

Summary

The average educational level of the working population has dramatically increased over the past decades in most Western countries. Moreover, it is observed that a lot of individuals are ‘overeducated’ for their job: they are employed in jobs with requirements below their attained level of education. In this dissertation, we investigate two general topics regarding overeducation: its measurement and the consequences for the individual worker. Despite the substantial amount of literature on this subject, no uniform way of measuring the concept exists. We investigate how the outcomes of the analysis are affected by the measurement method. Moreover, overeducation is particularly problematic if there are negative consequences for the individual worker. The relevance of the overeducation concept is highly questionable if these negative consequences would be non-existing. So, also this issue is investigated into more detail. To answer the research questions posed in this dissertation, we make use of the SONAR-data on the transition from school to work. These data are collected on the basis of large-scale survey research among Flemish school leavers.

In a first contribution, we measure over- and undereducation on the basis of the six applied measures in the literature. For the analyses sample of school leavers, we note incidences of overeducation for the first job after leaving school ranging from 8% to 51%. Also the socio-economic groups with the highest likelihood of being overeducated depend on the measure. These findings clearly underline the weakness of the literature on this subject. Yet, measuring overeducation in different ways enables to derive some related concepts. The lower bound for the number of school leavers that can be assessed to be genuinely overeducation amounts to about 20%. The incidence of over- and undereducation is both attributed to qualification inflation and deflation, and a credential gap. Moreover, overeducation seems to be mainly structural.

In a next contribution, we investigate the influence of overeducation on job satisfaction, mobility, training participation and wages. Also for this analysis, we apply alternative methodologies for the measurement of overeducation. We compare overeducated workers both with

adequately educated workers that have a similar educational background and with adequately educated workers that are employed in similar jobs. The magnitude and significance of the effects diverge between these measures. Overeducated workers are less satisfied, more mobile, participate less in training and earn less than adequately educated workers with a similar level of education. When we compare overeducated workers with adequately educated workers in similar jobs, no robust results are found for job satisfaction and training participation. Overeducated workers earn more than adequately educated colleagues, but have a higher turnover rate. We have little clear results with respect to undereducation.

The third contribution is methodological. We evaluate the different measurement methods within the context of research on the impact of overeducation on a dependent variable. We state that a methodology is preferable to another one if this methodology is able to 'encompass' the results of the other indicator. On the basis of this test, both the objective 'job analysis' measure and the subjective measure that refers to the 'required level to do the job' can be preferred to the other methodologies. Yet, our test does not enable to discriminate between these two last measures. These results might indicate that both measures have substantial errors. An alternative explanation is that they each measure another underlying concept.

In a last chapter, we further investigate the relation between objective overeducation and job satisfaction. To assess the economic significance of this relation, we compute the shadow price of one year of overeducation. The utility consequences of overeducation are found to be large and cannot be compensated by a reasonable wage increase at the start of the first employment: to compensate both the direct and indirect utility costs of one year of overeducation, a net wage increase of about 30% would be required. These outcomes suggest that, at labour market entry, overeducation is largely involuntary, and is likely to induce negative productivity costs. Yet, the negative consequences of overeducation are also found to diminish with years of experience.

The connection between the different measures of overeducation is limited. Hence, the finding that the application of alternative measures sometimes induces different conclusions is not very surprising. Nevertheless, we can safely conclude that, irrespective of the measure, overeducation has clear negative consequences for the individual worker.