 2017), we suggested that managers who feel insecure in their jobs would provide a less favorable environment for employees who feel overqualified. These managers are expected to act in ways that will secure their own positions, and therefore may avoid supporting employees who may provide a challenge or replacement for their positions. Prior work suggested that job insecurity is associated with an unwillingness to share information and knowledge with others (Serenko & Bontis, 2016) and it has been proposed to predict an unwillingness to mentor others (Allen et al., 1997). Based on this rationale, we expected that the nature of the relationship between perceived overqualification and career-related outcomes should be contingent on the degree to which managers feel insecure in their jobs.

Our results based on data collected across five waves from three different sources within one organization provided partial support for our arguments, and the pattern of relations depended on the outcome of interest. The clearest pattern of results emerged with respect to voluntary turnover as an outcome. Employee perceptions of overqualification were positively related to actual turnover only when managers felt insecure, whereas the relationship was nonsignificant for managers who felt more secure in their jobs. Employees who felt overqualified were most likely to voluntarily leave when working with managers who felt insecure.

We did not find a cross-level interaction for career satisfaction as an outcome. This is perhaps not surprising, given that the ICC score for career satisfaction was 2%, which suggests that only 2% of the variation in individual career satisfaction was at the manager/group level. It seems that individual career satisfaction may be primarily determined by individual-level factors such as individual personality and human capital factors (Ng et al., 2005). However, we also found a between-group interaction in the expected direction. Specifically, the average group-level overqualification was negatively related to the average career satisfaction of group members when manager job insecurity was high. These unexpected results suggest the importance of examining perceived overqualification at multiple levels of analysis, as the expected relationships emerged at the group level.

To date, the extant literature primarily focused on individual-level implications of perceptions of overqualification. However, using an

additive approach to aggregation (Chen, Mathieu, & Bliese, 2005), our findings demonstrated that group average of overqualification may also have implications for group outcomes. Our results suggest that even though at the person level higher overqualification did not always result in lower career satisfaction for employees reporting to insecure managers, working in a group with a higher average level of overqualification resulted in overall lower satisfaction with one's career when they were supervised by an insecure manager. This finding suggests that some of the effects of overqualification on job attitudes and behaviors may emerge at the collective level, with groups experiencing higher overqualification being more prone to career dissatisfaction. The presence of a larger number of overqualified employees in a group may affect everyone's sense of accomplishment in their careers due to exposure to a large number of employees who feel unsupported and underutilized through mechanisms postulated by social information processing theory (Salancik & Pfeffer, 1978). According to this perspective, social environment may shape individual attitudes and behaviors, including perceived overqualification and career satisfaction. Both psychological and organizational research has shown that emotional contagion, through its direct and indirect influence on employee and work team emotions, judgments, and behaviors can lead to important ripple effects in groups (Barsade, 2002) and work groups are more likely to converge toward unpleasant events and moods than they do toward pleasant ones (Bartel & Saavedra, 2000). Accordingly, it may be that negativity experienced by overqualified employees, especially working under a manager with high job insecurity, may be reinforced as they share their concerns with each other in the group, resulting in lower levels of group career satisfaction.

One unexpected finding of our study was the lack of any effects for manager ratings of promotability. What we observed at the correlational level is that managers rated highly educated employees as more promotable, and employees with longer organizational tenure as less promotable. The direction of the relationship between perceived overqualification and promotability ratings was negative, but nonsignificant. These results suggest that the nature of the relationship between perceived overqualification and promotability ratings may benefit from further exploration. It is plausible that other individual-level differences determine the nature of the relationship between perceived overqualification and manager ratings of promotability. For example, employees who have political skills may alleviate any concerns managers may have regarding employees who feel overqualified (Deng et al., 2018). Alternatively, managers who feel insecure may rate employees who they perceive as overqualified as being lower in promotability. In other words, it may be manager perceptions, as opposed to employee perceptions of overqualification that drive any effects on manager ratings of promotability.

## 5.1 | Theoretical contributions

Our results have implications for overqualification and job insecurity literatures. To date, research on employee overqualification tended to

focus on employee traits or employee perceptions of the work environment as contingency factors that determine the degree to which perceived overqualification affects outcomes. To the best of our knowledge, ours is the first examination of a manager-level influence. We proposed and tested a model where managers' own sense of insecurity about their jobs determines the degree to which employee overqualification affects the career outcomes of employees reporting to them. By shifting the attention to manager-level moderators, we identify the possibility that how managers feel about their own jobs may affect how employees react to overqualification and why they may be unable to turn their job into a "stepping stone" within the organization.

Our results contribute to the overqualification literature by pointing out to the different levels of analysis where the effects of overqualification may emerge. In the case of employee career satisfaction, the strength of its relationship with overqualification was stronger at the group, as opposed to individual level, and the moderating effect of manager job insecurity emerged only at the group level. Groups of employees who felt high overqualification were less satisfied with their careers, and these negative effects emerged only when managers felt insecure. Our results bear parallels to Hu et al.'s (2015) finding which showed that employee reactions to feelings of overqualification depended on the degree to which coworkers were overqualified. Our findings suggest that when a group of employees who feel overqualified report to an insecure manager, the entire group's career satisfaction is negatively affected. These results suggest that some of the effects of overqualification may emerge at the collective level.

We also make a contribution to the job insecurity literature by examining the cross-level effects of manager job insecurity for employees. To date, even though the crossover effects of employee job insecurity has been examined in relation to their family members' outcomes such as their health and well-being (Westman et al., 2001), we are not aware of a body of literature examining how manager job insecurity affects the employees reporting to them. Drawing from a job preservation perspective to job insecurity (Shoss, 2017), we theorized that managers who feel insecure would act in ways that will maximize their own job security, which should result in less support for the career success of employees, and particularly for those who feel overqualified for their jobs. Understanding how managers who feel insecure treat their direct reports is an important addition to job insecurity literature. The harmful effects of job insecurity may not necessarily be limited to the job attitudes and behaviors of employees themselves. In case of managers who play the role of a linking pin or a bridge, the negative effects of job insecurity may emerge in the type of work environment their direct reports find themselves in.

## 5.2 | Practical implications

The finding that manager job insecurity moderates the nature of the relationship between perceived overqualification, career satisfaction, and turnover has implications for practicing managers. These findings

suggest that there may be some truth to the popular assumption that manager insecurity may serve as an employment barrier for overqualified employees (Stillman, 2017). To clarify, popular press articles typically discuss manager insecurity as a barrier to hiring, whereas our focus was on employees who felt overqualified after organizational entry. Still, our results are informative in that when reporting to managers who felt insecure, employee overqualification had more negative effects on employee career outcomes. In order for organizations to provide a receptive environment and benefit from the qualifications and expertise of these employees, they need to ensure that supervising managers feel secure in their own positions. Managers who focus on preserving their own positions are less likely to behave in ways that will support their employees' career development, which should hurt overqualified employees the most, given their own assessment that they are entitled to a better employment situation. Effective management of employees with surplus skills and qualifications may depend on the willingness and ability of managers to invest time and energy to sponsor, support, and develop them, which is unlikely to occur when managers feel vulnerable to a job loss.

### 5.3 | Strengths, limitations, and future research directions

Our study has a number of strengths. We utilized a time-lagged and multiple-source research design, allowing us to minimize the role of some common threats. Our investigation is multilevel and helped uncover the different levels of analyses in which the relationships took place. Our focus on a single organization operating in multiple industries allowed us to ensure that the human resource policies and organizational culture remained constant, while ensuring variability in perceptions of overqualification and manager job insecurity.

One key limitation of our study is the modest sample size. Given the time-lagged design, subject attrition occurred, yielding a relatively small sample size. While the results provided support for some hypotheses, generalizability of findings may be better established using a larger sample. Future research would also benefit from examining the mediators of the relationships we observed. A natural extension of this work would be to examine why job insecurity served as a moderator. For example, employees who feel overqualified may achieve lower levels of success in their careers when reporting to insecure managers due to lower access to information, resources, and sponsorship (Seibert et al., 2001). The type and level of sponsorship received is a predictor of employee career success (Ng et al., 2005) and may better explain the characteristics of the relationship between perceived overqualification and career outcomes. In addition, examining other cross-level moderators may increase our understanding of the variability in perceived overqualification-outcome relationship. For example, there may be organizational differences in the degree to which career-related developmental support and advancement opportunities are available to employees.

The nature of the relationship between perceived overqualification and promotability ratings would benefit from further

investigation. Our study uncovered a nonsignificant relationship between the two. The sign of the correlation between perceived overqualification and promotability ratings were negative, but nonsignificant. Sicherman and Galor (1990) formulated the stepping stone hypothesis, suggesting that employees who feel overqualified would be good candidates for future advancement in the organization, which was not supported in our study. Extending our model to more fully examine why and when employees who feel overqualified fall behind in promotions would continue to shed light on this issue. Furthermore, the stepping stone hypothesis may still find support with indicators of career success that take place outside of the specific organization, by motivating employees to leave for higher level, complex jobs outside the organization. This is a possibility that would benefit from future research.

We did not control for employee perceptions of job insecurity, which may have affected our results. Specifically, to the degree to which job insecurity is a shared perception between employees and managers, and therefore manager ratings of job insecurity serve as a proxy for employee perceptions, it may be that employee perceptions of job insecurity is a more salient moderator. Thus, we believe that it is important for future studies to examine this possibility.

Finally, our study suggests the importance of examining group-level effects of perceived overqualification. For career satisfaction as an outcome, we did not find an individual-level relationship between perceived overqualification and career satisfaction, but such a relationship existed at the group level. Focusing only on individual-level relationships between perceived overqualification and employee outcomes may mask the collective effects of perceived overqualification for groups and organizations. We would encourage further work at multiple levels of analysis to gain further insights to this issue.

## 6 | CONCLUSION

Our study demonstrates that the nature of the relationships between perceived overqualification and both employee career satisfaction and voluntary turnover were contingent on managers' job insecurity. The results suggest that it is important to examine group-level influences on how perceived overqualification affects employees. Reporting to managers feeling insecure at their jobs resulted in perceived overqualification to serve as a more negative influence on the perceived success and retention of employees who felt overqualified. The results also highlight the importance of examining perceived overqualification at multiple levels of analysis and the necessity to examine manager-level moderators.

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