Education-Occupation Mismatch Under Hiring Decision-making in China: Incidence, Consequence, and Organizational Heterogeneity

The convergence of rapid higher education expansion and the transition in economic growth in China has exacerbated the mismatch between educational qualifications and occupational positions among highly educated workers. While supply-side factors influencing educational mismatch have been extensively studied, the role of employers on the demand side remains underexplored. This study utilizes a comprehensive audit study conducted in China, encompassing a sample size of 37,273, to investigate the incidence and consequence of education-occupation mismatch. Regarding the incidence of mismatch, employers show a strong preference for overqualification in hiring decisions. This preference is less evident in jobs requiring extensive experience and specialized skills. Regarding the consequence of mismatch, vertical mismatch emits a scarring effect, while horizontal overmatch emits an empowering effect. These effects vary with job experience and skill requirements, occupations, job welfare, and industry environments. This study provides critical insights into the organizational perspective of education-occupation mismatch, highlighting its growing prevalence and the heterogeneous effects on job mobility among highly educated workers.