

Abstract

In one way or another, labour market theories link additional years of education to better jobs and higher earnings. The empirical research, however, identified systematic distortions of this rule. Some workers are considered to be overeducated, as their education exceeds the level required for their job. This thesis deals with overeducation in the Czech labour market, as there are still few studies considering this topic. First we estimate incidence of overeducation using objective measures of overeducation. Then we perform an analysis of its determinants and possible consequences, namely pay penalty and lower job satisfaction. The results are to a large extent dependent on the measurement method. Despite these differences, we found that certain factors, such as general health, place of residence, ethnicity or managerial positions may influence the probability of mismatch. We provide some evidence that the returns to “surplus” education might be systematically lower than returns to required education. Also, overeducation can be linked to a lower job satisfaction.

JEL Classification J82, J31, J28, J24

Keywords incidence of overeducation, determinants of overeducation, consequences of overeducation, Czech labour market, education in the Czech Republic

Author’s email llaslopova@gmail.com

Supervisor’s email barbara.pertold-gebicka@fsv.cuni.cz