

ABSTRACT

Underemployment is a subset of employed population who are employed but perceive that they do not utilize their education, skills and experience in their current employment. Even though many countries considered unemployment as a main indicator of the labour market, underemployment is also an equally damaging concept. Underemployment problem has become a significant issue in Sri Lanka as it indicates the inefficient use of labour resources. When considering the level of education, employees who possess masters or higher qualifications tend to be more underemployed when compared to other levels of education. However, these employees are still engaging in different types of self-improvement behaviors such as studying further, obtaining additional skills even though they are aptly qualified at present. Therefore, it is questionable on what basis some employees engage in self-improvement behavior while others are not.

Furthermore, according to the empirical studies on the context of underemployment, there are mixed results on engaging further education as a coping strategy of underemployed employees. These mixed results demonstrate that there are different decisions on self-improvement by employees. Relative Deprivation Theory can be used to explain the reactions to underemployment as underemployment is a deprived situation. In literature, some evidence shows that there are some employees who do not react. It is an irrational behavior according to the Relative Deprivation Theory. Therefore, it is questionable on what basis some employees engage in self-improvement behavior while others are not. Even though the theory explains people react if they feel deprived, it does not explain what factors will influence individuals to react.

This study aims at understanding on what basis underemployed employees choose to react to underemployment situations as there are two different kinds of behaviors within the underemployed employees; specially when engaging in self-improvement behaviors. Accordingly, current study attempted to achieve following objectives; first was to identify the relationship between perceived underemployment and self-improvement behavior in Sri Lankan context., second was to identify the mediation effect of job satisfaction on underemployment and self-improvement behavior, third objective was to identify the moderator effect of locus of control on underemployment and job satisfaction and the fourth objective was to identify the moderator effect of level of equity sensitivity on the relationship between job satisfaction and self-improvement behavior.

The unit of analysis of the study was underemployed employees. A questionnaire was developed to measure the five variables; Underemployment, Job Satisfaction, Locus of Control, Level of Equity Sensitivity, Self-Improvement Behavior. The sample of underemployed graduates were identifying using the data re-specification method. 422 questionnaires which was collected from graduate employees were further filtered to identify underemployed graduates using the underemployment variable and 278 usable responses were identified for the analysis. The data was analyzed using the Structural Equation Modelling (SEM) with the use of Analysis of the Moment Structure (AMOS).

Empirical evidence of this study revealed that underemployment have a positive relationship with the self-improvement behavior which means underemployed employees engage in self-improvement behaviors. In addition, job satisfaction act as a partial mediator between underemployment and self-improvement behavior. Further, it was found that locus of control moderates the relationship between underemployment and job satisfaction in such way when underemployed and their level of job satisfaction is subject to their locus of control; in a way when internal locus of control high, the level of job satisfaction is low. The level of equity sensitivity also acts as a moderator between job satisfaction and self-improvement behavior in a way that individual's level of job satisfaction and their self-improvement behavior is subject to their level of equity sensitivity.

The concept of job satisfaction, locus of control and levels of equity sensitivity were used to better explain what strengthen the reactions to perceived underemployment. Doing this, the present study contributes to the existing literature on Relative Deprivation Theory by providing more rigorous theoretical explanation for its reactions, specially self-improvement behaviors. Finally, the research findings brought out valuable insights for the management specially regarding human resources practices that could encourage the self-improvement behavior of underemployed employees as it would be beneficial to both the individual and organization. Such implications highlight the importance of educating employees on the importance of self-improvement, providing them opportunities from organizations to engage in self-improvement, profiling employees based on locus of control and level of equity sensitivity and assessing the ways in which organization can maintain the job satisfaction to enhance the employee's performance as well as organizational performance.