

**LEADERS' RESPONSE TO EMPLOYEE OVERQUALIFICATION:
AN EXPLANATION OF THE CURVILINEAR MODERATED RELATIONSHIP**

ABSTRACT

This research aimed to advance overqualification literature by examining how leaders' perceived employee overqualification influences their empowering behavior and employee work behaviors. Drawing upon the individualized leadership theory, we proposed that leaders' perceived employee overqualification has an inverted U-shape relationship with their empowering behavior such that leaders are more motivated to empower employees from low to moderate levels of overqualification, but this tendency decreases after a certain inflection point. We also predicted that the inflection point occurs at a lower level of employee overqualification when leaders perceive higher (vs. lower) status threat. Leader empowering behavior was hypothesized to positively predict employees' voice and negatively predict their withdrawal behavior. Two multi-source and **time-lagged** studies were conducted to examine this moderated mediation curvilinear model. In Study 1, survey data from 372 leader–employee dyads supported the inverted U-shape mediation model from leaders' perceived overqualification to empowering behavior, then to employee outcomes (i.e., voice and withdrawal behavior). In Study 2, we collected data from a sample of 73 team leaders and 286 employees, and the results supported the full model. Taken together, these findings offer a perspective to enrich the understanding employee overqualification and have important practical implications.

Keywords: Leaders' perceived employee overqualification, leader empowering behavior, employee voice, employee withdrawal behavior, curvilinear moderated mediation model

INTRODUCTION

The popularization of higher education and the worldwide economic downturn have made it increasingly difficult for individuals to find jobs that perfectly match their abilities and preferences. Employee overqualification, the extent to which employees' qualifications (e.g., knowledge, skills, abilities, educational background, and experiences) exceed job requirements (Erdogan & Bauer, 2009; Maynard et al., 2006), is becoming increasingly common in contemporary organizations (Hu et al., 2015). A large body of literature has examined overqualification from the perspective of the incumbents (Deng et al., 2018; Luksyte & Spitzmueller, 2016; Ma et al., 2020; Ye et al., 2020) or their peers (Erdogan et al., 2018; Hu et al., 2015; Simon et al., 2019), and demonstrated the significant effects of perceived overqualification on work performance and social acceptance.

However, much less attention has been paid to leaders' perceptions and reactions to employee overqualification, which seems problematic given the critical role of leaders in delegating tasks, allocating resources, and managing employee performance (Erdogan & Bauer, 2020; Triana et al., 2017). Without the attention and support from leaders, overqualified employees may find it difficult to utilize their surplus capability (Alfes et al., 2016; Erdogan & Bauer, 2009; Lin et al., 2017). Although recent research has started to measure leaders' perceptions of employee overqualification (e.g., Debus et al., 2020), a systematic investigation of how these perceptions may influence leader and follower behaviors is still lacking. This study aimed to fill this research gap by examining leaders' perceptions and subsequent responses to employee overqualification, as well as the impact of leaders' responses on employees' positive and negative work behaviors.

To understand these relationships more systematically and comprehensively, we drew upon

the individualized leadership theory (ILT, Dansereau, et al. 1995; Wallis et al., 2011; Yammarino & Dansereau, 2002). ILT focuses on the distinct and reciprocal investment–return cycle within leader–employee dyads, in which the leader supports an employee’s feeling of self-worth as a way of investment, and the employee uses his/her performance to reciprocate the leader’s support (Dansereau, et al. 1995; Wallis et al., 2011; Yammarino & Dansereau, 2002). Following this perspective, empowering leadership behavior, which involves highlighting the significance of the employee’s work, promoting their participation in decision making, conveying confidence in their high performance, and removing bureaucratic constraints (Ahearne et al., 2005), represents an important form of support for an employee’s sense of self-worth (Dansereau, et al. 1995; Wallis et al., 2011; Yammarino & Dansereau, 2002). Empowering leadership behavior thus triggers the investment–return process and leads to employees’ positive work behaviors (Zhang & Bartol, 2010; Yammarino & Dansereau, 2002).

ILT also suggests that the extent to which a leader empowers an overqualified employee depends on their considerations of the potential costs and returns from such investment. With relatively low to moderate levels of perceived employee overqualification, leaders may believe that empowering the incumbents can facilitate the utilization of their surplus skills for better work performance (Chen et al., 2007; Srivastava et al., 2006). Within this range, the higher the perceived employee overqualification is, the more likely a leader would empower an employee. However, if the level of perceived employee overqualification continues to increase, leaders may find it less likely to achieve favorable returns from empowering the incumbents because of several reasons. First, as leaders generally only have limited authority and resources, they may anticipate low effectiveness of using empowerment to address cases of extremely high overqualification (Lin et al., 2017). Second, since extremely overqualified employees may bring

leaders a sense of insecurity, leaders may be reluctant to endow power to these employees (Yammarino & Dansereau, 2002; Yu et al., 2018). Therefore, after a certain point, perceived employee overqualification would be less likely to enhance leaders' empowering behavior. We thus hypothesized that leaders' perception of employee overqualification has an inverted U-shape relationship with their empowering behavior.

In line with the reciprocal process of leader investment–employee return outlined in ILT, when employees receive empowerment from leaders, they will respond with satisfying performance. In the present study, we focused on employees' voice (i.e., the voluntary expression of one's views or opinions about workplace matters with the intent to improve organizational or unit functioning, Van Dyne & LePine, 1998) as a positive outcome, and withdrawal behavior (i.e., actions intended to place physical or psychological distance between employees and their work environments, Rosse & Hulin, 1985) as a negative outcome, and hypothesized that leaders' perception of employee overqualification operates through leaders' empowerment to influence employees' voice and withdrawal behavior.

Moreover, ILT also stresses the important role of leaders' and followers' characteristics in determining the extent to which leaders invest on employees. We thus proposed that leaders' perceived status threat, which refers to the perception of challenges to a leader's status (Kellogg, 2012; Zhang et al., 2020), may moderate the relationship between perceived employee overqualification and leaders' empowering behavior. Specifically, when a leader perceives that his or her status is threatened, he or she may be more concerned about the risks and costs of empowering overqualified employees (Keller & Dansereau, 1995; Kellogg, 2012; Yammarino & Dansereau, 2002). As a result, the inflection point of the curvilinear path would be pushed to a lower level when leaders perceive a higher level of status threat. Accordingly, the indirect effects

of leaders' perceived employee overqualification on employees' voice and withdrawing behavior via empowerment would also be moderated by leaders' perceived status threat.

Two multi-source and **time-lagged** survey studies were conducted to examine the curvilinear mediated moderation model described above. In Study 1, we examined whether leaders' perceived employee overqualification had a curvilinear relationship with empowering behavior, which would then be positively related to employees' voice, while negatively related to withdrawal behavior. In Study 2, we aimed to replicate the curvilinear mediation model of Study 1 and further examine the moderation role of leaders' perceived status threat in this process. Drawing upon ILT, the current research not only revealed the curvilinear relationship between leaders' perceived employee overqualification, leaders' empowering behavior, and employees' work behaviors, but also demonstrated leaders' perceived status threat as an important boundary condition for the above relationships, which offers novel insights for understanding the consequences of employee overqualification from a leader–employee dyad perspective.

THEORETICAL BACKGROUND AND HYPOTHESES

Theoretical Framework Based on ILT

ILT is based on the tenets of social exchange theory, and focuses on the one-to-one investment and return cycles between a leader and a specific employee (Dansereau, et al. 1995; Wallis et al., 2011; Yammarino & Dansereau, 2002). The investment–return cycle generally begins with a leader providing support for the sense of self-worth (leader investment) to an employee, followed by the employee responding to the investment by delivering proper work performance (Yammarino & Dansereau, 2002). The key elements of “support for self-worth” include: (1) supporting employees' actions and ideas, (2) assuring employees' confidence, integrity, ability, and motivation, and (3) paying attention to employees' feelings and needs. In

line with ILT, empowering leadership captures the core characteristics of “support for self-worth” (Wallis et al., 2011; Yammarino & Dansereau, 2002) by encouraging employees to become “independent followers who are acting out their own views and ideas” (Wallis et al., 2011, p. 186). Therefore, leader empowerment is considered as a form of investment in employees.

Given the social exchange nature of ILT, we focused on employee voice and withdrawal behaviors as employees’ returns for leader empowerment for the following reasons. First of all, although voice and withdrawal behaviors are not direct indicators of performance, more voice and less withdrawal behaviors can help improve individual performance and reduce potential loss for organizations (Berry et al., 2012; Deter & Burris, 2007). Moreover, as overqualified employees have surplus capabilities beyond their job requirements, they have the potential to make extra contributions such as providing constructive work-related suggestions or ideas (Luksyte & Spitzmueller, 2016), but the negative attitudes associated with their person-job misfit may also result in more withdrawal behaviors (Cheng et al., 2020; Harari et al., 2017; Maynard & Parfyonova, 2013). Therefore, increasing their voice and decreasing withdrawal behaviors serve as important means that can be used by overqualified employees to reciprocate leaders’ empowerment.

Perceived Overqualification and Leader Empowering Behavior

In line with ILT, leaders consider their empowerment as a form of investment in an employee, and expect the employee to reciprocate this investment by showing more satisfying performance (Wallis et al., 2011; Yammarino & Dansereau, 2002). Because of the different levels of fit between employees and their jobs, a leader may perceive his or her employees as having different levels of overqualification. Since leaders have the power to plan work activities,

arrange job tasks, and manage employee work behaviors (Humborstad & Kuvaas, 2013), they can adopt empowering behavior to help overqualified employees utilize their skills and capabilities to achieve positive work outcomes and reduce negative consequences. According to ILT, the extent to which a leader is willing to empower a specific employee depends on the expected returns from such an investment.

When leaders perceive that their employees have low to moderate levels of overqualification, they are more likely to regard these employees as worth the empowerment. Low to moderate levels of overqualification mean that the employee is competent and has the potential to improve their performance if the situation allows (Chen et al., 2007; Lee et al., 2021; Srivastava et al., 2006; Yammarino & Dansereau, 2002). With appropriate empowerment arrangements, such as providing participation in decision making and removing bureaucratic constraints (Ahearne et al., 2005), these employees have greater opportunities to fully utilize their surplus skills to improve performance by breaking out of the routine with alternative ideas or participating in prosocial activities (Ma et al., 2020). Previous research has shown that employees show more creativity and organizational citizenship behavior from low to moderate levels of overqualification (Lin et al., 2017). When leaders perceive such potential returns from employees from low to moderate overqualification, they are more likely to invest employees with more authority, forming a benign investment–return circle. We thus proposed that within the range of low to moderate overqualification levels, there is a positive relationship between leaders' perceived employee overqualification and empowering behavior.

However, after a certain level of perceived employee overqualification, leaders may limit their empowerment, as they perceive fewer returns and more risks from empowering highly overqualified employees. First, high overqualification indicates a large gap between the

employee capacity and actual job requirements, under which situation empowerment from leaders may not be adequate to effectively narrow down the skill gap (Lin et al., 2017). Highly overqualified employees require leaders' high degree of empowerment in order to fully utilize their surplus abilities or skills and achieve satisfying performance (Ma et al., 2020). Given that leaders do not have unlimited resources or opportunities for empowering employees, even if they try their best, the needs of those highly overqualified employees may still not be fulfilled (Lin et al., 2017). When leaders perceive limited potential returns from investing in employees, their willingness to empower such employees will decrease.

Second, extremely overqualified employees may bring a sense of insecurity to the leader, which may reduce the leader's willingness to empower these employees (Yu et al., 2018). As suggested by previous research, overqualified employees often believe that they are entitled to better jobs and may even express a sense of superiority to their coworkers (Deng et al. 2018; Erdogan & Bauer, 2020). It is plausible that an overqualified employee emerges as an informal leader within teams (Deng et al. 2018; Erdogan & Bauer, 2020). As leader empowerment involves the delegation of power and authority, it increases the risk of leaders losing control of these employees, which may endanger the leaders' authority. In addition, previous research has shown that highly overqualified employees are more likely to show turnover behavior (Harari et al., 2017; Maynard & Parfyonova, 2013) and counterproductive behavior (Cheng et al., 2020). Consequently, leaders may associate highly overqualified employees with these negative outcomes. The potential risks associated with highly overqualified employees may prevent leaders from investing in them. In summary, although leaders are generally motivated to empower overqualified employees, this tendency decreases after a certain inflection point. Therefore, we proposed the following:

Hypothesis 1: Leaders' perceived overqualification of employees has an inverted U-shape relationship with leader empowering behavior.

Mediation Model

According to the investment–return cycle proposed by ILT (Wallis et al., 2011; Yammarino & Dansereau, 2002), employees who receive more empowerment from leaders are expected to reciprocate with satisfying performance to make the investment sustainable. In line with this reciprocal process, we focused on both employees' positive (i.e., voice) and negative (i.e., withdrawal behavior) responses, as two forms of returns to leader empowerment.

For the positive outcome, we hypothesized that leaders' perception of employee overqualification has an indirect inverted U-shaped relationship with employees' voice via leader empowering behavior. Employee voice refers to the proactive behavior that entails speaking up with constructive ideas and opinions about work-related issues (Detert & Burris, 2007; Van Dyne et al., 2003). There is a solid theoretical rationale for the contention that leader empowering behavior could stimulate employees' voice. Leader empowering behavior comprises four dimensions, namely strengthening employees' autonomy, promoting their participation, increasing their confidence, and enhancing the meaning of their work (Ahearne et al., 2005; Zhang & Bartol, 2010). First, empowering leaders value their team members' autonomy and encourage their participation in decision making (Ahearne et al., 2005; Zhang & Bartol, 2010). Employees who are granted autonomy feel released from bureaucratic constraints and free to express their thoughts (Zhang & Bartol, 2010). Second, leaders' empowerment conveys the value and importance of the work to employees, increasing their sense of competence in their job performance, which promotes their sense of responsibility and courage to provide more constructive suggestions (Eibl et al., 2020). Third, empowering leaders express confidence in

their employees' performance and grant fair consideration to employees' ideas, allowing them to prioritize their work over other concerns and increasing their willingness to risk voicing their ideas (Detert & Burris, 2007; Milliken et al., 2003). There has been strong empirical evidence supporting that empowering leadership has a positive effect on employees' voice behaviors (Raub & Robert, 2013).

Based on Hypothesis 1, we hypothesized that leaders' perceived employee overqualification has an inverted U-shape relationship with leader empowerment, which in turn positively affects employees' voice behavior. Thus, we proposed the following:

Hypothesis 2. Leader empowerment plays a mediating role in the inverted U-shape relationship between leaders' perceived employee overqualification and employees' voice.

As for the negative outcome, we proposed that leader empowerment mediates the U-shape relationship between leaders' perceived employee overqualification and employees' withdrawal behavior. Employees' withdrawal behavior refers to counter-productive job behaviors that employees use to minimize the time spent on specific work tasks while maintaining their current organization and work-role memberships (Hanisch & Hulin, 1990; Carpenter & Berry, 2017). Such withdrawal behavior includes coming to work late, taking longer breaks, absence from work without any tangible reason, and so on (Wang & Walumbwa, 2007; Carpenter & Berry, 2017).

We argue that leader empowerment decreases employees' withdrawal behavior for the following three reasons. First, leaders' empowering behavior encourages employees' involvement and participation in decision making, which would make employees feel that their leaders trust and value their competence (Rhoades & Eisenberger, 2002). In response to this recognition, employees are likely to approach their job responsibilities proactively (Spreitzer,

2007), which involves punctuality and attendance (Eder & Eisenberger, 2008). Second, when employees perceive that they are pursuing meaningful, shared objectives through clear processes that have been outlined by their leaders, they feel the obligation to help the organization rather than engaging in destructive activities (Schaubroeck et al., 2011; Zhang & Bartol, 2010). Third, empowering leaders signal that they value their employees' contributions and care for their autonomy. Based on the norm of reciprocity, employees are thus less likely to engage in withdrawal behavior (Blau, 1964; Eder & Eisenberger, 2008; Mills & Clark, 1982).

Based on Hypothesis 1, we proposed that leader empowering behavior mediates the U-shape relationship between leaders' perceived employee overqualification and employees' withdrawal behavior.

Hypothesis 3. Leader empowerment plays a mediating role in the U-shape relationship between leaders' perceived employee overqualification and employees' withdrawal behavior.

Moderating Role of Leaders' Perceived Status Threat

According to ILT, leaders' willingness to engage in individualized investment in employees also depends on their personal characteristics. In this research, we argue that leaders' perceived status threat, which refers to the perception of challenges causing status loss (Kellogg, 2012; Zhang et al., 2020), plays a moderating role in the relationship between leaders' perceived overqualification of employees and empowering behavior. That is, changes in leaders' perceived threat status would shift the inflection point in the curvilinear relationship between employee overqualification and leader empowering behavior, such that the inflection point would come at a lower level of overqualification when leaders perceive higher rather than lower threat to their status.

First, when leaders perceive high status threat, they tend to be more conservative and have lower levels of return expectancy from overqualified employees (Dong et al., 2020; Hobfoll, 1989, 2011; Kellogg, 2012; Zhang et al., 2020). They do not strongly believe that these overqualified employees can be motivated to utilize their surplus capacity to create higher in-role or extra-role performance under the conditions of empowerment. That is, high levels of status threat can shorten the beneficial range of leaders' perceived overqualification of employees and move the inflection point to a lower level. Second, when leaders perceive that their status is threatened, they are more sensitive to the insecurity and crisis induced by overqualified employees (Erdogan et al., 2020; Yu et al., 2018). The potential higher performance of overqualified employees would be outweighed by the leaders' perception that their organizational status has been challenged by such employees (Cohen-Charash, 2009; Kellogg, 2012; Reh et al., 2018). That is, for leaders with high perceptions of status threat, a lower inflection point of the inverted U-shape occurs, at which overqualified employees' benefits turn into losses. Third, the current literature also shows that the jealousy of colleagues is induced when they perceive their own status to be threatened (Reh et al., 2018; Yu et al., 2018). The feeling of downward envy would reduce leaders' empowerment of overqualified employees to preserve their status and influence over their overqualified employees. In support of our arguments, research has suggested that downward envy of their employees triggers leaders' adaptive strategies in the form of abusive supervision (Yu et al., 2018), which is characterized by leaders derogating, blaming, and ostracizing employees (Tepper, 2000). Thus, leaders' perception of status threat can increase their reluctance and concerns about the empowerment of overqualified employees, moving the inflection point to a lower level.

By contrast, when leaders perceive little or no threat to their status, they tend to believe they

are sufficiently differentiated from their employees and have high influence over them (Kellogg, 2012; Morrison et al., 2009; Scheepers et al., 2009). They believe overqualified employees will bring higher performance and beneficial extra-role results. Under such conditions, leaders are willing to invest in overqualified employees (Keller & Dansereau, 1995; Yammarino & Dansereau, 2002). Hence, reductions in threat to status amplify the positive effect of employee overqualification on leaders' empowerment. That is, low levels of status threat can prolong the beneficial range of leaders' perceived overqualification of employees and move the inflection point to a higher level. Thus, we proposed the following hypothesis:

Hypothesis 4. Leaders' perceived status threat moderates the curvilinear relationship between leaders' perceived overqualification of employees and leader empowering behavior, such that the inflection point of the inverted-U curve occurs at lower levels of employee overqualification when perceived status threat is higher rather than lower.

An Integrative Model

Combining Hypotheses 1 to 4, we proposed a first-stage moderated mediation relationship (Edwards & Lambert, 2007). Leaders' perceived high status threat would weaken leaders' empowerment of overqualified employees, meaning that the inflection point of the U-shaped relationship comes earlier. Thus, the peak level of employees' voice and lowest level of withdrawal behavior come at a relatively lower level of overqualification. With increases in overqualification beyond this point, employees' voice gradually decreases and withdrawal behavior increases. By contrast, leaders' perceived low status threat would cause the inflection point of empowerment to shift to higher levels of overqualification. Therefore, the peak level of employees' voice and lowest level of withdrawal behavior come at a relatively higher level of employee overqualification. We formulated the following further hypotheses, and the overall

integrative model is shown in Figure 1.

Hypothesis 5. Leaders' perceived status threat moderates the indirect effect of leaders' perceived employee overqualification on employees' voice through leader empowering behavior in such a way that the inflection point of the indirect inverted-U curve occurs at lower levels of employee overqualification when the perceived status threat is higher rather than lower.

Hypothesis 6. Leaders' perceived status threat moderates the indirect effect of leaders' perceived employee overqualification on withdrawal behavior through leader empowering behavior in such a way that the inflection point of the indirect U curve occurs at lower levels of employee overqualification when the perceived status threat is higher rather than lower.

OVERVIEW OF STUDIES

We conducted two field studies to test our hypotheses. Study 1 was a time-lagged survey designed to test Hypotheses 1 to 3 (i.e., the direct and indirect curvilinear relationship). The study was based on a sample from multiple industries, such as information technology (IT), finance, and government. Although Study 1 only investigated Hypotheses 1 to 3, it was conducted within multiple organizations and included a wide range of control variables to partial out the confounding effects. In this sense, Study 1 provided a relatively robust test of Hypotheses 1 to 3. Extending the first study, Study 2 tested all six hypotheses, including the curvilinear relationship and the moderating effect. Study 2 was conducted in a large steel company using time-lagged data. The results in Study 2 supported the moderating effect of leaders' perceived status threat (Hypotheses 4 to 6) and replicated the findings regarding Hypotheses 1 to 3. Taken together, these two studies provided a robust and comprehensive examination of the hypotheses

with different samples.

STUDY 1: METHODS

Sample and Procedures

We recruited 500 leader–employee dyads via the Credamo platform, a market research service company in China (for recent examples utilizing this data collection method, please see Gai & Puntoni, 2021; Gu et al., 2021; Su et al., 2022). The process of data collection was quite similar to that of the Study Response service, a widely adopted project in previous research to collect leader–employee dyads sample online (e.g., Barnes et al., 2011; Yam et al., 2017). With the assistance of the Credamo administrators, we first pre-screened registered members who were 1) working full-time, 2) willing to invite their direct leaders to participate, and 3) willing to complete surveys at two different time points. We invited them to participate in our survey and asked them to provide the last four digits of their phone number and email-addresses of themselves and their leaders. To ensure the accuracy and validity of the information, we then sent the invitations to their leaders and asked them to provide the same information of themselves and their corresponding employees. Once the information was matched, the leader–employee dyads were recruited as our research sample. To minimize potential self-selection biases, participants were only provided with a generic description of our research aim during the pre-screening process and were informed that their responses would be used for academic research only. They were also informed that they would receive 20 RMB as an incentive if they completed the survey and their leaders filled out the leader questionnaires.

We then collected data from leaders and employees with electronic questionnaires at two different times. In the first round, we distributed 500 questionnaires to 500 leaders and their employees. Leaders responded to questions regarding their perception of employee

overqualification, demographic information, and other control variables. Employees provided responses regarding leader empowering behavior, demographic information, and control variables. A week later, we distributed the second-round questionnaires. Leaders rated their employees' voice behaviors and employees self-rated their withdrawal behavior.

At last, we received 372 leader–employee dyads after removing cases with missing data (response rate = 74.40%). Among the leaders, 48.92% were male, and 96.25% had a bachelor's or higher degree. The average age of leaders was 33.84 years ($SD = 6.55$). For the employees, 48.92% were male, and 92.20% had a bachelor's or higher degree. The average age of employees was 30.42 years ($SD = 6.62$). On average, the employees had worked with their leaders for 3.97 years ($SD = 3.43$).

Measures

Since the measurements were originally developed in English, we translated these scales into Chinese following the translation–back-translation procedure suggested by Brislin (1986). The variables were measured using 7-point Likert scales unless otherwise indicated (1 = *strongly disagree*, 7 = *strongly agree*).

Leaders' perceived employee overqualification. Team leaders evaluated their perception of employees' overqualification with the 9-item scale developed by Maynard et al. (2006). A sample item is “The education level of this employee is above the education level required by his/her job” ($\alpha = 0.81$).

Leaders' empowering behavior. Employees rated their team leaders' empowering behavior with the 12-item scale developed by Ahearne et al. (2005). The scale has multi-item subscales corresponding to four dimensions: (1) enhancing the meaningfulness of work, (2) fostering participation in decision making, (3) expressing confidence in high performance, and

(4) providing autonomy from bureaucratic constraints ($\alpha = 0.82, 0.76, 0.77,$ and $0.73,$ respectively). The reliability of the overall scale was 0.91 . The fit indices for the second-order factor analysis suggested that the four dimensions were collectively reflective of the overall construct ($\chi^2/df = 2.03, CFI = 0.98, TLI = 0.97, RMSEA = 0.05, SRMR = 0.03$). Therefore, following previous studies on empowering leadership (Han et al., 2019; Lorinkova & Perry, 2017), scores across the four dimensions were averaged to form a single empowering leadership score.

Employees' voice. Leaders evaluated employees' voice with the widely used scale developed by Van Dyne and LePine (1998). A sample item is "This employee develops and makes recommendations concerning issues that affect the group" ($\alpha = 0.86$).

Employees' withdrawal behavior. Employees self-rated their withdrawal behavior with the 3-item scale by Eder and Eisenberger (2008). A sample item is "I take undeserved work breaks" (1= never to 7 = always; $\alpha = 0.77$).

Control variables. We controlled for employees' gender, age, and working tenure. Previous research has shown that gender could potentially influence voice, as females were found to be more likely to voice concerns than males (LePine & Van Dyne, 1998; Morrison et al., 2011). In addition, employees who are older or have a longer working tenure might have more experience speaking out and, therefore, tend to voice concerns more often (Lam & Xu, 2019; Tangirala & Ramanujam, 2012). We also controlled for the tenure of leader–employee working relationships, as leaders would have more accurate knowledge about their employees' level of overqualification if they had worked together longer. Since previous studies have shown that employees who are more conscientious (Sutherland et al., 2007) and proactive (Han et al., 2019) are more likely to receive higher empowerment from leaders, we controlled for

employees' conscientiousness and proactivity. For the control variables of leaders, we included leaders' gender and age as control variables for leader empowering behavior, as suggested by previous research (Tang et al., 2020). We further included both leaders' and employees' self-perception of their own overqualification, as well as the squared-term of employees' self-perceived overqualification, as control variables to partial out their confounding effects on leaders' empowerment response to their perceived employee overqualification.

Analytical Approach

We examined all the hypotheses using Mplus 7.4 (Muthén & Muthén, 2015). Our model specified a curvilinear relationship between leaders' perceived employee overqualification (LPEO) and empowering behavior (Hypothesis 1), as shown in Equation 1.

$$\text{Leader empowering behavior} = b_0 + b_1LPEO + b_2LPEO^2 \quad (1)$$

Following the procedure suggested by previous research (Hu et al., 2019; Lin et al., 2017), the significance of the quadratic terms (b_2) was examined to test the inverted U-shape relationship between leaders' perceived employee overqualification and empowering behavior. The inflection point was calculated as $-b_1/(2b_2)$. We also examined the differences between the slopes of the main effects ($2b_2 \times LPEO + b_1$) before and after the inflection point to further verify the curvilinear relationship.

To test the curvilinear mediation hypothesis, we followed previous research (Sui et al., 2016) and computed the instantaneous indirect effect of leaders' perceived employee overqualification on employees' voice or withdrawal behavior via leader empowering behavior at different levels of leaders' perceived employee overqualification (i.e., one standard deviation above and below the mean) as well as the value of indirect effect difference. For example, as we hypothesized a linear relationship between leader empowering behavior and employees' voice,

the equation can be written as follows:

$$\text{Employee voice} = b_3 + b_4 (\text{Leader empowering behavior}) \quad (2)$$

Combining Equations (1) and (2), we calculated the instantaneous indirect effect, denoted here as θ , as follows:

$$\theta = (b_1 + 2b_2 \times LPEO) \times b_4 \quad (3)$$

In Equation (3), θ is not a constant, but a function of the leaders' perceived employee overqualification. We computed the value of θ when leaders' perceived employee overqualification was one standard deviation above and below the mean.

STUDY 1: RESULTS AND DISCUSSION

Preliminary Analysis

Table 1 presents the means, standard deviations, correlations, and reliabilities between the variables. As reported in Table 1, leader empowering behavior was significantly positively related to employees' voice ($r = 0.55, p < 0.01$), but negatively related to employees' withdrawal behavior ($r = -0.31, p < 0.01$). Prior to hypothesis testing, we conducted a confirmatory factor analysis (CFA) to examine the distinctiveness of these variables (i.e., leaders' perceived employee overqualification, leader empowering behavior, and employees' voice and withdrawal behavior). We also compared the fit indices of our proposed four-factor model with that of other competing models (Table 2). Supporting the distinctiveness of these variables, the results showed that the four-factor model provided a good fit for the data ($\chi^2/df = 2.09, CFI = 0.92, TLI = 0.91, RMSEA = 0.05, SRMR = 0.08$), whereas the competing models did not fit the data well.

Results

Hypothesis 1 proposed a curvilinear relationship between leaders' perceived employee overqualification and leader empowering behavior. The results in Table 3 support Hypothesis 1

by showing that the squared term of leaders' perceived employee overqualification was significantly negatively related to leader empowering behavior ($b = -0.09, p < 0.01$). We depicted the inverted U-shape in Figure 2 (Cohen et al., 2003), which shows that the relationship between leaders' perceived employee overqualification and leader empowering behavior was positive when leaders' perceived employee overqualification was low to moderate, and turned to negative when leaders' perceived employee overqualification became higher. The inflection point was -0.33 (i.e., $-b_1/(2b_2) = -0.06/(2 \times 0.09)$). We further examined the difference between the slopes of the curvilinear main effect before and after the inflection point. The results showed that the difference was significant ($t = 24.31, p < 0.01$), therefore supporting the curvilinear main effect.

Hypothesis 2 suggested that leader empowerment plays a mediating role in the inverted U-shape relationship between leaders' perceived employee overqualification and employees' voice. The results in Table 3 showed that leaders' perceived employee overqualification had a significant inverted-U shape relationship with leader empowering behavior ($b = -0.09, p < 0.01$), and leader empowering behavior was positively related to employees' voice ($b = 0.29, p < 0.01$). These results provided preliminary support for the mediated curvilinear relationship. To further examine this hypothesis, we computed the instantaneous indirect effect of leaders' perceived employee overqualification on employees' voice via leader empowering behavior at different levels of leaders' perceived employee overqualification (i.e., one standard deviation above and below the mean), as well as the value of difference. The instantaneous indirect effect was significantly negative at higher levels of leaders' perceived employee overqualification ($\theta = -0.06, 95\% \text{ confidence interval (CI)} = [-0.10, -0.02]$), but not significant at lower levels ($\theta = 0.03, 95\% \text{ CI} = [-0.02, 0.08]$). The θ difference was significant ($\theta = -0.09, 95\% \text{ CI} = [-0.16, -0.03]$). These results supported Hypothesis 2.

We followed a procedure similar to that used for Hypothesis 2 to examine Hypothesis 3, which suggested that leader empowerment played a mediating role in the U-shape relationship between leaders' perceived employee overqualification and employees' withdrawal behavior. The results in Table 3 also provide preliminary support for the mediated curvilinear relationship by showing that leaders' perceived employee overqualification had a significant inverted-U shape relationship with leader empowering behavior ($b = -0.09, p < 0.01$), and leader empowering behavior was negatively related to employees' withdrawal behavior ($b = -0.17, p < 0.05$). We also calculated the instantaneous indirect effect to further examine the mediated curvilinear hypothesis. The results showed that the instantaneous indirect effect was significantly positive at higher levels of leaders' perceived employee overqualification ($\theta = 0.04, 95\% \text{ CI} = [0.002, 0.08]$), but not significant at lower levels ($\theta = -0.02, 95\% \text{ CI} = [-0.06, 0.02]$). The θ difference was significant ($\theta = 0.06, 95\% \text{ CI} = [0.01, 0.12]$). Therefore, Hypothesis 3 was supported.

Discussion

Study 1 provided support for Hypotheses 1 to 3, that is, the direct and indirect curvilinear relationships. This study was based on a sample of 372 leader–employee dyads with different industry backgrounds. Although not directly hypothesized, we found that employees' self-perceived overqualification was highly correlated with leaders' perceived employee overqualification ($r = 0.71, p < 0.001$). Given that previous research has shown employee self-perceived overqualification was highly based on objective overqualification (Lin et al., 2016), the high correlation between leaders' perceived and employees' self-perceived overqualification suggests the relative accuracy and objectivity of leader perception. In addition, even after controlling for employees' self-perceived overqualification and its squared term, the squared

term of leaders' perceived employee overqualification was still significantly negatively related to leader empowering behavior. Further, to partial out the potential confounding effects, we also controlled for both leaders' and employees' demographic information, leaders' self-perceived overqualification, employees' conscientiousness, and employees' proactivity. The hypotheses remained supported. Therefore, Study 1 provided a robust examination of Hypotheses 1 to 3. Extending the first study, Study 2 was conducted to test all six study hypotheses. We also attempted to replicate the findings in Study 1 according to the triangulation approach in research design (Denzin, 2006).

STUDY 2: METHODS

Sample and Procedure

We collected our data from a large steel company in southern China. The company enjoys a strong reputation in the steel industry, with branches located in several different districts of China. The first author of our paper contacted the chief executive officer of the company and secured support for the study. We conducted our research with leaders and employees working at the company' headquarters. These employees were primarily from departments such as finance, marketing, risk management, and research center.

Prior to our study, we obtained a name roster from the company's human resources (HR) manager and coded our study questionnaires to match leader–employee dyads. With the help of the HR manager, the electronic questionnaires and codes were sent to the corresponding leaders and employees. The participants were required to enter the necessary passwords (i.e., codes) to open their questionnaires. We explained to the participants that their responses would be confidential and used for academic research only. Data were collected via the web-based questionnaires at two time points. At the first time point, we distributed questionnaires to 92 team leaders. About 86 team leaders completed the questionnaires (response rate = 93.48%).

These leaders evaluated their perceptions of employee overqualification and status threat. At the second time point (one month later), we distributed questionnaires to these 86 team leaders and their 316 employees. Team leaders evaluated their employees' voice behavior, while employees provided ratings of their team leaders' empowering behavior and their own withdrawal behavior. A total of 73 team leaders and 286 employees answered the questionnaires; the response rates were 84.88% for team leaders and 90.51% for employees.

In the final sample, the average age of employees was 42.02 years ($SD = 9.90$). About 66.78% were male, and most had bachelor's or higher degrees (85.66%). On average, the employees had worked with their leaders for 5.10 years ($SD = 5.72$). Among the team leaders, the average age was 45.59 years ($SD = 7.08$). Most of the team leaders were male (86.30%) and had obtained bachelor's degrees or higher (98.63%). The average span of control for the leaders was 5.16.

Measures

Except for leaders' perceived status threat, we measured all the other variables with the same scale used in Study 1. Unless otherwise stated, 7-point Likert-type scales ranging from 1 ("*strongly disagree*") to 7 ("*strongly agree*") were used.

Leaders' perceived employee overqualification. Team leaders reported their perceptions of employee overqualification using the same 9-item scale in Study 1 (Maynard et al., 2006). Cronbach's α was 0.71 for the scale.

Leaders' empowering behavior. Employees provided ratings of their leaders' empowering behavior with the same scale used in Study 1 (Ahearne et al., 2005). Cronbach's α for the four dimensions and overall scale was 0.98, 0.93, 0.92, 0.88, and 0.95, respectively. Following Study 1, we conducted a second-order factor analysis to examine whether the four dimensions share

common aspects of empowering leadership. The results showed that it was reasonable to average the four dimensions to an overall score ($\chi^2/df = 3.58$, CFI = 0.97, TLI = 0.96, RMSEA = 0.10, SRMR = 0.03).

Employees' voice. Following Study 1, we used the 6-item scale by Van Dyne and LePine (1998) to measure employees' voice behaviors ($\alpha = 0.92$).

Employees' withdrawal behavior. Employees self-rated their withdrawal behavior in daily work with the same scale used in Study 1 (1 = never to 7 = always; $\alpha = 0.75$).

Leaders' perceived status threat. Leaders reported their perception of status threat using a 3-item scale adapted from Zhang et al. (2020). A sample item is "Some of my followers may take sides to challenge my status" ($\alpha = 0.80$).

Control variables. We controlled for demographic variables similar to those in Study 1, namely employees' gender, age, and their working tenure with the current leaders, as well as leaders' gender and age.

Analytical Approach

Given the nested structure of our data (i.e., employees were nested within teams), we conducted hypothesis testing using Mplus 7.4 (Muthén & Muthén, 2015), which accommodates individual- and team-level effects simultaneously. Following the recommendations of Hofmann et al. (2000), the individual-level predictors were grand-mean centered (Lin et al., 2016).

We followed a similar procedure to examine the direct and indirect curvilinear hypotheses (Hypotheses 1 to 3). For the moderation effect of leaders' perceived status threat (LPST) in the curvilinear relationship between leaders' perceived employee overqualification (LPEO) and empowering behavior (Hypothesis 4), we followed the recommendations of Pierce and Aguinis (2013) to examine the shift between the inflection points with the following equation.

$$\text{Leader empowering behavior} = b_0 + b_1LPEO + b_2LPEO^2 + b_3LPST + b_4LPST \times LPEO + b_5LPST \times LPEO^2 \quad (4)$$

If b_5 is statistically significant, this indicates the moderating role of leaders' perceived status threat in the inverted U-shaped relationship. Further, the inflection point was calculated as $-(b_1 + b_4 \times LPST) / 2(b_2 + b_5 \times LPST)$. The shift in the inflection points was the difference between the values of the inflection point at high versus low levels of the moderators. Previous research has adopted the same approach to test moderated curvilinear effects (Hu et al., 2019; Le et al., 2011).

To test the curvilinear moderated mediation effect, we followed previous research (Hu et al., 2019; Lin et al., 2017) to calculate the conditional instantaneous indirect effects at high versus low levels of the moderator (two standard deviations above and below the mean). Since we hypothesized a linear relationship between leader empowering behavior and employees' voice, the equation can be written as follows:

$$\text{Employee voice} = b_6 + b_7(\text{Leader empowering behavior}) \quad (5)$$

Combining Equations (4) and (5), we calculated the instantaneous indirect effect, denoted here as θ , as follows:

$$\theta = (b_1 + 2b_2 \times LPEO + b_4LPST + 2b_5LPST \times LPEO) \times b_7 \quad (6)$$

In Equation (6), θ is not a constant, but a function of leaders' perceived status threat and leaders' perceived employee overqualification. As suggested by previous research (Hu et al., 2019; Le et al., 2011), if the difference in θ at high and low levels of leaders' perceived status threat and leaders' perceived employee overqualification is significant (i.e., 95% CI does not include zero), this supports the specification of a curvilinear moderated mediation effect.

STUDY 2: RESULTS AND DISCUSSION

Preliminary Analysis

Table 4 shows the means, standard deviations, reliabilities, and correlations for the study variables. Leader empowering behavior had positive ($r = 0.40, p < 0.01$) and negative ($r = -0.22, p < 0.01$) correlations with employees' voice and withdrawal behavior, respectively. These results provided preliminary support for our hypotheses. Prior to the hypothesis testing, we conducted a CFA to examine the distinctiveness of study variables, including leaders' perceived employee overqualification, leader empowering behavior, leaders' perceived status threat, employees' voice, and employees' withdrawal behavior. Given the nested nature of our data, we conducted multi-level confirmatory factor analysis (ML-CFA) using Mplus 7.4 (Dyer et al., 2005). ML-CFA allows for simultaneously examining the factor structure of measured constructs at the within and between levels (Dyer et al., 2005). Because we were concerned about the distinctiveness of the measured constructs rather than the interrelationships of the items within constructs, parceling was theoretically appropriate (Little et al., 2002). Empirically, the number of scale items could decrease the ratio of sample size to estimated parameter, especially for complex models (e.g., a multilevel model), which can cause estimation convergence failure, inaccurate parameter estimates, and inaccurate model fit statistics (Grant & Berry, 2011, p. 84; Kyriazos, 2018; Little et al., 2002). Item parceling could help achieve an optimal ratio of sample size to number of estimated indicators in CFAs (Little et al., 2002; Sun & van Emmerik, 2015) and has been widely adopted in previous research using CFA (Qin et al., 2020; Wanberg et al., 2020). In line with previous research (e.g., Grant & Berry, 2011; Qin et al., 2020; Ou et al., 2014), we used dimensional scores whenever appropriate and generated theoretically driven parcels. We parceled empowering leadership into four indicators based on the theoretical dimensions. We parceled leaders' perceived employee overqualification and employees' voice

into three indicators following the item-to-construct-balance method (Little et al., 2002, 2013). For the example of 9-item overqualification scale, we parceled the items with the highest and lowest loadings into the first indicator, items with the second highest and second lowest loadings into the second indicator, and items with the third highest and third lowest loadings into the third indicator. Then, among the last three items, those with the highest and lowest loadings were parceled into the first indicator, and the last item was parceled into the second indicator. By default, we set the factor loadings of the first indicators to the responding variables to 1, and the error terms at both within and between levels were set as independent (Lu et al., 2018). As expected, the five-factor model fit the data better than the alternative models ($\chi^2/df = 1.77$, CFI = 0.94, TLI = 0.92, RMSEA = 0.05) as shown in Table 5, justifying the distinctiveness of these constructs.¹

Hypothesis Testing

Hypothesis 1 suggested an inverted U-shape relationship between leaders' perceived employee overqualification and leader empowering behavior. As shown in Table 6, after controlling for other variables, the squared term of leaders' perceived employee overqualification was negatively related to leader empowering behavior ($b = -0.21$, $p < 0.01$). In Figure 3, we present a plot of the predicted curvilinear relationship, using a procedure suggested by Cohen et al. (2003). As shown in Figure 3, leaders' perceived employee overqualification had an inverted U-shape relationship with leader empowering behavior; the relationship was positive and

¹ We also adopted an exploratory structural equation model (ESEM) as an alternative in our confirmatory factor analysis (CFA) test to examine the distinctiveness of the study variables (Marsh et al., 2014). A key advantage of using ESEM is that items are permitted to cross-load on several factors, while CFA forces these cross-loadings to be 0 (Myers et al., 2018). As such, ESEM is a less restrictive estimation of model fit. In addition, Marsh et al. (2014) pointed out that multi-level models cannot easily be fitted with ESEM, which needs to be addressed in the future. Therefore, the current study used ESEM to test the discriminant validity of the individual level variables, including leaders' perception of employee overqualification, empowering leadership, employees' voice, and employees' withdrawal behavior. The results indicated a satisfactory fit ($\chi^2/df = 1.03$, CFI = 0.99, TLI = 0.99, RMSEA = 0.01, SRMR = 0.01)

increasing from low to moderate levels of leaders' perceived employee overqualification, but the marginal effect declined when leaders' perceived employee overqualification became higher. The inflection point was -0.30 (i.e., $-b_1/(2b_2) = -0.13/(2 \times 0.21)$). We also found significant differences between the slopes of the main effects before and after the inflection point ($t = 22.84$, $p < 0.01$). These findings support Hypothesis 1, which indicated a curvilinear main effect.

Hypotheses 2 and 3 proposed that leaders' perceived employee overqualification had an indirect curvilinear relationship with employees' voice and withdrawal behavior via leader empowering behavior. We followed a procedure similar to that we had employed in Study 1 to examine the mediated curvilinear relationship. The significant inverted U-shape relationship between leaders' perceived employee overqualification and leader empowering behavior (Hypothesis 1) as well as the significant effect of leader empowering behavior on employees' voice ($b = 0.27$, $p < 0.01$) and withdrawal behavior ($b = -0.12$, $p < 0.01$) supported Hypotheses 2 and 3 preliminarily. We further computed the instantaneous indirect effect. The results showed that the instantaneous indirect effect was significantly negative at higher levels of leaders' perceived employee overqualification ($\theta = -0.12$, 95% CI = [-0.22, -0.01]), and significantly positive at lower levels ($\theta = 1.92$, 95% CI = [1.84, 2.99]). The θ difference was significant ($\theta = 2.04$, 95% CI = [1.97, 2.10]). Therefore, Hypothesis 2 was supported. Similarly, Hypothesis 3 was also supported, as the instantaneous indirect effect was significantly positive at higher levels of leaders' perceived employee overqualification ($\theta = 2.04$, 95% CI = [2.00, 2.08]), and not significant at lower levels ($\theta = -0.02$, 95% CI = [-0.07, 0.03]). The θ difference was significant ($\theta = 2.06$, 95% CI = [1.98, 2.15]).

Hypothesis 4 stated the moderating effect of leaders' perceived status threat in the curvilinear relationship between leaders' perceived employee overqualification and leaders'

empowering behavior. As shown in Table 6, the interaction term between the square of leaders' perceived employee overqualification and leaders' perceived status threat was significantly related to leaders' empowering behavior ($b = 0.23, p < 0.01$). This moderating effect is displayed in the plot in Figure 4, which shows that the inverted U-shaped relationship between leaders' perceived employee overqualification and leaders' empowering behavior had a lower inflection point for leaders who perceived a higher level of status threat (inflection point = -0.04) relative to a lower level of status threat (inflection point = 0.02). We then calculated the lateral shift quantity ($\Delta = -0.06, 95\% \text{ CI} = [-0.13 -0.002]$). These results supported Hypothesis 4.

To examine the curvilinear indirect effects specified in Hypothesis 5, we multiplied the effect size of the interaction of squared leaders' perceived employee overqualification and leaders' perceived status threat on leaders' empowering behavior by the effect of leaders' empowering behavior on employees' voice (Table 7). The difference in θ for high leaders' perceived employee overqualification when leaders' perceived status threat was high versus low was 0.47 (95% CI = [0.05, 0.88]). Similarly, the difference in θ for low leaders' perceived employee overqualification when leaders' perceived status threat was high versus low was -0.78 (95% CI = [-1.71, 0.16]). The difference between the two values was significant ($\Delta = 1.24, 95\% \text{ CI} = [0.04, 2.45]$). This finding supported Hypothesis 5.

We followed a similar procedure to test Hypothesis 6, which suggested the curvilinear moderated mediation indirect effect between leaders' perceived employee overqualification and employees' withdrawal behavior. As shown in Table 7, the difference in θ for high leaders' perceived employee overqualification when leaders' perceived status threat was high versus low was -0.20 (95% CI = [-0.40, -0.002]). Similarly, the difference in θ for low leaders' perceived employee overqualification when leaders' perceived status threat is high versus low was 0.20

(95% CI = [-0.07, 0.47]). The difference between the two values was significant ($\Delta = -0.40$, 95% CI = [-0.79, -0.01]). Therefore, Hypothesis 6 was supported.

Discussion

Study 2 examined all six hypotheses based on a sample of individuals from the headquarters of a steel company. The results supported the findings in Study 1 as well as the moderating role of leaders' perceived status threat in the curvilinear main effect and the indirect curvilinear relationship.

GENEAL DISCUSSION

We tested the curvilinear mediated moderation for the joint effect of leaders' perceived employee overqualification and status threat on leader empowering behavior, employees' voice, and withdrawal behavior. Leaders' perceived employee overqualification had an inverted U-shape relationship with leader empowering behavior. Leader empowering levels were higher at intermediate levels than at low and high levels of perceived employee overqualification. Leader empowering behavior ultimately affected voice and withdrawal behavior. Although not hypothesized, we examined the effect of leaders' perceived employee overqualification on each dimension of leader empowering behavior. The results showed that the inverted U-shape generally remained significant for all dimensions except for marginal significance for the dimension of enhancing the meaningfulness of work. We also examined the effect of different empowering leadership dimensions on these two outcomes, which showed that some of the dimensions were more relevant to employees' voice and withdrawal behavior. Given the high correlations between these dimensions and support for the second-order factor analysis, we adopted overall empowering leadership following previous studies (Han et al., 2019; Lorinkova & Perry, 2017). In addition, leaders' perceived status threat moderated the relationship between

their perceived employee overqualification and empowering behavior. When status threat was high, the inflection point occurred at lower levels of employee overqualification. These findings have both theoretical and practical implications.

Theoretical Implications

First, our study contributes to the overqualification literature by considering the perspective of leaders, revealing how leaders would respond to overqualified employees. Previous research on perceived employee overqualification focused on the incumbents, demonstrating the effect of overqualification on employees themselves or their coworkers (Deng et al., 2018; Erdogan et al., 2018, 2020; Gkorezis et al., 2019; Hu et al., 2015; Luksyte & Spitzmueller, 2016; Ma et al., 2020; Simon et al., 2019). Little attention has been paid to the views of leaders and how they respond to employee overqualification. Previous research has shown that self- and others' (peers) perception of overqualification are not totally the same, and different measures are likely to reflect different theoretical processes (Erdogan & Bauer, 2020; Triana et al., 2017). Therefore, other ratings of employee overqualification, especially leaders' views, have been suggested for future studies (Erdogan & Bauer, 2020). The present study contributes to this gap in research and revealed that leaders tend to empower employees with low to moderate levels of overqualification, while they are more reluctant to empower highly overqualified employees. This finding illuminates the complex nature of leader–employee interactions and provides a novel view of how overqualified employees influence leaders' reactions. In addition, the current study aligns with the recent trend in organizational research of looking at how leaders view employees' characteristics, such as employee proactivity (Han, et al., 2019) and voice credibility (Lam et al., 2019), and the effect of these perceptions on leadership behaviors. Our study builds on and diverges from prior research by demonstrating a curvilinear effect of leader perceptions'

of employee overqualification on their empowerment responses.

Second, drawing on ILT, our study revealed how leaders would respond to their perception of employee overqualification and the effect of leaders' responses on further employee behaviors, which broadens the research on the underlying mechanisms of the effect of employee overqualification. Most past studies have utilized the relative deprivation theory or person–job fit theory to explain the effect of employee overqualification on the incumbents themselves or coworkers (e.g., Arvan et al., 2019; Erdogan et al., 2018, 2020; Erdogan & Bauer, 2009, 2020; Liu et al., 2015; Luksyte et al., 2020; Smith & Pettigrew, 2015). We provide a novel perspective from a ILT perspective and show that leaders adopt different empowerment strategies to invest in employees' overqualification. We found that leaders and employees develop one-to-one investment–return relationship dyads, and that leaders' empowerment of employees differs based on the level of employee overqualification.

Moreover, by introducing ILT as this study's basic theoretical framework, the current study expands the possible applications of ILT. Previous literature on ILT has been mostly limited to theoretical discussions (e.g., Mumford et al., 2000; Wallis et al., 2011), with few empirical studies adopting it in transformational leadership related research (e.g., Shin & Zhou, 2003). Our study complements this line of research by extending ILT in the context of employee overqualification and leader empowering behavior, and provides empirical support for this theory. While these results are consistent with ILT, in this study we mainly focused on leaders' direct responses to their perceptions of employee overqualification, but did not examine how leaders would respond when receiving satisfying responses (more voice and less withdrawal behaviors) from employees. The latter question deserves further investigation (Burriss, 2012), and a systematic examination of the iterative nature of the investment–return cycle is warranted in

future research.

Third, our study enriches the literature by introducing threat to leaders' status as a moderator of leaders' empowerment responses to employee overqualification. We found that when leaders perceived higher status threat, the inflection point of the curvilinear relationship between leaders' perceived employee overqualification and empowering behavior lowered. This adds to our knowledge about the context under which leaders are more willing to empower overqualified employees. Additionally, our results contribute to the examination of the boundary conditions of ILT (Wallis et al., 2011; Yammarino & Dansereau, 2002). Although ILT (Wallis et al., 2011; Yammarino & Dansereau, 2002) posits that contextual factors such as leader characteristics can influence the reciprocal investment–return process cycle in leader–employee dyads, empirical research directly examining the moderating effect of leader characteristics is limited. The present study, by investigating the moderating role of leaders' perceived status threat, advances our understanding of the contexts under which ILT works.

Lastly, we have also demonstrated that leaders' empowering behavior increased employees' voice and reduced withdrawal behavior. On the one hand, our findings are consistent with previous literature suggesting that leaders' empowerment is positively related to employees' voice (Raub & Robert, 2013). On the other hand, we advance the literature by directly examining the effect of leader empowering behavior on employees' withdrawal behavior, which has been virtually ignored in previous studies. The result that empowerment exerted negative effects on employees' withdrawal behavior is consistent with prior research showing that leader empowering behavior is associated with employee behaviors such as turnover intention, counterproductive behaviors, cyberloafing, and absenteeism (Cheng et al., 2020; Kim et al., 2018; Lorinkova & Perry, 2017). Furthermore, by testing the curvilinear mediated moderation

model, we provided additional evidence that overqualification results in both positive (voice) and negative (withdrawal) outcomes for organizations under certain conditions. We contribute to the research on outcomes of overqualification and highlight a new direction that focuses on its dual effects.

Practical Implications

Our findings also have important practical implications. First, organizations should be vigilant in detecting and evaluating leaders' perceptions of employee overqualification. Our results showed that leaders' perception of employee overqualification would influence their strategies in coping with these employees (e.g., leader empowering behavior). Therefore, organizations should communicate with leaders often and be aware of how they perceive their employees' overqualification. In addition, as leaders' perception greatly influences their leading strategies, leaders should have more accurate ratings of employees' qualifications and their job fit to optimize job assignments. For example, leaders can communicate with their employees in a more effective way, and learn more about the levels of overqualification by using multiple sources of information, such as employees' work efficiency, objective indicators of performance, and so on. Examination of qualifications should also be arranged when recruiting new employees.

Second, the inverted U-shape effect of leaders' perception of employee overqualification on leader empowering behavior and, in turn, employees' voice and withdrawal behavior, suggests that organizations should manage overqualified employees appropriately so as to optimize positive outcomes and minimize potential costs. Our results showed that leaders are more likely to empower employees with low to moderate levels of overqualification but hesitate to empower highly overqualified employees. Therefore, recruitment managers should not turn away job

applicants who are low to moderate overqualified, because such employees, when granted empowerment, may bring extra-role performance such as a constructive voice. Leaders can grant autonomy through the means of task crafting, job rotation, and career design to maximize the value of overqualified employees. Overall, organizations should encourage managers to proactively work toward achieving positive responses to employee overqualification instead of controlling them by limiting their autonomy.

Third, the moderating role of leaders' perceived status threat in the inverted U-shaped relationship suggests that one possible way to reduce the negative effect of employee overqualification is to eliminate leaders' perception of status threat, as such perceptions would cause leaders to constrain their empowerment of overqualified employees to preserve their status or decrease their feelings of insecurity. Organizations can take measures to dispel concerns about status threat. For example, organizations should express their respect and confidence in these leaders' abilities. They can also provide training and development to strengthen leaders' efficacy in leading overqualified employees. Organizations can also encourage leaders to obtain additional resources to maintain their status, such as using their networking abilities (Zhang et al., 2020). Further, smooth promotion channels for leaders to enhance their hierarchical status should also be established.

Limitations and Future Directions

Despite the theoretical and practical implications of our study, several limitations remain to be addressed in future research. First, the current study was subject to the issue of endogeneity, and we could not infer a causal relationship. However, we adopted multiple methods to eliminate the potential influence of endogeneity. We collected our data from multiple sources and during different time points. Studies have suggested these methods are useful to reduce the issue of

endogeneity (Antonakis et al., 2010). Moreover, we followed previous research (Shoss et al., 2013) to test for potential endogeneity-related bias in our coefficients using the methods suggested by Antonakis et al. (2010), in which the models were tested using a path model (via Mplus) that allowed the disturbances to correlate. The disturbances did not significantly correlate with any of the dependent variables: employees' voice ($B = 0.13$, $SE = 0.10$, n.s.) and withdrawal behavior ($B = 0.01$, $SE = 0.02$, n.s.). These results indicate nonsignificant Hausman (1978) tests and suggest that our coefficient estimates were unbiased with respect to endogeneity.

Furthermore, the potential influence of endogeneity can be partialled out theoretically. For example, reverse causality is less likely to occur with regard to the relationship between employees' voice behavior and leaders' perception of employee overqualification. Voice can be regarded as challenging the authority of the holders of power (Detert & Burris, 2007). Previous research has shown that it is the voice quality not the voice frequency that demonstrates employees' capability and commitment, which can lead to leaders' positive evaluations (Brykman & Raver, 2021). Notwithstanding, future research should include experiments to test causality. Further, we conducted our study with a sample from China, therefore the generalizability of our findings might be limited. Traditional Chinese culture is characterized by hierarchy and order (Farh et al., 2007). Leaders tend to remain in control rather than decentralize their power to their employees. Despite this, we found that leaders empowered employees with low or moderate levels of overqualification, suggesting that the results are relatively robust. Nonetheless, future research can retest our findings in other cultural settings.

Second, future research could consider other mediators and moderators to enrich our understanding of leaders' responses to employees' overqualification. This study only considered leaders' empowerment as a behavioral mediator and leaders' perceived status threat as a

moderator. According to the social exchange perspective, it is possible that leaders may use other strategies, such as promotion recommendation, to help overqualified employees to use their surplus capabilities. In addition, previous studies have shown that overqualified employees can exhibit both positive and negative outcomes when different mechanisms are utilized (i.e., motivation and capability-based view; Erdogan & Bauer, 2021; Lee et al., 2021). In such cases, leaders might adopt different coping strategies for overqualified employees. As for the moderators, future research may continue to examine whether employee characteristics, such as political skills, may moderate leaders' responses to employee overqualification. In addition, because perceived overqualification is a form of personal appraisal, leaders and employees could have different perceptions of employee overqualification. It would therefore be interesting to examine the effects of the (in)congruence between leaders' perception of employee overqualification and employees' self-perception. Future research can further investigate the effect of overqualification from a more balanced perspective by considering other potential mediators and moderators.

Third, ILT suggests that whether or not a superior becomes a leader for a specific subordinate depends on the judgments and perceptions of that subordinate (Yammarino & Dansereau, 2002). Future research should examine how employees' identification with leaders may change the dynamics of the investment–return relationships examined in this paper. For example, it is possible that employees with high identification with leaders will be more motivated to provide high and long-term performance as return; in contrast, those with low identification with leaders may be less willing to engage in such reciprocity process, thereby breaking the investment-return circle. In addition, as empowering leadership serves as a way to support employees' feelings of self-worth, it would be helpful to directly measure employees'

feelings of self-worth before and after they received empowerment from leaders. We can examine whether overqualified employees have lower levels of self-worth before such empowerment.

Finally, this study only examines the positive effects of empowering leadership on employee behaviors (i.e., more employee voice and fewer withdrawal behaviors). However, some studies have shown that under certain boundary conditions such as moral identity, empowering leadership can lead to employee deviant behaviors through psychological power (Yam et al., 2021). Therefore, future research could examine the effects of empowering leadership from a broader perspective and enrich its potential double-edged sword effect. In addition, there are possible industry variations on the effect of empowering leadership. For example, empowering leadership may be less effective in highly automated industries with relatively highly structured work process. Future research should further examine the effectiveness of empowering leadership by considering these contingency factors. Moreover, the present study measured leader empowering behavior only from the perspective of employees. We acknowledge that this approach might have led to bias. However, as employees are the recipients of leader empowerment, they have more direct and accurate perceptions. In addition, since Ahearne et al. (2005) have developed a scale to measure empowering leadership, studies have widely evaluated leaders' empowering behavior from the perspective of employees (Han et al., 2019; Zhang & Bartol, 2010; Zhang et al., 2018). Nonetheless, it would be helpful for future studies to include leaders' perception of empowerment when replicating our findings.

CONCLUSION

Our study revealed that leaders' perception of employee overqualification has an inverted

U-shaped relationship with leaders' empowering behavior. Leaders' empowering behavior was positively related to employees' voice but negatively related to employees' withdrawal behavior. Furthermore, leaders' perceived status threat moderated the curvilinear relation between leaders' perceived overqualification of employees and leader empowering behavior. The curvilinear interactive effect of leaders' perceived overqualification and status threat indirectly affected employees' voice and withdrawal behavior through leaders' empowering behavior.

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Table 1 Means, standard deviations, and correlations among variables in Study 1.

Variable	M	SD	1	2	3	4	5	6	7
1. Employee gender	.51	.50							
2. Employee age	30.42	6.62	.07						
3. Employee working tenure	5.56	4.74	.04	.79**					
4. Leader-employee tenure	3.97	3.43	.02	.49**	.62**				
5. Employee conscientiousness	6.08	.72	.08	.17**	.21**	.19**	(.78)		
6. Employee proactivity	5.63	.64	.05	.06	.08	.11**	.55**	(.85)	
7. Employee self-perceived overqualification	3.87	1.04	-.03	-.06	-.08	.02	-.25**	-.09	(.83)
8. Leader gender	.51	.50	.67**	.07	.04	.02	.08	.05	-.03
9. Leader age	33.84	6.55	-.05	.61**	.56**	.43**	.17**	.07	-.06
10. Leader working tenure	8.59	5.58	-.04	.55**	.67**	.52**	.16**	-.03	-.08
11. Leader self-perceived overqualification	3.68	1.03	-.04	-.01	-.01	.03	-.20**	-.03	.64**
12. Leader perceived employee overqualification	3.97	.93	-.02	-.05	-.05	.06	-.22**	-.03	.71**
13. Leader empowering behavior	5.47	.80	.07	.07	.09	-.08	.41**	.57**	-.20**
14. Employee voice	5.70	.75	.10	.15**	.15**	.12*	.43**	.64**	-.13*
15. Withdrawal behavior	2.75	1.02	-.01	-.20**	-.18**	-.07	-.46**	-.29**	.23**

Note. Reliability estimates (α) are on the diagonal.

* $p < .05$; ** $p < .01$ (two-tailed). Gender: 0 = Female, 1 = Male

Table 1 Means, standard deviations, and correlations among variables in Study 1.

Note. Reliability estimates (α) are on the diagonal.

Variable	8	9	10	11	12	13	14	15
8. Leader gender								
9. Leader age	-.05							
10. Leader working tenure	-.04	.78**						
11. Leader self-perceived overqualification	-.04	-.05	-.07	(.83)				
12. Leader perceived employee overqualification	-.02	-.03	-.06	.71**	(.81)			
13. Leader empowering behavior	.07	.00	-.10	-.10	-.17**	(.91)		
14. Employee voice	.10	.09	.01	-.02	-.08	.55**	(.86)	
15. Withdrawal behavior	-.01	-.17**	-.12*	.14**	.21**	-.31**	-.31**	(.77)

* $p < .05$; ** $p < .01$ (two-tailed). Gender: 0 = Female, 1 = Male

Table 2 Results of confirmatory factor analysis in Study 1.

Models	χ^2/df	$\Delta\chi^2$	CFI	TLI	RMSEA	SRMR
Model 1: Four-factor model	2.09		.92	.91	.05	.06
Model 2: Three-factor model (Employee-rated: LEB and withdrawal behavior combined to one factor)	2.76	269.29**	.86	.85	.07	.08
Model 3: Three-factor model (Behavioral outcomes: employee voice and withdrawal behavior combined to one factor)	2.94	74.92**	.85	.83	.07	.09
Model 4: Three-factor model (Leader-rated: LPEO and employee voice combined to one factor)	3.31	150.23**	.82	.80	.08	.10
Model 5: One-factor model	5.02	689.42**	.68	.65	.10	.11

Note. LEB= Leader empowering behavior, LPEO = Leader perceived employee overqualification

Table 3 Results of Mplus analyses in Study 1.

Variable	Leader empowering behavior		Employee Voice		Withdrawal behavior	
	b	SE	b	SE	b	SE
Control variables						
Employee gender	.91**	.34	-.60**	.30	.15	.48
Employee age	.02*	.01	.00	.01	-.01	.01
Employee working tenure	-.01	.01	.01	.01	-.02	.02
Leader-employee tenure	-.04**	.01	.01	.01	.03	.02
Employee conscientiousness	.15**	.06	.04	.05	-.50**	.08
Employee proactivity	.64**	.06	.50**	.06	-.00	.10
EPO	-.08	.05	-.02	.04	.06	.07
EPO-squared	.02	.03	-.03	.03	.01	.04
Leader gender	-.88*	.35	.66**	.31	-.10	.50
Leader age	.00	.01	.00	.01	-.02	.01
Leader working tenure	-.01	.01	-.01	.01	.01	.02
Leader self-perceived overqualification	.07	.05	.07	.04	-.03	.07
Main effect						
LPEO	-.06	.06	-.06	.05	.08	.08
LPEO-squared	-.09**	.03	.05	.03	-.04	.05
Leader empowering behavior			.26**	.05	-.17*	.07
Residual variance	.37**	.03	.29**	.02	.75**	.06

Notes. Unstandardized coefficients are reported, SE = standard error. LPEO = Leader perceived employee overqualification, EPO = Employee self-perceived overqualification; * $p < .05$; ** $p < .01$.

Table 4 Means, standard deviations, and correlations among variables in Study 2.

Variable	M	SD	1	2	3	4	5	6	7
Level 1 (N=286)									
1. Employee gender	.67	.47							
2. Employee age	42.02	9.90	.08						
3. Leader-employee tenure	5.10	5.72	.03	.93**					
4. Leader perceived employee overqualification	3.16	.71	-.14*	-.09	-.11	(.71)			
5. Leader empowering behavior	5.47	1.11	.02	-.17**	-.16*	-.07	(.95)		
6. Employee voice	5.16	1.04	.09	-.05	-.06	-.15*	.40**	(.92)	
7. Employee withdrawal behavior	1.31	.53	.19**	.13*	.12**	-.04	-.22**	.04	(.75)
Level 2 (N=73)									
1. Leader gender	.86	.35							
2. Leader age	45.59	7.08	.03						
3. Perceived status threat	4.04	1.34	.19	.09	(.80)				

Note. Reliability estimates (α) are on the diagonal.

* $p < .05$; ** $p < .01$ (two-tailed). Gender: 0 = Female, 1 = Male

Table 5 Results of multilevel confirmatory factor analysis in Study 2.

Models	χ^2/df	$\Delta\chi^2$	CFI	TLI	RMSEA
Model 1: Five-factor model	1.77		.94	.92	.05
Model 2: Four-factor model (Leader rated: LPEO and employee voice combined to one factor)	2.32	107.89**	.88	.86	.07
Model 2: Four-factor model (Employee rated: LEB and withdrawal behavior combined to one factor)	2.60	48.81**	.86	.83	.08
Model 4: Four-factor model (Behavioral outcomes: employee voice and withdrawal behavior combined to one factor)	3.11	89.91**	.82	.77	.09
Model 5: Two-factor model (Individual level: LEB, LPEO, employee voice and withdrawal behavior combined to one factor)	6.60	663.47**	.49	.40	.14

Note. LEB= Leader empowering behavior, LPEO = Leader perceived employee overqualification

Table 6 Results of Mplus analyses in Study 2.

Variable	Leader empowering behavior				Employee Voice		Withdrawal behavior	
	b	SE	b	SE	b	SE	b	SE
Control variables								
Employee gender	.00	.14	.00	.15	.07	.13	.20**	.05
Employee age	-.02**	.01	-.03	.01	-.00	.01	.00	.01
Leader-employee tenure	-.02	.01	.00	.01	-.01	.01	.00	.01
Leader gender	-.15	.23	.12	.25	-.09	.35	.07	.11
Leader age	.00	.01	.00	.01	.01	.01	.00	.01
Main variables								
LPEO	-.13	.10	-.00	.28	-.31**	.11	-.04	.04
LPEO-squared	-.21**	.07	-1.13**	.39	-.04	.07	-.03	.04
LPST			-.11	.17	-.11	.17	-.06	.05
LPEO × LPST			-.05	.06			.	
LPEO-squared × LPST			.23**	.08				
Leader empowering behavior					.27**	.10	-.12**	.05
Level-1 residual variance	1.08**	.14	1.03**	.13	.54**	.10	.24**	.05
Level-2 residual variance	.07	.07	.09	.09	.40**	.14	.01	.55

Notes. Unstandardized coefficients are reported, SE = standard error. LPEO = Leader perceived employee overqualification, LPST = Leader perceived status threat; * $p < .05$; ** $p < .01$.

LEADERS' RESPONSE TO EMPLOYEE OVERQUALIFICATION

Table 7 The results of conditional indirect effect in Study 2.

LPEO	Low	High	
LPEO → Leader empowering behavior → Employee voice			
Moderator High	.62*	-.66†	
Moderator Low	.140†	-1.12*	
Difference	-.78[-1.71, .16]	.47* [.05, .88]	1.24* [.04, 2.45]
LPEO → Leader empowering behavior → Employee withdrawal behavior			
Moderator High	-.26†	.28†	
Moderator Low	-.46†	.48*	
Difference	.20[-.07, .47]	-.20*[-.40, -.002]	-.40*[-.79, -.01]

LPEO = Leader perceived employee overqualification

The simple slopes for a curvilinear relationship $Y = b_0 + b_1 \times X + b_2 \times X^2$ are calculated as $Y / X = b_1 + 2 \times b_2 \times X$, where b_1 and b_2 are unstandardized regression coefficients.

† $p < .10$, * $p < .05$, ** $p < .01$.

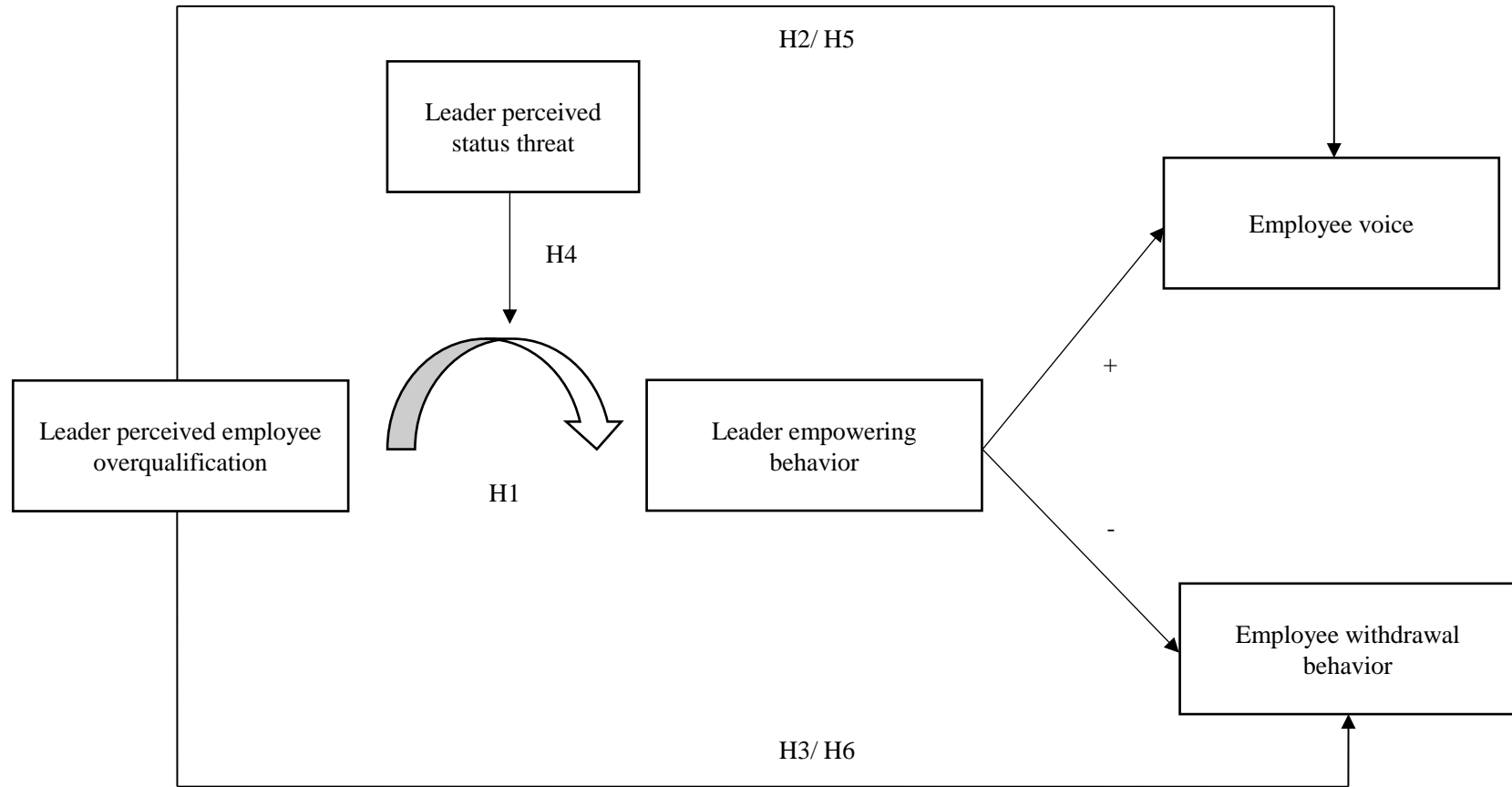


Figure 1 The hypothesized model

Note. = Inverted U-shape relationship; = Linear relationship; “+” means that the proposed effect is positive; “-” means that the proposed effect is negative.

LEADERS' RESPONSE TO EMPLOYEE OVERQUALIFICATION

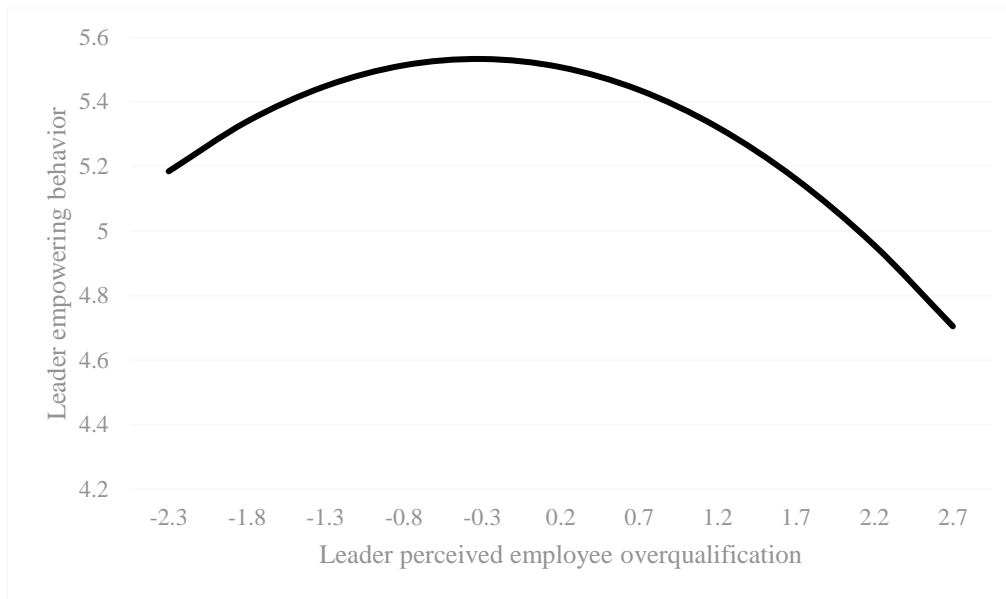


Figure 2 The relationship between leader perceived employee overqualification and leader empowering behavior in Study 1

LEADERS' RESPONSE TO EMPLOYEE OVERQUALIFICATION

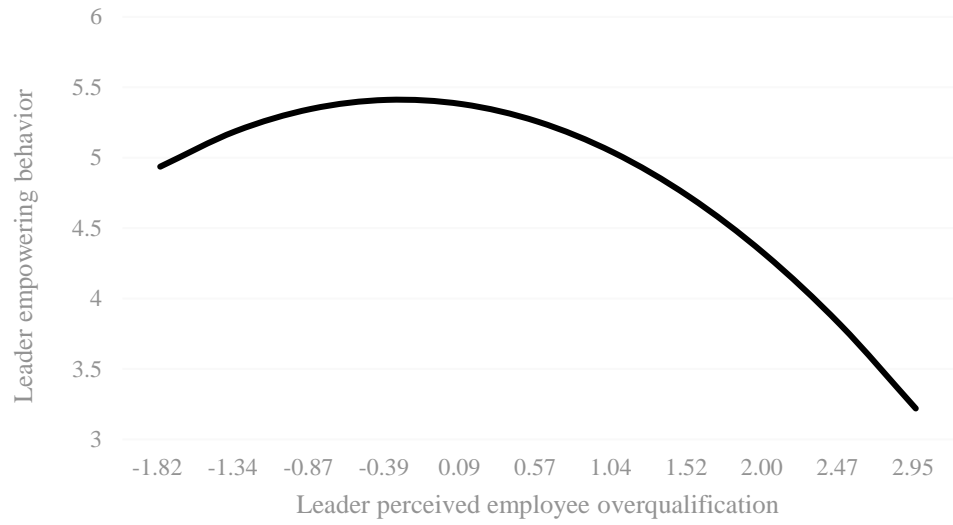


Figure 3 The relationship between leader perceived employee overqualification and leader empowering behavior in Study 2

LEADERS' RESPONSE TO EMPLOYEE OVERQUALIFICATION

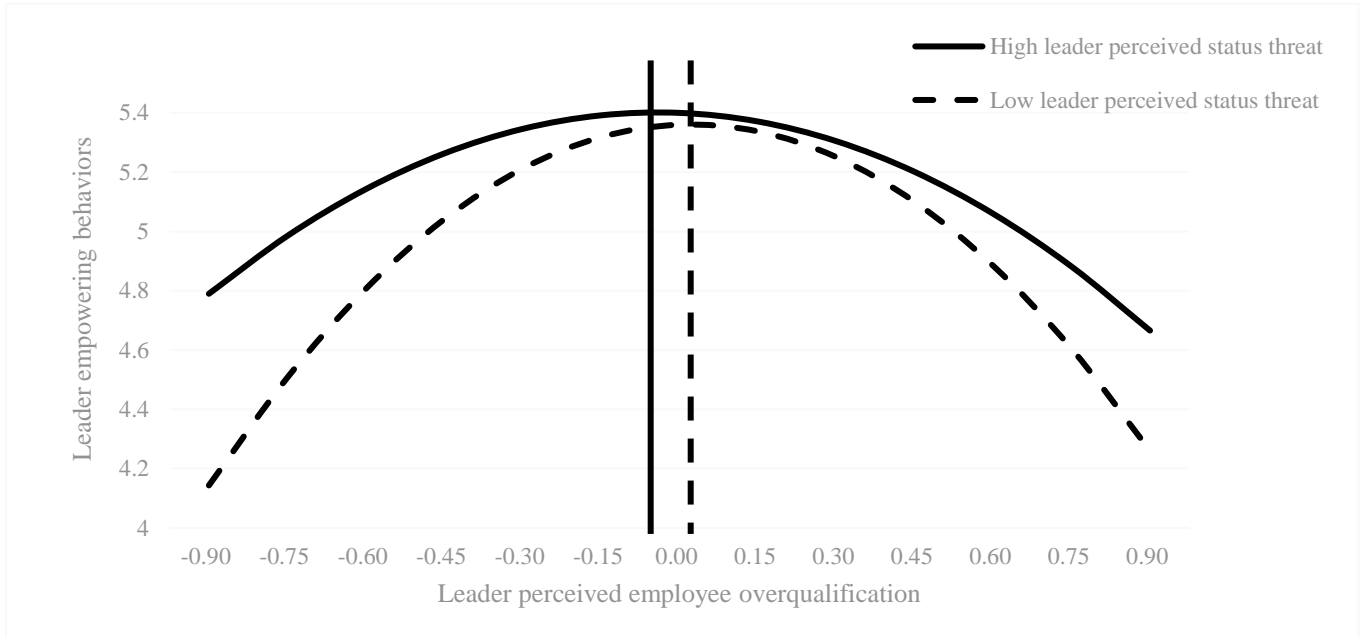


Figure 4 The moderating role of leader perceived status threat in the relationship between leader perceived employee overqualification and leader empowering behavior in Study 2