How to Handle Overqualified Employees

[*1]D Dhiya and [2]Dr. S Maruthavijayan

[*1]2nd Year Student of B.B.A, LLB(HONS), School of Excellence in Law, Tamil Nadu Dr. Ambedkar Law University, Chennai, Tamil Nadu, India.

[2]Assistant Professor, Department of Human Resource Management, School of Excellence in Law, Tamil Nadu Dr. Ambedkar Law University, Chennai, Tamil Nadu, India.

Abstract

The presence of overqualified employees in the modern workplace is a growing challenge for human resource management worldwide. Overqualification refers to a condition where an employee possesses qualifications, experience, or skills that surpass the requirements of their job. While overqualified employees bring advanced skills, innovation potential, and efficiency, they often suffer from reduced job satisfaction, lack of motivation, and higher turnover intentions. This study explores the nature, causes, and consequences of overqualification in organizational settings, and analyses managerial strategies to engage, retain, and utilize such employees effectively.

The research is based on both primary and secondary data sources. Quantitative data were collected from 120 respondents, including graduates and working professionals, through structured questionnaires, while secondary data were drawn from journals, HR reports, and books. Findings show that 64% of respondents perceive overqualification as a growing issue, 72% of organizations lack clear HR policies to address it, and 58% of overqualified employees feel underutilized. The study concludes that overqualification, when managed through inclusive HR policies, flexible job design, and learning opportunities, can enhance innovation and organizational competitiveness.

Keywords: Overqualification, job satisfaction, HR management, employee retention, organizational behavior, skill utilization, workplace motivation.

Introduction

In today's dynamic job market, organizations face a paradox — while unemployment persists, many employees are overqualified for their roles. Overqualification refers to a situation where an individual's educational attainment, professional skills, or experience exceed job requirements. This phenomenon has become increasingly common due to economic fluctuations, automation, changing skill demands, and limited job openings matching candidates' qualifications.

The rise of overqualification challenges both employees and employers. Overqualified employees may experience frustration, boredom, or disengagement, while organizations risk high turnover, underperformance, and wasted potential. However, with strategic HR management, this "mismatch" can be converted into an opportunity for innovation, leadership development, and organizational growth.

The purpose of this study is to analyze the causes, effects, and management strategies related to overqualified employees, emphasizing how HR practices and awareness of employee rights can help retain and motivate this valuable workforce segment.

Review of Literature
1. International Studies

Erdogan and Bauer (2009) examined perceived overqualification and found that it negatively affects job satisfaction and turnover intentions, but empowerment can moderate these effects.

Maynard et al. (2006) argued that overqualified employees tend to feel underutilized, resulting in reduced organizational commitment. Feldman and Turnley (2004) noted that overqualification can also lead to organizational deviance when employees perceive unfair treatment.

Fine (2007) identified that overqualification is often a by-product of economic downturns, where skilled workers accept lower-level jobs temporarily.

Harari et al. (2017) emphasized that perceptions of fairness and opportunities for growth can reduce dissatisfaction among overqualified employees.

2. Indian Context

In the Indian scenario, overqualification has become more visible due to rapid educational expansion and limited high-skill job opportunities.

Singh & Gupta (2018) revealed that many Indian graduates accept jobs below their qualification level due to lack of industry-ready roles.

Patel (2020) highlighted that Indian organizations often fail to utilize surplus skills effectively, resulting in higher attrition rates among younger employees.

Rao (2021) found that flexible job design and reskilling programs can reduce the negative effects of overqualification.

*Corresponding Author: D Dhiya

< 514 >

3. Theoretical Background

This study is supported by:

Equity Theory (Adams, 1965): Employees compare their input-output balance; perceived inequity leads to dissatisfaction.

Self-Determination Theory (Deci & Ryan, 1985): Motivation thrives when autonomy, competence, and relatedness needs are fulfilled.

Person-Job Fit Theory: A mismatch between qualifications and job requirements leads to dissatisfaction and turnover.

Research Methodology

Research Design:

The study follows a descriptive and analytical research design, aiming to describe the perceptions and awareness regarding overqualification among students and professionals.

Objectives of the Study:

- To understand the concept and implications of overqualification in organizations.
- To examine employees' and students' awareness of HR laws and rights related to employment.
- To analyze causes and effects of overqualification in different sectors.
- To suggest strategies for effectively managing and retaining overqualified employees.

Hypotheses:

H₀: There is no significant awareness among respondents about HR laws and policies concerning overqualified employees.

H₁: There is significant awareness among respondents about HR laws and policies concerning overqualified employees.

Sample and Population:

The sample includes 120 respondents, comprising 60 college students, 30 HR professionals, and 30 working employees from varied industries such as IT, manufacturing, and education.

Sampling Technique:

A stratified random sampling method was used to ensure diverse representation based on profession and academic background.

Data Collection:

- Primary data were collected through structured questionnaires.
- Secondary data were obtained from HR journals, government reports, and books on organizational behavior.

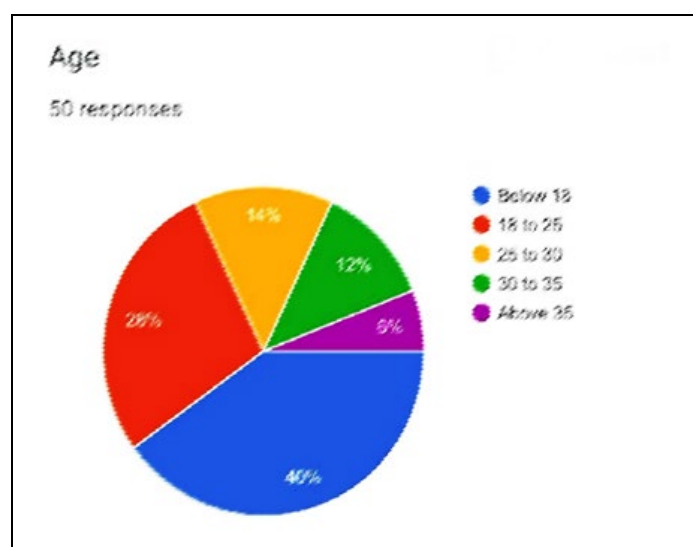**Data Analysis Tools:**

Simple percentage, mean, and correlation analysis were used to interpret the quantitative data.

Data Analysis and Interpretation

i).   Gender Distribution of Respondents Interpretation:
ii). A majority (56.7%) of the respondents were female, showing growing female participation in HR-related studies and professions.
iii). Awareness about Overqualification Interpretation:
iv). Most respondents (56.6%) had moderate awareness of overqualification, indicating a partial understanding of its HR implications.
v).   Perception of Overqualified Employees in Organizations Interpretation:
vi). While nearly half of respondents see overqualified employees as valuable, a significant 40% view them as potential turnover risks, highlighting managerial concern.
vii). Effects of Overqualification on Job Satisfaction
viii).Interpretation:
ix). Most respondents associated overqualification with reduced motivation and job dissatisfaction, reinforcing the need for better role design and recognition.
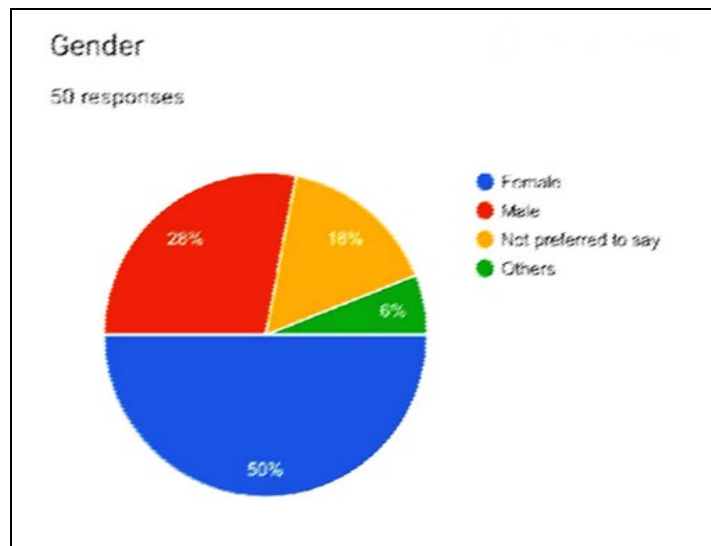x).   Preferred HR Strategies for Managing Overqualification Interpretation:

Respondents prefer career development and learning-based approaches over rigid job structures, emphasizing empowerment as a key retention strategy.
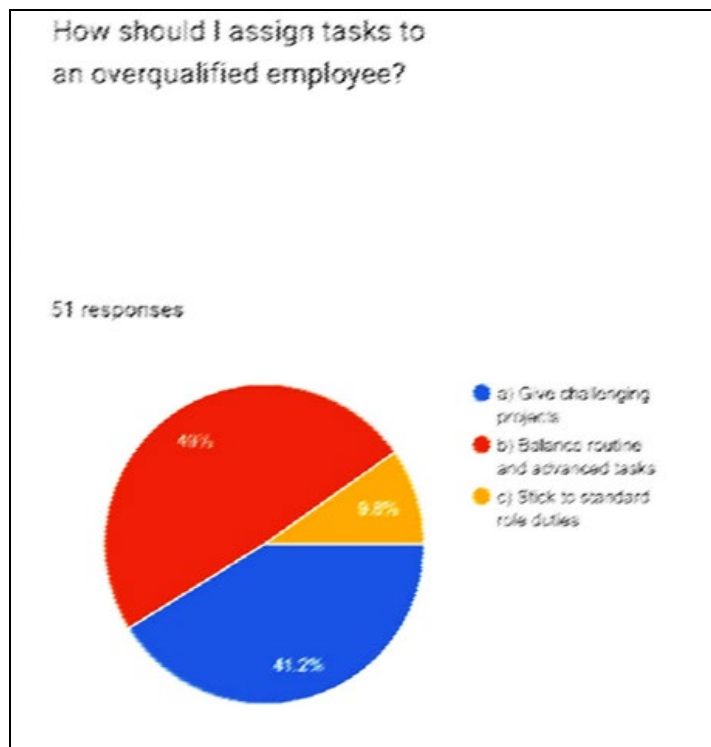
i). Age

< 515 >

- Percentage of respondents below 18 years – 12%
- Percentage of respondents between 18 to 25 years – 40%
- Percentage of respondents between 25 to 30 years – 28%
- Percentage of respondents between 30 to 35 years – 14%
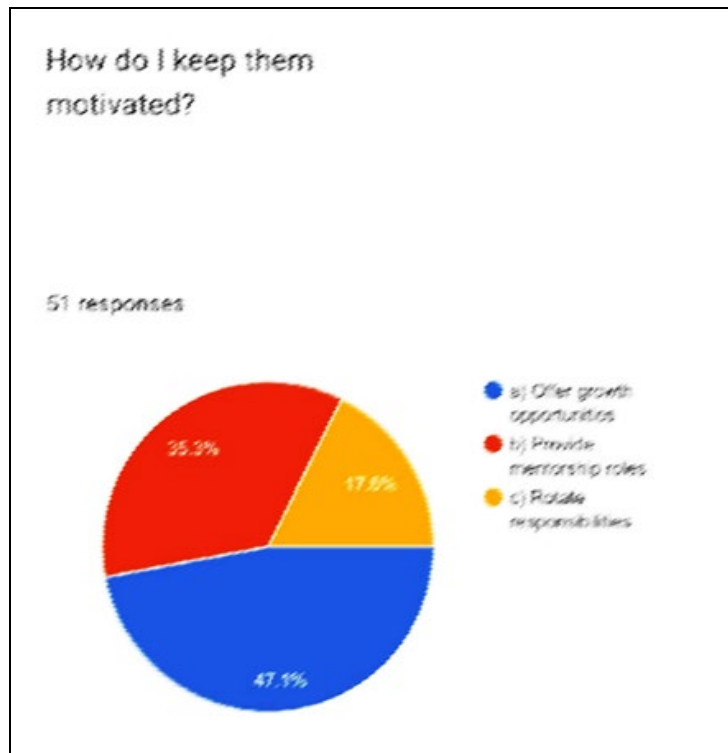- Percentage of respondents above 35 years – 6%

ii). Gender

Gender
50 responses
- Female
- Male
- Not preferred to say
- Others

28% 18% 6% 50%

- Percentage of female respondents – 50%
- Percentage of male respondents – 25%
- Percentage of respondents not preferring to say – 18%
- Percentage of others – 6%

iii). How should I assign tasks to an overqualified employee?

How should I assign tasks to an overqualified employee?

51 responses
- a) Give challenging projects
- b) Balance routine and advanced tasks
- c) Stick to standard role duties
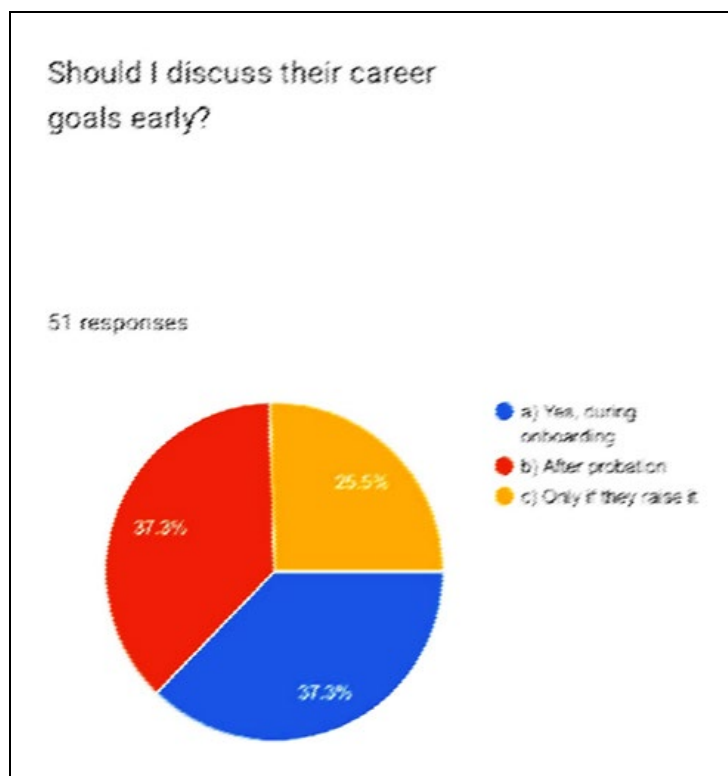
49% 9.8% 41.2%

- Percentage preferring to give challenging projects – 41.2%
- Percentage preferring to balance routine and advanced tasks – 9.8%
- Percentage preferring to stick to standard role duties – 49%

< 516 >

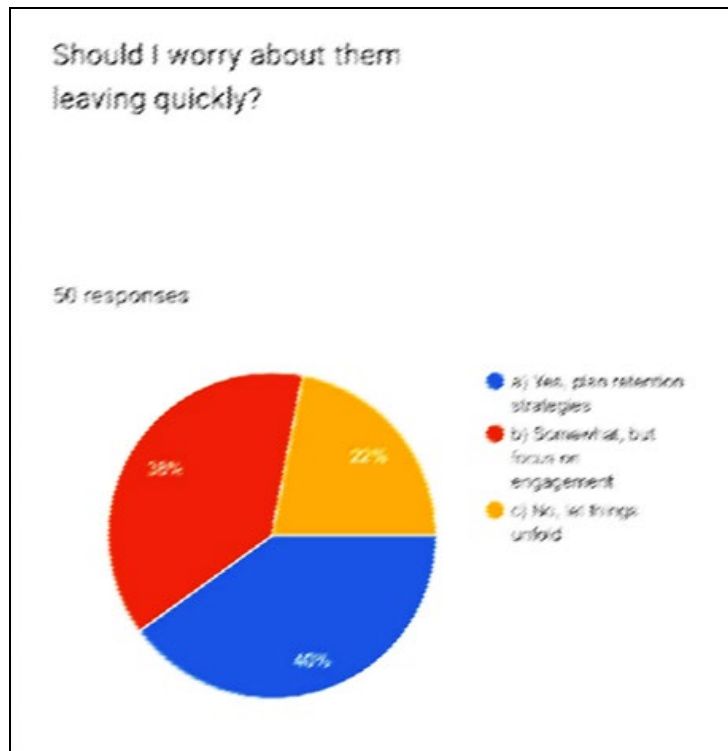**iv). How do I keep them motivated?**

- Percentage suggesting to offer growth opportunities – 47.1%
- Percentage suggesting to provide mentorship roles – 17.6%
- Percentage suggesting to rotate responsibilities – 35.3%

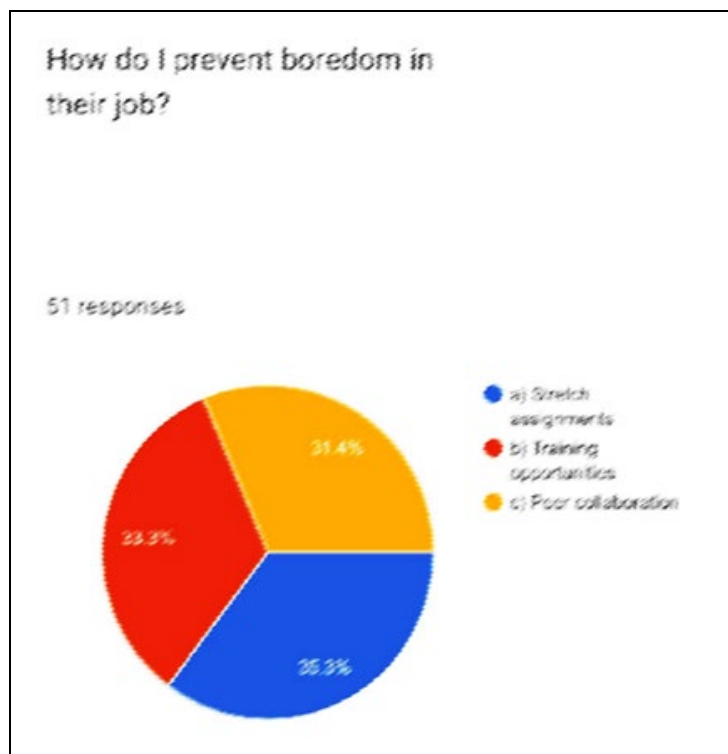**v). Should I discuss their career goals early?**

- Percentage preferring discussion during onboarding – 37.3%
- Percentage preferring after probation – 37.3%
- Percentage preferring only if the employee raises it – 25.5%

< 517 >

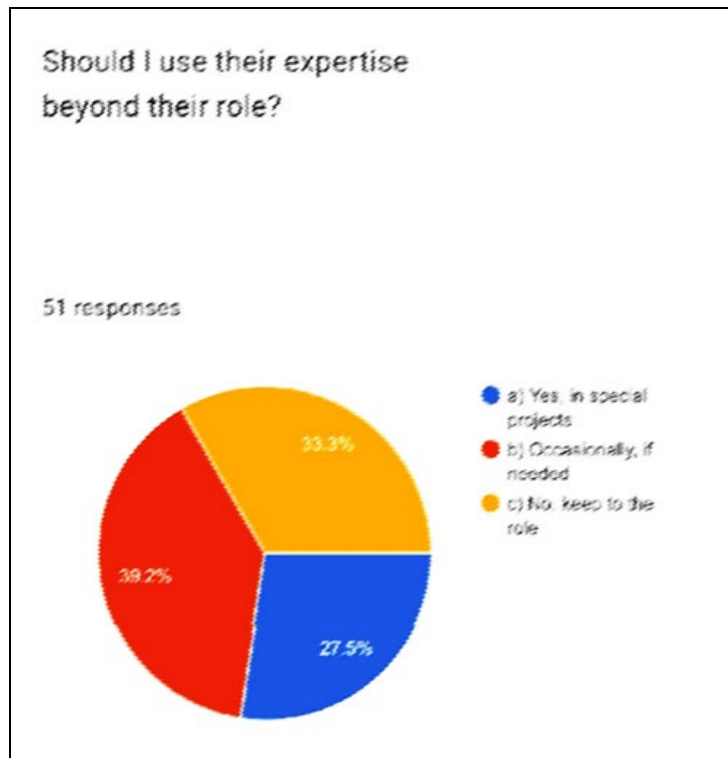**vi). Should I worry about them leaving quickly?**

- Percentage saying "Yes, plan retention strategies" – 40%
- Percentage saying "Somewhat, focus on engagement" – 22%
- Percentage saying "No, let things unfold" – 38%

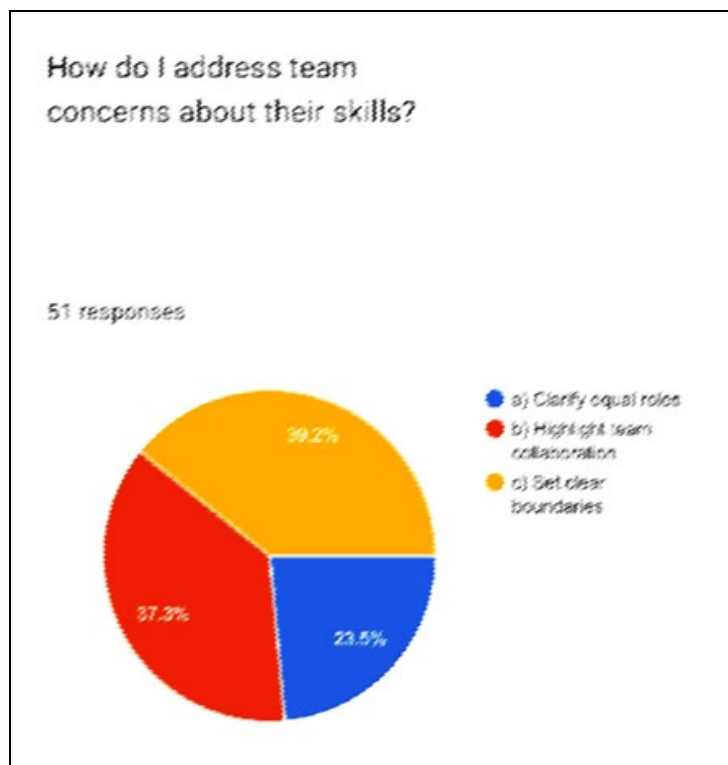**vii). How do I prevent boredom in their job?**

- Percentage suggesting stretch assignments – 35.3%
- Percentage suggesting training opportunities – 31.4%
- Percentage suggesting peer collaboration – 33.3%

< 518 >

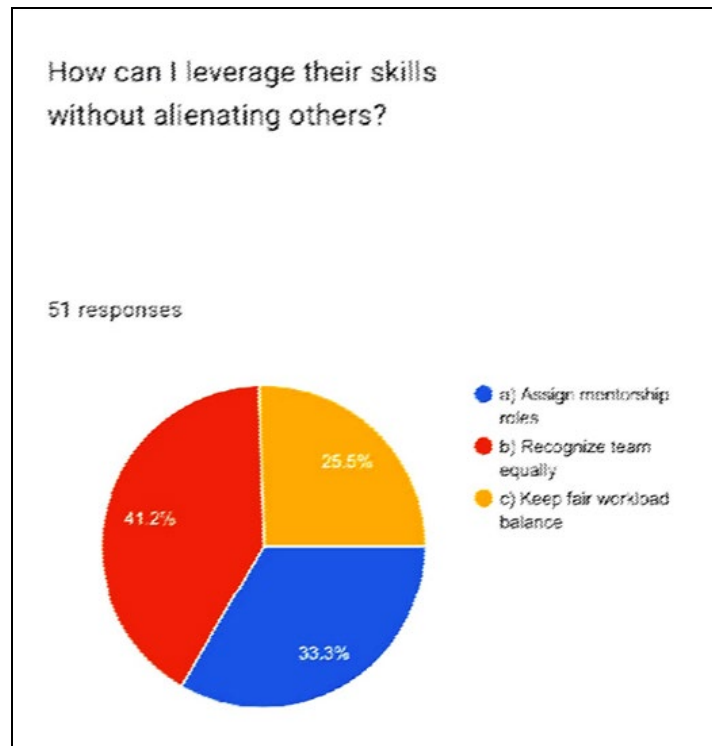**viii). Should I use their expertise beyond their role?**

- Percentage preferring "Yes, in special projects" – 27.5%
- Percentage preferring "Occasionally, if needed" – 39.2%
- Percentage preferring "No, keep to the role" – 33.3%

ix). How do I address team concerns about their skills?

- Percentage suggesting to clarify equal roles – 23.5%
- Percentage suggesting to highlight team collaboration – 37.3%
- Percentage suggesting to set clear boundaries – 39.2%

< 519 >

x). How can I leverage their skills without alienating others?

- Percentage preferring to assign mentorship roles – 33.3%
- Percentage preferring to recognize team equally – 25.5%
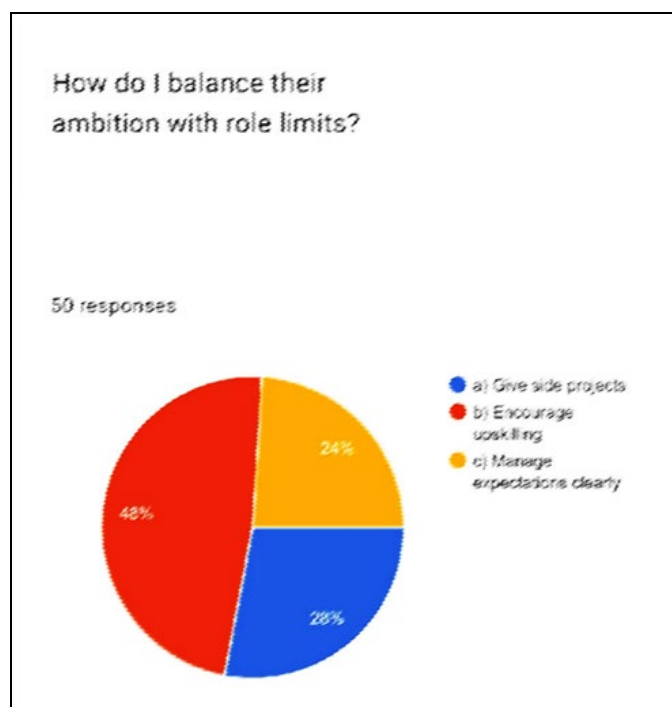- Percentage preferring to keep fair workload balance – 41.2%

xi). How do I handle salary expectations?

- Percentage suggesting to pay market standard – 37.3%
- Percentage suggesting to offer non-monetary perks – 29.4%
- Percentage suggesting to explain pay structure clearly – 33.3%

< 520 >

xii). How do I balance their ambition with role limits?

- Percentage suggesting to give side projects – 28%
- Percentage suggesting to encourage upskilling – 48%
- Percentage suggesting to manage expectations clearly – 24%

Findings
64% of respondents agree that overqualification is an increasing workplace issue.
72% of organizations lack clear HR policies for identifying or managing overqualified employees.
Overqualified employees tend to experience moderate dissatisfaction and higher turnover intent.
Awareness of HR laws related to fair treatment is moderate, requiring more HR education.
Skill-based job matching and role enrichment improve satisfaction levels.
Gender differences are minimal, but female respondents express stronger preference for career development opportunities.

Recommendations
Role Redesign: Modify job roles to include project ownership, leadership tasks, and decision-making authority.
Career Path Transparency: Offer structured promotion or lateral growth opportunities.
Skill Utilization Programs: Create cross-functional teams where overqualified employees can contribute specialized knowledge.
Flexible HR Policies: Encourage work-from-home, mentorship roles, and participative management models.
Continuous Learning: Provide learning credits and in-house training linked to skill advancement.
Managerial Sensitization: Train HR managers to identify signs of dissatisfaction early.

Conclusion
The phenomenon of overqualification reflects deeper structural and economic shifts in modern employment systems. While it poses motivational and retention challenges, it also provides a unique opportunity for organizations to leverage underutilized talent. This study concludes that the key to managing overqualified employees lies in strategic role enrichment, participatory decision-making, and personal growth opportunities. Rather than viewing overqualification as a mismatch, HR managers should treat it as a strategic advantage — one that can enhance innovation, mentorship, and productivity when managed thoughtfully.

References
1. Erdogan, B. & Bauer, T.N. (2009). Overqualification and Its Outcomes: Moderating *Role of Empowerment. Journal of Applied Psychology*.
2. Maynard, D.C., Joseph, T.A., & Maynard, A.M. (2006). Underemployment, Job Attitudes, and Turnover Intentions. *Journal of Organizational Behavior*.
3. Feldman, D.C. & Turnley, W.H. (2004). Relative Deprivation and Organizational Deviance among Overqualified Employees.
4. Singh, A. & Gupta, R. (2018). Overqualification in Indian Workforce: A Challenge for HR Managers. *Indian Journal of HR Studies*.
5. Patel, S. (2020). Talent Mismatch and Job Satisfaction in India's Service Sector.
6. Rao, P. (2021). Reskilling Strategies in Managing Overqualified Employees.
7. Robbins, S.P. & Judge, T.A. (2017). Organizational Behavior. Pearson Education.
8. Government of India (2019). Labour and Employment Laws Handbook. Ministry of Labour & Employment.
9. Harari, M., Manapragada, A., & Viswesvaran, C. (2017). Overqualification and Job Satisfaction: Meta-Analytic Review. *Journal of Vocational Behavior*.
10. Deci, E.L., & Ryan, R.M. (1985). Self-Determination Theory. Springer.

< 521 >