Differences in Turnover Intentions Between Exempt and Nonexempt Employees

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DIFFERENCES IN TURNOVER INTENTIONS BETWEEN EXEMPT AND NONEXEMPT EMPLOYEES

A Thesis
Presented to
the Faculty of the Department of Psychology
Western Kentucky University
Bowling Green, Kentucky

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts

By
Robert Bennett Ball
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DIFFERENCES IN TURNOVER INTENTIONS BETWEEN EXEMPT AND NONEXEMPT EMPLOYEES

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Three a priori models of turnover intentions were tested to investigate differences in turnover intentions for exempt and nonexempt employees. Results of measured variable path analysis failed to differentiate exempt and nonexempt employees in their turnover intentions. Because the a priori models failed to support a distinction between exempt and nonexempt employees, an exploratory analysis was conducted for each employee group to investigate possible differences in turnover intentions. The exempt exploratory model revealed that overall satisfaction, vision and mission, total compensation, job fulfillment, leadership, and culture were significant determinants of turnover intentions. For the nonexempt exploratory model, overall satisfaction, tenure, job fulfillment, and culture were significant determinants of turnover intentions.

Based upon the results of the exploratory analysis, support was found for differences in the determinants of turnover intentions for exempt and nonexempt employees. These findings provide evidence that practitioners and researchers can no longer ignore the role of occupational level when modeling the turnover process.
Introduction

Employee behavior in an organization results from affective responses to the organization, supervision and leadership, coworkers, the work itself, and the context in which the work is performed (Muchinsky, 1987; Wexley & Yukl, 1984). The exhibited behaviors can take a variety of forms and can dramatically influence organizational effectiveness. For example, job performance can influence company sales, production quotas, and product quality (Cascio, 1982). Withdrawal behavior, such as turnover, can place costly demands upon organizational operations and present serious negative consequences for human resource management (Cascio, 1982; Mobley, 1982; Price, 1977). Increased costs resulting from turnover include recruitment, training, and socialization of new employees (Pinder, 1998). Turnover can affect performance costs, disrupt communication patterns, and produce a decline in employee morale (Cascio, 1982; Mobley, 1982; Price, 1977). As a consequence of its negative impact on organizational effectiveness, turnover has become an important topic of organizational research.

From an organizational perspective, understanding turnover begins by determining the process through which organizational, personal, and demographic variables influence individual employee withdrawal behavior. Past research has continued to examine these variables in different models hypothesized to delineate the turnover process. These studies have shown that an employee's intent-to-quit is the dominant and immediately preceding determinant of actual turnover behavior. (Arnold &
Feldman, 1982; Bluedorn, 1982; Dalessio, Silverman, & Schuck, 1986; Martin, 1980; Mobley, 1977; Mobley, Horner, & Hollingsworth, 1978; Muchinsky & Morrow, 1980; Porter & Steers, 1973; Price & Mueller, 1981; Steel & Ovalle, 1984). Job satisfaction, on the other hand, has occurred most frequently as an early antecedent of turnover intentions (Curry, Douglas, Wakefield, Price, Mueller, & McCloskey, 1985; Dalessio et al., 1986; Mobley, 1977; Mobley, 1978; Mobely, Griffeth, Hand, & Meglino, 1979). In some cases job satisfaction has been found to influence turnover behavior directly (Hulin, 1966; Waters & Roach, 1979). Additional organizational variables such as pay, upward mobility, communication, leadership, coworker relationships, training, and job fulfillment were included in these models but were found to operate only indirectly on turnover through either job satisfaction or turnover intentions. Further, demographic and personal variables such as age, gender, tenure, professionalism, and positive affect were found to operate only indirectly on turnover behavior through job satisfaction and turnover intentions (Arnold & Feldman, 1982; Curry et al., 1985; Martin, 1979; Mitchel, 1981; Price & Mueller, 1981).

Of central importance to effective human resource management is the ability to make distinctions between employee groups such as full- and part-time or exempt and nonexempt. (Dalessio et al., 1986). Prior research has often neglected to differentially investigate turnover intentions between employee groups, and only a minimal effort has been made to examine the application of turnover models to employee groups beyond the one on which a model was developed (Cotton & Tuttle, 1986; Spencer, Steers, & Mowday, 1983; Mowday, Koberg, & McArthur, 1984; Terborg & Lee, 1984).
Thus, with turnover intentions established as the strongest link to actual turnover behavior, the present researcher investigated the differences in turnover intentions between two groups of employees (i.e., exempt and nonexempt) at a major Southeastern financial institution by utilizing data from the company’s Employee Opinion Survey. Specifically, three models were proposed *a priori* and then applied to the data using measured variable path analysis to ascertain the applicability of a specified model to its respective group. Finally, the exempt and nonexempt models were each applied to the other group in order to examine the generalizability of each model across employee groups. Before investigating the differences in turnover intentions between exempt and nonexempt employees, it is necessary to examine how turnover is conceptualized in the literature. Specifically, the literature on turnover will be reviewed looking first at the turnover process followed by an examination of different explanatory models.

**Turnover**

Employee turnover is a dynamic process focusing on the individual and his or her movement out of the organization. A definition of turnover that is applicable to most any type of organization was presented by Mobley (1982, p. 10), who described the turnover process as “…the cessation of membership in an organization by an individual who received monetary compensation from the organization.” In other words, individual turnover behavior occurs when the relationship between a paid employee and the organization is terminated. Termination from the organization, however, can occur for a variety of reasons and is typically classified into two categories: a) involuntary and b) voluntary (Mobley, 1982; Price, 1977). Involuntary turnover is most often initiated by the organization. For example, dismissals and layoffs would be classified as involuntary
turnover (Mobley, 1982; Price, 1977). Voluntary turnover, on the other hand, involves departure from the organization as initiated by the individual and occurs when the employee either quits or resigns (Mobley, 1982; Price, 1977). The emphasis in organizational research is predominantly focused on voluntary turnover. Price (1977) offers three reasons why voluntary turnover is more frequently studied. First, the majority of turnover within an organization is voluntary. Second, voluntary turnover is a more homogenous phenomenon and, thus, the formation of theory becomes easier. Third, voluntary turnover often results in negative consequences for the organization and is subject to organizational control; it is advantageous for organizations to focus their efforts on phenomena that are amenable to some degree of control. Although involuntary turnover is also under the control of the organization, it has not frequently been the focus of organizational research because its consequences typically are viewed as having a positive impact on the organization.

The consequences of turnover to the organization can vary but are often associated with a negative impact on effectiveness. As a result, the impact that turnover has on an organization can be categorized as either functional or dysfunctional (Price, 1977). Functional turnover, created by the displacement of poor performers or those with negative attitudes toward the organization, can have a positive impact on organizational effectiveness and is typically the result of involuntary separation from the organization (Cascio, 1982; Mobley, 1982, Muchinsky, 1987; Pinder, 1998). The displacement of poor performing employees means that room is made for the infusion of new employees that can bring with them heightened levels of innovation and attitudes that are a better fit with the organization (Mobley, 1977; Cascio, 1982). Dysfunctional turnover, created by the
displacement of high performing employees, has a negative impact on organizational effectiveness and typically occurs because of voluntary separation from the organization. The displacement of high performing employees in an organization can directly impact organizational effectiveness via productivity, recruitment, selection, and training (Cascio, 1982; Price, 1977). The focus of past research has been on voluntary separations within an organization (i.e., voluntary turnover) and not on those initiated by the organization (i.e., involuntary turnover). Following this perspective, the present study will be focused on the determinants of turnover intentions that culminate in the behavior of voluntary employee turnover.

Turnover Models

Next, models of the turnover process as well as variables that are useful in predicting employee turnover will be reviewed. The review will take a chronological approach and will include the models of Hulin (1966), Porter and Steers (1973), Porter, Steers, Mowday, and Boulian (1974), Price (1977), Mobley (1977), Mobley, Griffeth, Hand, and Meglino (1979), Price and Mueller (1981), and Curry et al. (1985). The review of turnover models will conclude by examining a meta-analysis of the turnover literature conducted by Cotton and Tuttle (1986).

In one of the earliest attempts at explaining turnover, Hulin (1966) hypothesized that job satisfaction could be used to predict individual employee turnover behavior among a group of clerical workers. This study found that subsequent termination could be significantly predicted from a measure of a worker’s job satisfaction. Although this study provided a basic foundation for understanding the turnover process, it neglected to include other variables that might influence turnover or possibly moderate the
relationship between job satisfaction and turnover. Therefore, in the 1970’s several researchers proposed models that focused on met expectations, organizational commitment, behavioral intentions, and possible economic factors that could improve the understanding of turnover behavior. These studies included Porter and Steers (1973), Porter et al. (1974), Mobley (1977), and Mobley (1979).

Based upon a review of the literature, Porter and Steers (1973) posited a theory of met expectations to explain employee turnover. They advocated that when an employee’s prior expectations are met upon organizational entry the person is less likely to quit. On a general level, Porter and Steers found several variables including overall satisfaction, pay and promotion, leadership and supervision, and peer group interactions to have a significant negative relationship with turnover.

Porter, Steers, Mowday, and Boulian (1974) offered an approach to improve the prediction of turnover that was initially achieved with job satisfaction in Hulin’s (1966) experiment with clerical workers. Using a longitudinal design comparing the predictive ability of organizational commitment and job satisfaction in differentiating stayers and leavers in a sample of psychiatric technician trainees, Porter et al. (1974) tested the hypothesis that organizational commitment has a stronger relationship to turnover than job satisfaction. The study revealed that across several time periods, organizational commitment predicted voluntary turnover more accurately than job satisfaction. However, more recent studies have demonstrated that job or overall satisfaction is a stronger predictor of turnover than organizational commitment (Dougherty, Bluedorn, & Keon, 1985; Lance, 1991; Tett & Meyer, 1993).
After Porter et al. (1974), the focus in the turnover literature shifted to the investigation of various facets of the work environment as well as economic factors that might relate to withdrawal behavior. Price (1977) provided empirical support for four determinants of turnover. Pay, participation in primary groups, communication, and centralization were found to influence a person’s decision to terminate employment. Price found that two intervening economic variables, opportunity for other jobs and the net balance of benefits over costs, served to mediate the relationship between these determinants and turnover. This model acknowledged the complexity of the turnover process by including sociological and economic determinants. However, its shortcoming was the absence of psychological determinants as part of the turnover process.

Based upon a review of the turnover literature that revealed job satisfaction to have a consistent, but not always strong, negative relationship with turnover, Mobley (1977) proposed an intermediate linkage model to explain the relationship between job satisfaction and turnover. The underlying premise of Mobley’s investigation was based upon earlier work in attitude theory that found the single best predictor of a person’s behavior is the person’s intention to perform the behavior (Ajzen & Fishbein, 1973; Ajzen & Fishbein, 1977; Fishbein, 1967; Fishbein & Ajzen, 1975). Mobley’s (1977) model emphasized the evaluation of multiple alternatives as various psychological and economic factors influence the turnover process. Specifically, Mobley posited that the consequences of job dissatisfaction involve thoughts of quitting, evaluating the expected utility of a job search and the cost of quitting followed by the intention to search for other opportunities and evaluation of the alternatives. Based on the evaluation of other job
alternatives, the employee forms an intention to stay or leave followed by the actual behavior.

Mobley, Horner, and Hollingsworth (1978) empirically evaluated the intermediate linkage model with data collected from a group of hospital employees. Mobley et al. (1978) compared variables such as age, tenure, and job satisfaction with thoughts of quitting, intention to search for another job, intention to quit the present job and turnover. The researchers found that intention to quit exhibited the only significant correlation with actual turnover. Job satisfaction exhibited no significant direct effect on turnover. The remaining variables operated indirectly on turnover through intentions. A year later Miller, Katerberg, and Hulin (1979) established the empirical validity of the Mobley et al. (1978) model by utilizing a predictive research design with two military samples. Specifically, they found that intention to quit was the strongest and most consistent predictor of turnover behavior. Bannister and Griffeth (1986) also tested this model by applying a path-analytic approach. These researchers found support for the general theoretical structure of the Mobley et al. (1978) model but discovered evidence that pointed to a greater degree of complexity in some of the relations initially hypothesized in the model.

Mobley's (1977) intermediate linkage model provided a significant improvement in delineating the turnover process but still did not attempt a complete conceptualization of individual withdrawal behavior. As a result, Mobley et al. (1979) undertook a review of past turnover research and proposed a comprehensive model of the turnover process based upon individual variables as well as perceptions of organizational and economic factors. This model included the influence of organizational and work environment
factors, job content factors, external environment factors, organizational commitment, and met expectations on employee turnover behavior. Michaels and Spector (1982) undertook an empirical test of this model with a sample of employees from a mental health facility. The results of the path analyses were consistent with the Mobley et al. (1979) model with only slight modifications. Specifically, the perceived alternative employment opportunities did not contribute to the model as a direct cause of intentions or turnover or as a moderator of the relationships. Mitchel (1981) also found support through cross-validation for the Mobley et al. (1979) model with a sample of managerial incumbents.

Following Mobley et al. (1979), the turnover literature focused on examining various facets of the work environment beyond job satisfaction that might influence individual turnover behavior. These studies included Price and Mueller (1981) and Curry et al. (1985). Price and Mueller (1981) conducted a longitudinal study to estimate a causal model of turnover involving a sample of registered nurses in seven hospitals. The researchers found that the total effects on turnover were greatest for four determinants: intent to stay, opportunity, general training, and job satisfaction. Specifically, intent to stay was found to be the strongest determinant of actual turnover and job satisfaction had the strongest effect on intent to stay. Opportunity for other jobs, routinization, participation, communication, promotional opportunity, amount of time worked, and length of service were preceding determinants of job satisfaction.

Curry et al. (1985) developed a causal model of turnover for nursing department employees that included job satisfaction, organizational commitment, and intent to leave as intervening variables that moderated 13 determinants of turnover. The researchers
found that intent to leave had a strong direct effect on turnover while kinship responsibility, job satisfaction, and organizational commitment had indirect effects on turnover through intent to leave. Further, the study revealed that task repetitiveness, autonomy, promotional opportunities, and fairness of rewards were important determinants of job satisfaction and thus provided a mechanism through which management can enhance job satisfaction while reducing turnover.

As can be seen from the present review of turnover literature, there are numerous variables that are useful in explaining individual turnover behavior. In an attempt to consolidate the results of prior studies, Cotton and Tuttle (1986) conducted a meta-analysis of the employee turnover research that included external, work-related, and personal variables as determinants of turnover. However, Cotton and Tuttle went a step further by examining employee population effects, industry effects, nationality effects, and effects of time as moderators in the turnover process. Overall the results were similar to findings of past studies. Intent to quit was the strongest determinant of actual turnover behavior and job satisfaction operated indirectly on turnover through intent to quit. All of the remaining variables (e.g., pay, supervision, coworkers, promotion, commitment, etc.) correlated significantly with turnover but exhibited indirect effects on turnover through job satisfaction or intentions. The meta-analysis conducted by Cotton and Tuttle (1986) offered a significant contribution to the field of turnover research. The researchers found that the employee population, industry, and nationality being studied can impact the development of turnover models. Further, the researchers found that the relationship of many correlates with turnover varied with the employee population under study.
In summary, the preceding studies have shown two main findings: a) actual
turnover behavior is preceded by turnover intentions; and b) turnover intentions are
consistently preceded by job or overall satisfaction as the strongest determinant of
turnover. Therefore, the investigative focus of turnover research shifted to delineating the
variables that influence turnover intentions.

Determinants of Turnover Intentions

The impact of turnover and how to predict whether or not an individual will leave
an organization has been and remains a controversial issue in organizational research.
Surfacing as probably the most significant predictor of actual turnover behavior is an
individual’s behavioral intention to quit. A meta-analysis conducted by Steel and Ovalle
(1984) revealed that behavioral intentions to leave produced the largest mean correlation
($r = .50$) with actual turnover behavior. Further, intention to leave was found to be a
better predictor of actual turnover behavior than work satisfaction (mean $r = .31$), overall
job satisfaction (mean $r = .28$), and organizational commitment (mean $r = .38$).

Past research (Bannister & Griffeth, 1986; Curry et al., 1985; Hom, Katerberg, &
Hulin, 1979; Kraut, 1975; Miller et al., 1979; M obley, 1977; M obley et al., 1978; Price &
Mueller, 1981) indicated that the behavioral intention to leave is the immediate and
strongest determinant of actual turnover behavior. What is it then that constitutes the
determinants of turnover intentions? Several studies (LaRocco, 1983; Martin, 1979;
Parasuraman, 1982; Price & Meuller, 1981) have developed models analyzing the
determinants of turnover intentions. Parasuraman (1982) found several determinants of
turnover intentions that included job satisfaction, tenure, age, organizational
commitment, and job involvement. Price and Mueller (1981) reported job satisfaction,
opportunity for other jobs, and training were the strongest determinants of turnover intentions among hospital nurses. Martin (1979) investigated turnover intentions in a service-oriented business and found that satisfaction, upward mobility, and education led to accurate predictions of turnover intentions.

The research investigating determinants of turnover intentions has yielded inconsistent results. However, satisfaction has been found to be the strongest and most consistent predictor of turnover intentions (Curry et al., 1985; Martin, 1979; Michaels & Spector, 1982; Tett & Meyer, 1993). For example, Curry et al. (1985) reported that total satisfaction has the strongest influence on turnover intentions compared to variables such as opportunity for other jobs, routinization, promotional opportunity, tenure, and pay. Michaels and Spector (1982) also found job satisfaction to be a stronger predictor of turnover intentions than organizational commitment. In summary, the determinants of turnover intentions have consisted of an array of variables including job satisfaction, demographic variables such as age and tenure, opportunities for other jobs, training, and pay, among others. However, the most consistent finding that has emerged from the research investigating determinants of turnover intentions has been the importance and strength of job satisfaction measures as the dominant antecedent to an employee’s behavioral intention to leave the organization.
The Present Study

A review of the turnover literature has demonstrated that employee withdrawal behavior is most accurately predicted by measuring individual behavioral intentions to leave the organization. The literature has also indicated that the strongest antecedent to employee turnover intentions begins with job or overall satisfaction; however satisfaction alone cannot account for a complete understanding of turnover intentions. Consequently, other variables such as individual perceptions of various organizational and job-related factors must also be included when trying to explain turnover intentions. Finally, past turnover research has often neglected to take into account differences in employee groups when investigating variables that contribute to the formation of employee turnover intentions.

Accordingly, the objective of the present study was to investigate whether differences exist in turnover intentions of full-time exempt and nonexempt employees. In order to determine if turnover intentions differed for exempt and nonexempt employees three models of turnover intentions were proposed a priori and then tested using measured variable path analysis. These models were not meant to be comprehensive models of turnover intentions, but instead should serve as an analytic precursor to recognizing differences in turnover intentions between employee groups.

Prior to the actual investigation of turnover intentions between different categories of employees, it is important that one understand why this distinction is necessary and the role it plays in the reduction of turnover within an organization.
Therefore, career development theory and turnover research which emphasized the importance of distinguishing between employee occupational levels as they relate to turnover in an organization will be reviewed. Finally, the organizational and demographic variables that are included in the present study are examined along with their respective relationships to turnover and turnover intentions.

**Occupational Level**

The present examination of occupational level begins with a review of Liebowitz, Feldman, and Mosley (1992), who emphasized the importance of occupational level from a career development perspective. The review then proceeds to research in the turnover and job satisfaction literature that found clear distinctions among occupational levels with regard to turnover and the formation of job satisfaction. These studies include Cotton and Tuttle (1986), Kerber and Campbell (1987), and Schwartz (1984).

There is a variety of occupational levels (e.g., full- and part-time, exempt and nonexempt) within an organization and distinctions between these levels are of central importance to effective organizational operations and human resource management. Leibowitz, Feldman, and Mosley (1992) further emphasized the importance of this distinction by discerning the career development of nonexempt employees from their exempt counterparts. The authors found that nonexempt employees place a greater value on the culture of the organization such as the atmosphere of the workplace and their relationships with coworkers. Further, it was found that for nonexempt employees, job satisfaction was derived more from the quality of work relationships than from the work itself. If these types of differences exist between occupational levels, then these differences should not be ignored when attempting to model the turnover process or to
explain the turnover intentions of an organization’s employees. Unfortunately, past research has not frequently made this distinction.

Martin (1979) acknowledged the occupational breakdown of his sample (e.g., professionals, supervisors, technical, and clerical) but failed to include the role that occupational level might play in the turnover process. Other studies, however, have examined differences in employee occupational levels with regard to organizational, demographic, and personal variables (Kerber & Campbell, 1987; Cotton & Tuttle, 1986; Leibowitz et al., 1992; Schwartz, 1984). In a field study, Kerber and Campbell (1987) found exempt employees to be significantly more satisfied with specific facets of overall job satisfaction including their work, supervisors, coworkers, pay, and opportunities for promotion. Schwartz (1984) found that exempt and nonexempt employees differed in their determinants of job satisfaction. Specifically, autonomy, task significance, feedback, role ambiguity, and role conflict determined job satisfaction for the exempt group. For the nonexempt group, skill variety, autonomy, role ambiguity, and role conflict predicted job satisfaction.

A meta-analysis conducted by Cotton and Tuttle (1986) revealed that turnover is differentially related to exempt and nonexempt employees with regard to organizational and demographic variables. These researchers found that the employee group being studied moderated the relationship between pay and turnover, job satisfaction and turnover, and gender and turnover. Specifically, turnover was less reliably tied to pay for blue-collar and non-managerial employees than for professionals and satisfaction with the work itself had a less significant relationship with turnover among blue-collar workers.
Finally, gender was found to be a better predictor of turnover among the more professional jobs than among blue-collar jobs.

Clearly, past research has merely scratched the surface when examining possible differences in determinants of turnover intentions for different classifications of employees. It would be very beneficial to practitioners who are tasked with reducing turnover to know if there are differences in turnover intentions between certain categories of employees. If such differences exist between categories and can be accounted for, then practitioners could focus their resources on those employee categories most likely to benefit from such programs. Further, such findings may also make it possible for practitioners to tailor different types of turnover reduction programs to different categories of employees.

**Organizational variables**

The organizational variables examined in the present models are measures of an employee's perception of various characteristics of the work and the organization. These variables included overall satisfaction, job fulfillment, culture, vision and mission, related support, training and advancement, leadership, pay, and total compensation.

Overall satisfaction consistently has been found to exhibit a negative relationship with turnover and is the dominant precursor to turnover intentions (Cotton & Tuttle, 1986; Curry et al., 1985; Martin, 1979; Michaels & Spector, 1982). Job fulfillment, analogous to satisfaction with the work itself, has demonstrated a consistent negative relationship with turnover intentions (Arnold & Feldman, 1982; Cotton & Tuttle, 1986; Hom, et al., 1979; Kraut, 1975; Muchinsky & Morrow, 1980; Parasuraman, 1982).
Although not usually treated as a distinct variable in delineating the turnover process, organizational culture has been found to be a negative correlate of turnover and turnover intentions (Harris & Mossholder, 1996; Vancouver & Schmitt, 1991; Vandenberghe, 1999). Specifically, as the perceived congruence between organizational culture and the value preferences of the employee increases, the likelihood of leaving the organization decreases. An extension of organizational culture, long term goals and objectives (measured as satisfaction with the organization’s vision and mission in the present study) are also negatively related to turnover (Harris & Mossholder, 1996; Vancouver & Schmitt, 1991). As the level of perceived congruence between organizational goals and the goals of the individual increases, the probability of an employee leaving the organization is significantly reduced.

Further, workplace characteristics such as the physical comfort of the work environment (McFadden & Demetriou, 1993; Oldham & Fried, 1987) and the degree of integration with coworkers intentions (Bluedorn, 1982; Cotton & Tuttle, 1986; Jinnett & Alexander, 1999; Martin, 1979; Porter & Steers, 1973; Price & Mueller, 1981) have demonstrated significant negative relationships with turnover. In the present study, these characteristics are termed related support.

In past turnover models the amount of training received (Curry et al., 1985) and opportunities for promotional advancement (Cotton & Tuttle, 1986; Kraut, 1975; Martin, 1979; McFadden & Demetriou, 1993; Porter & Steers, 1973; Price & Mueller, 1981) have demonstrated negative relationships with turnover intentions. Another important variable in the organizational environment is the employee’s perception of the immediate supervisor or leader, which has demonstrated mixed results as a predictor of turnover and
employee intentions to quit. Several studies have found that leadership demonstrated a significant negative relationship with turnover (Cotton & Tuttle, 1986; Muchinsky & Morrow, 1980; Porter & Steers, 1973). However, Parasuraman (1982) found no relationship between satisfaction with supervision and turnover nor with turnover intentions.

The two final organization variables examined in the present models of turnover intentions are perceptions of pay and total compensation programs (e.g., medical plan, 401k, career development resources) offered by the organization. Pay has been a reoccurring variable through most models of turnover and has consistently demonstrated a negative relationship with turnover and precursory turnover intentions (Bluedorn, 1982; Cotton & Tuttle, 1986; Curry et al., 1985; Kraut, 1975; Martin, 1979; Muchinsky & Morrow, 1980; Park Ofori-Dankwa, & Bishop, 1994; Porter & Steers, 1973; Price & Mueller, 1981; Steel & Ovalle, 1984). Examination of total compensation programs in relation to turnover has only recently been investigated. Total compensation was found to be negatively associated with turnover (Park et al., 1994). As previously stated, all of the aforementioned variables will be included in the present models. The measurement of these variables along with the criterion is discussed in the method section.

Demographic Variables

The next classification of variables examined for the two occupational levels emphasizes the importance of taking into account individual differences in the understanding of turnover intentions. The present survey asks respondents to report age, gender, and tenure. Age and tenure have been shown to exhibit a significant negative relationship with turnover intentions (Arnold & Feldman, 1982; Cotton & Tuttle, 1986;
Martin, 1979; Micheals & Spector, 1982; Mitchel, 1981; Parasuraman, 1982; Porter & Steers, 1973; Williams & Hazer, 1986; Curry, Wakefield, Price, & Mueller, 1986). Gender has illustrated both a positive (Cotton & Tuttle, 1986; Hom et al., 1979) and a negative relationship (Martin & Hafer, 1995) with turnover intentions, but at other times has added nothing to understanding the development of the turnover process (Martin, 1979; Parasuraman, 1982).

A priori Models

The a priori models hypothesized in the present study were theoretical representations of the turnover intentions for two separate employee groups. Further, the inclusion of the specified variables in the models was predicated upon each variable’s relationship to turnover intentions in past research. The base model was proposed to be a general representation of turnover intentions that is not specific to either employee group and served as a baseline measure against which to judge the fit of the exempt and nonexempt models to their respective groups. The remaining two models, exempt and nonexempt, were proposed to be representations of turnover intentions that are unique to each of their respective employee groups.

Base model. The initial a priori model of turnover intentions utilized in the present study was a base model that was applied to both groups of employees. It served as a base measure for judging the uniqueness of the exempt and nonexempt models for their respective groups. Based on previous research (Curry et al., 1985; Martin, 1979; Michaels & Spector, 1982) that established satisfaction as the primary link to turnover intentions, the base model proposed that only overall satisfaction will have a direct effect on turnover intentions for exempt and nonexempt employees. All remaining variables
(i.e., job fulfillment, culture, vision and mission, training and advancement, related support, pay, total compensation, age, gender, and tenure) were hypothesized to operate as exogenous variables exhibiting only indirect effects on turnover intentions through overall satisfaction. All of the exogenous variables in the model (i.e., age, gender, tenure, leadership, pay, related support, training and advancement, vision and mission, total compensation, job fulfillment, and culture) were allowed to covary. The base model is illustrated in Figure 1.

**Nonexempt model.** Consistent with the base model, the nonexempt model proposed that overall satisfaction would exhibit a direct effect on turnover intentions. Past research has revealed that tenure operates directly on turnover intentions, although this variable has not differentiated occupational levels (Bannister & Griffeth, 1986; Cotton & Tuttle, 1986; Martin, 1979). Accordingly, tenure was proposed to have direct effects on turnover intentions for nonexempt employees. Leibowitz et al. (1992) found that relationships with coworkers and the culture of the work environment are dominant factors in the career development of nonexempt employees and consequently in their long-term relationship with the organization. Therefore, the nonexempt model proposed that the exogenous variables related support and organizational culture would also exhibit direct effects on turnover intentions.

The next logical extension beyond the role of coworkers and culture is the role of leadership in the development of turnover intentions since an employee’s supervisor or leader can directly impact the immediate work environment. In the nonexempt model, leadership was hypothesized to exhibit direct effects on turnover intentions. As evidenced in past research, the remaining exogenous variables (i.e., job fulfillment, pay, training and
Figure 1. Base Model of Turnover Intentions
advancement, vision and mission, total compensation, age, and gender) were hypothesized to operate indirectly on turnover intentions through overall satisfaction for nonexempt employees (Bluedorn, 1982; Cotton & Tuttle, 1986; Kraut, 1975; Martin, 1979; McFadden & Demetriou, 1993; Oldham & Fried, 1987; Park et al. 1994; Porter & Steers, 1973; Price & Mueller, 1981). All of the exogenous variables in the model (i.e., age, gender, tenure, leadership, pay, related support, training and advancement, vision and mission, total compensation, job fulfillment, and culture) were allowed to covary. The nonexempt model is illustrated in Figure 2. The following hypotheses are offered regarding the nonexempt model.

**Hypothesis 1:** For nonexempt employees, the nonexempt model will demonstrate a better fit than will the base model.

**Hypothesis 2:** The nonexempt model of turnover intentions will demonstrate a better fit when applied to the data for nonexempt employees than will the exempt model when it is applied to nonexempt employees.

**Exempt Model.** Consistent with the previous models, the exempt model proposed that overall satisfaction would have a direct effect on turnover intentions. Due to tenure’s consistently demonstrated relationship with turnover intentions, it was hypothesized that this variable would have a direct effect on turnover intentions for exempt employees (Bannister & Griffeth, 1986; Cotton & Tuttle, 1986; Martin, 1979). A meta-analysis conducted by Cotton and Tuttle (1986) found that exempt and nonexempt employees could be differentiated in their turnover intentions based on pay, job fulfillment, and gender. Specifically, all three of these variables were more closely tied to turnover for exempt employees than for blue-collar, nonexempt employees. These findings are
Figure 2. Nonexempt Model of Turnover Intentions
consistent with a field study conducted Kerber and Campbell (1987), who found exempt employees to be more satisfied than nonexempt employees with pay and the work itself in a large computer company. Therefore, in the exempt model it was proposed that pay, job fulfillment, and gender would have direct effects on turnover intentions.

Recent research has indicated that the degree of perceived congruence between the long-term goals of an organization and the goals of the employee is related to turnover (Harris & Mossholder, 1996; Vancouver & Schmitt, 1991). Liebowitz et al. (1992) emphasized the importance of an organization’s long-term goals and objectives in the career development of exempt employees and subsequently to their continuing relationship with the organization. Accordingly, in the exempt model it was hypothesized that the organization’s vision and mission would demonstrate direct effects on turnover intentions. Exempt employees typically hold a more long-term perspective when evaluating a current job situation (Leibowitz et al., 1992). Thus, in the exempt model it was proposed that the amount and quality of the training received and opportunities for advancement would exhibit direct effects on turnover intentions. According to Leibowitz et al. (1992), somewhat less critical to exempt employees than nonexempt employees are the relationships developed with coworkers and the culture of the immediate work environment. Therefore, it was proposed that related support and culture would have only indirect effects on turnover intentions through overall satisfaction.

Because leadership has demonstrated mixed results in modeling the turnover process it was hypothesized that leadership will operate indirectly on turnover intentions through overall satisfaction. The relevance of age in the turnover process has been inconsistent. Therefore in the present study, it was hypothesized that age would have only
an indirect role in the formation of turnover intentions, acting through overall satisfaction. Additionally, total compensation programs (e.g., incentive plans, 401k, health plans, etc.) have only recently been demonstrated to be related to turnover. Their role in differentiating exempt and nonexempt employees has not been investigated up to this point. However, since exempt employees take a more long-term perspective about a job or organization (Leibowitz et al., 1992), logic suggests that compensation programs aimed at long-term benefits should be of greater importance for exempt employees than for nonexempt. The exempt model proposed that the perceived quality of total compensation programs within an organization would directly impact turnover intentions. All of the exogenous variables in the model (i.e., age, gender, tenure, leadership, pay, related support, training and advancement, vision and mission, total compensation, job fulfillment, and culture) were allowed to covary. The exempt model is illustrated in Figure 3.

Hypothesis 3: For exempt employees, the exempt model will demonstrate a better fit than will the base model.

Hypothesis 4: The exempt model of turnover intentions will demonstrate a better fit when applied to the data for exempt employees than will the nonexempt model when it is applied to exempt employees.
Figure 2. Nonexempt Model of Turnover Intentions

Figure 3. Exempt Model of Turnover Intentions
Method

Sample

The data used in this study consisted of the 1998 Annual Employee Opinion Survey data from a large (approximately 7,000 employee) financial institution located primarily in one southeastern state. The original and primary use of the survey was for monitoring employee perceptions of various aspects of the job, work environment, and the organization.

Exempt Employees. Exempt employees, classified according to the provisions of the Fair Labor Standards Act, are those whose pay is calculated at an annual or monthly rate rather than hourly and who are exempt from overtime pay. At the present financial institution the exempt category included managers and professionals (e.g., branch managers, loan officers, supervisors, and executives, etc.). The sample in the present analysis included 1,118 exempt employees comprised of 43.7% male and 56.3% female. The tenure breakdown for exempt employees included 1.4% at less than 6 months, 4.3% at 6 months to 1 year, 15% at 1-3 years, 11% at 3-5 years, 22.6% at 5-10 years, and 45.5% with more than 10 years of tenure. The age categorization for the exempt group included 4.3% were 20-25 years of age, 28.7% were 26-35 years of age, 47.2% were 36-50 years of age, and 19.8% were over 50 years of age.

Nonexempt employees. Nonexempt employees were classified according to the Fair Labor Standards Act as those whose pay is calculated at an hourly rate and who are
not exempt from overtime pay. At the present financial institution the nonexempt category included all hourly employees (e.g., tellers, customer service representatives in a non-supervisory role, and clerical positions, etc.). The sample size for the nonexempt employees in the analyses was 847 and included 9.8% male and 90.2% female. The tenure categorizations were 6.6% with less than 6 months tenure, 8.4% with 6 months to 1 year, 20.3% with 1-3 years, 12.8% with 3-5 years, 14.8% with 5-10 years, and 37.2% with more than 10 years of tenure. The age range of the nonexempt included 1.1% less than 20 years of age, 19.5% with an age of 20-25, 32.3% were 26-35 years of age, 31.4% were 36-50, and 15.8% were over 50 years of age.

Procedure

The present study utilized data collected from the 1998 survey to examine potential differences in turnover intentions between exempt and nonexempt employees. The intended subsequent application of this information is to the design and implementation of turnover reduction programs. For the annual employee opinion survey, employees are contacted via phone by a human resource representative who schedules employees into group survey administrations. Employees completed the survey anonymously. The data in the present study were taken from full-time exempt and nonexempt employees who complete the company’s 1998 Employee Opinion Survey.

Measures

The organization’s Employee Opinion Survey consists of 60 items designed to measure individual employee perceptions of the workplace, the job itself, and the organization. In addition, the survey asks that respondents report age, gender, and tenure.
Criterion measure. The criterion measure in the present models is intent-to-quit and consists of a single item: “What is the likelihood you will be employed with this company one year from now?” The response scale is a five-point scale with responses ranging from 1 (Very Likely) to 5 (Not At All Likely).

Predictor variables. Nine measures of specific dimensions, described below, and three demographic measures (i.e., age, gender, and tenure) were used as predictor variables in the models. The measurement of the leadership dimension consisted of 12 items utilizing a five-point Likert scale with responses ranging from 1 (Strongly Agree) to 5 (Strongly Disagree). This dimension is an upward feedback measure of the leader’s ability to share information about performance expectations, provide performance feedback, listen to employee suggestions, and demonstrate support for the career development of the employee.

The overall satisfaction measure consisted of three items assessing the employee’s satisfaction with the organization as whole, satisfaction within the department, and satisfaction with the present company in comparison to other organizations in the community. The measurement of job fulfillment consisted of five items and assessed perceptions of accomplishment, flexibility, responsibility, importance, and professionalism provided by the work itself. Organizational culture was measured by nine items relating to the organization’s culture, including factors such as senior management’s willingness to share information, and the organization’s commitment to employee empowerment.

Training and advancement was assessed by the employees’ perception of advancement opportunities within their department and the organization and the
employee's perception of the adequacy of the training received. The total compensation measure consisted of ten items and assessed an employee's perception and satisfaction with various company programs such as health benefits, 401(k), incentive programs, and disability income benefits. The pay measure consisted of two items and assessed employee perceptions of their current pay when compared to their responsibilities and compared to similar jobs within the organization.

The measurement of related support consisted of four items and assessed perceptions of the comfort of the workspace, relationships with coworkers, and relationships with customers. Overall satisfaction, job fulfillment, organizational culture, training and advancement, total compensation, related support, and pay all utilized five-point response scales ranging from 1 (Much Better Than Expected) to 5 (Much Worse than Expected).

The remaining measure, vision and mission, consisted of ten items and assessed employee perceptions of the extent to which the organization is maintaining its long-term objectives and goals. This measure utilized a graphic rating scale ranging from 1 (Great Extent) to 5 (No Extent).
Analyses

Descriptive statistics

The mean score, the standard deviation, the zero-order correlations among the dimensions, and reliability estimates are reported separately for nonexempt and exempt employees in Table 1 and Table 2, respectively.

Model testing

Path analysis was performed to test the three a priori models presented in Figures 1-3. All analyses were conducted using the SAS system’s CALIS procedure. The analyses used the maximum likelihood method of parameter estimation, and all analyses were performed on the variance-covariance matrix. The model-testing portion of the analysis tested the fit of each model to its respective group. Specifically, the base model was applied to both exempt and nonexempt employees. Next, the nonexempt model was applied to the nonexempt employees and the fit indices were compared to those obtained when applying the base model to this group. Next, the exempt model was applied to the exempt group and the subsequent fit indices were compared to those obtained when the base model was applied to the exempt employees.

Finally, to assess the uniqueness of each model in explaining the turnover intentions of their respective groups, the exempt model was applied to the nonexempt group and the nonexempt model was fitted to the exempt group. The resulting fit indices obtained from these applications were compared with the fit indices obtained from the
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*Means and standard deviations are not reported for because these are categorical variables
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*Means and standard deviations are not reported because these are categorical variables.
application of the base model to each group and with those obtained from fitting each model to its respective group.

Exploratory procedures

Because the a priori models failed to account for differences in turnover intentions between exempt and nonexempt employees, additional exploratory analyses were conducted to examine the two employee groups for differences in turnover intentions. Each employee group was randomly split into two separate groups, a developmental sample and a cross-validation sample. Multiple regression was then used in the developmental sample for each employee group to develop a model of turnover intentions. The model representing the turnover intentions for nonexempt employees was then cross-validated in the larger cross-validation sample of nonexempt employees. To further ascertain the uniqueness of the nonexempt exploratory model, the exempt exploratory model was then cross-validated with the cross-validation sample of nonexempt employees. This procedure was then repeated for the exempt employee group.
Results

In order to assess goodness of fit for the models, one must consider the chi-square statistic and its associated p-value. However, sole reliance upon the chi-square statistic is inadequate for assessing the goodness of fit for a specified model because large sample sizes can often lead to the false rejection of model as an inadequate fit to the data (Hatcher, 1994). Therefore, the comparative fit index (CFI), the normed fit index (NFI), the non-normed fit index (NNFI), the adjusted goodness of fit index (AGFI), the $R^2$ value for each endogenous variable, and the absolute value of the t statistics for each path coefficient must be considered to completely assess a model's ability to account for the data.

Goodness of fit indices for the a priori models are presented in Table 3. The chi-square statistic included in this table provides a test of the null hypothesis that the reproduced covariance matrix has the specified model structure (i.e., that the model “fits the data”). If the null hypothesis is correct, then the obtained chi-square value should be small (i.e., near zero) and the p-value associated with the chi-square should be relatively large (i.e., the closer it is to 1.00, the better). However, when path analysis is performed on large samples as it was in the present study, it is possible that the chi-square statistic can obtain such a level of power that it may demonstrate statistical significance when there are only trivial differences between the predicted and actual covariance matrices (Hatcher, 1994). High levels of power can cause the chi-square statistic to result in the
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<td>Nonexempt Model</td>
<td>252.50</td>
<td>11</td>
<td>.0001</td>
<td>.97</td>
<td>.87</td>
<td>.98</td>
<td>.84</td>
<td>.27</td>
<td>.62</td>
</tr>
</tbody>
</table>
rejection of a model that appears to fit the data quite well. Therefore, Hatcher recommends that the chi-square be treated only as a general goodness of fit index and not as a statistical test in the strictest sense. Accordingly, the chi-square test was supplemented with other stand-alone goodness of fit indices including the normed-fit index (NFI), the non-normed fit index (NNFI), and the comparative fit index (CFI), and the adjusted goodness of fit index (AGFI).

Values of Bentler and Bonett’s (1980) normed-fit index (NFI) range from 0 to 1, with values meeting or exceeding .9 indicative of an acceptable model to data fit. A variation of the NFI is the non-normed fit index (NNFI). Similar to the NFI, values over .9 with the NNFI also indicate a relatively good fit. However, the NNFI can assume values below 0 and above 1. Bentler’s (1989) comparative fit index (CFI) is similar to the NNFI because it provides an assessment of goodness of fit regardless of sample size. The values of the CFI range from 0 to 1, with values greater than .9 indicating an acceptable fit.

The adjusted goodness of fit index (AGFI) is similar to a shrinkage-corrected squared multiple correlation. The similarity lies in the AGFI’s built-in capability to make a fit adjustment based upon model complexity. In other words, because models of greater complexity (i.e., those with more parameters) tend to fit the same data better than do simpler models, the AGFI takes this into account by correcting downward the value of the model to data fit as the number of parameters increases (Kline, 1998). Similar to the NNFI, the AGFI can produces values that fall outside the range of 0-1. In order for the models in the present study to be considered a good fit to the data, all of the examined fit indices must meet or exceed the required value of .9.
Even if the chi-square statistic and the fit indices indicate an overall fit between model and data it is necessary to investigate the specific features of the model to see if any of these features failed to receive support. This investigation is accomplished by examining the significance tests (i.e., $t$ tests) for each path coefficient. A path coefficient may be considered statistically significant at the $p < .05$ level if the absolute value of its $t$ statistic is greater than 1.96 (two-tailed). If the $t$ statistic exceeds 2.58 (two-tailed) it is significant at the .01 level, and is significant at the .001 level if the $t$ statistic exceeds 3.30 (two-tailed).

When comparing competing causal models, it is possible to test for significant differences in fit indices although this practice is often an esoteric one. An alternative trend in determining which model among a set of competing models is most appropriate consists of choosing the model that demonstrates the largest numeric values in its fit indices (Arthur & Woehr, 1993). Accordingly, when examining competing models in the present study, the model producing the largest numeric values of fit indices was chosen as the most appropriate.

**Base model**

The base model illustrated in Figure 1 was applied to nonexempt and exempt employees. The goodness of fit indices for the base model when applied to each employee group is presented in Table 3. Estimation of the base model for the nonexempt group revealed a significant model chi-square value, $\chi^2 (11, N = 860) = 68.7034, p < .0001$. An examination of the chi-square statistic indicated that the model was a poor fit to the data. However, as previously stated, the chi-square statistic can lead to the false rejection of a model in large sample sizes. Therefore, it was necessary to also examine
other fit indices to ascertain the fit between the base model and the nonexempt data. The values of the remaining fit indices reported in Table 3 all met the minimum value of .9 (NFI = .98, NNFI = .92, CFI = .99, and AGFI = .90). Therefore, based upon the examination of these fit indices, it was determined that the base model is an adequate fit for nonexempt employees.

Estimation of the base model for the exempt group also revealed a significant model chi-square value, \( \chi^2 (11, N = 1108) = 103.5669, p < .0001 \). An examination of the chi-square statistic indicated that the model was a poor fit to the data. However, as was the case with the nonexempt group, the large sample size for the exempt group could be the cause of the significant chi-square statistic. Therefore, fitting the base model to the exempt group also required an examination of additional fit indices to ascertain the fit between the base model and the exempt data. The values of the remaining fit indices reported in Table 3 met the minimum value of .9 (NFI = .98, NNFI = .91, CFI = .99, and AGFI = .90). Therefore, based upon the examination of the fit indices it was determined that the base model is also an adequate fit for exempt employees.

Based upon the values of the fit indices for the base model when applied to nonexempt and exempt employees it is argued that the base model was an adequate fit to the data for both groups of employees. The next step in the present study was to assess the fit of the nonexempt and exempt models of turnover intentions to their respective groups.

Nonexempt model

The nonexempt model proposed that overall satisfaction, related support, culture, leadership, and tenure would have direct effects on turnover intentions. The remaining
variables in the model (i.e., age, gender, job fulfillment, total compensation, pay, training and advancement, and vision and mission) would have indirect effects on turnover intentions operating through satisfaction. Specifically, two hypotheses were tested regarding the nonexempt model:

Hypothesis 1: For nonexempt employees, the nonexempt model will demonstrate a better fit than will the base model.

Estimation of the nonexempt model for nonexempt employees revealed a significant model chi-square value, $\chi^2 (11, N = 860) = 98.8092$, $p < .0001$. As with the base model, in order to ascertain the fit of the nonexempt model to the nonexempt data, the additional fit indices must also be examined. As can be seen in Table 3, the values of the NFI and CFI exceeded the required value of .9 (NFI = .98 and CFI = .98) when the nonexempt model was applied to nonexempt employees. However, the value of the NNFI = .88 and the AGFI = .86, indicated an inadequate fit between the nonexempt model and the nonexempt data. Further, this reduction in the NNFI value also indicated that the model did not demonstrate a better fit to the nonexempt data than did the base model. Therefore, hypothesis 1 was rejected.

Hypothesis 2: The nonexempt model of turnover intentions will demonstrate a better fit when applied to the data for nonexempt employees than will the exempt model when it is applied to nonexempt employees.

Estimation of the exempt model for nonexempt employees revealed a significant model chi-square value, $\chi^2 (11, N = 860) = 186.0017$, $p < .0001$. As with the base model, in order to ascertain the fit of the exempt model to the nonexempt data, the additional fit indices were also examined. Similar to the results obtained when applying the nonexempt
model to the nonexempt data, the values of the NFI and CFI exceeded the required value of .9 (NFI = .98 and CFI = .98). However, the NNFI = .77 and the AGFI = .75, indicated an inadequate fit between the exempt model and the nonexempt data. As stated in hypothesis 2, the comparison of interest is between the fit of the nonexempt model to the nonexempt employees and the fit of the exempt model with nonexempt employees.

Accordingly, as evidenced in Table 3, the NNFI and the AGFI values for the nonexempt model when applied to nonexempt employees (NNFI = .88) were larger than the value of the NNFI and the AGFI when the exempt model was applied to nonexempt employees (NNFI = .77 and AGFI = .75). Based on the results, the nonexempt model was a better fit to the data for nonexempt employees than was the exempt model when applied to this same group. Therefore, Hypothesis 2 was supported.

Exempt model

The exempt model proposed that overall satisfaction, job fulfillment, training and advancement, pay, total compensation, vision and mission, gender, and tenure, would have direct effects on turnover intentions. The remaining variables in the model (i.e., age, leadership, related support, and culture) would have indirect effects on turnover intentions operating through satisfaction. Specifically, two hypotheses were tested regarding the exempt model:

Hypothesis 3: For exempt employees, the exempt model will demonstrate a better fit than will the base model.

Estimation of the exempt model for exempt employees revealed a significant model chi-square value, $\chi^2 (11, N = 1108) = 252.4963, p < .0001$. As with the base model, in order to ascertain the fit of the exempt model to the exempt data, the additional
fit indices were also examined. Although the values of the NFI and CFI exceeded the required value of .9 (NFI = .97 and CFI = .98), the NNFI = .77 and the AGFI = .74, indicated an inadequate fit between the exempt model and the exempt data. As illustrated in Table 3, the NNFI value for the base model when applied to exempt employees was .99 and the AGFI was .90, but the application of the exempt model to the data for exempt employees revealed an NNFI = .77 and an AGFI = .74. This reduction in the NNFI and AGFI values indicated that the exempt model did not demonstrate a better fit to the exempt data than did the base model. Therefore, Hypothesis 3 was rejected.

Hypothesis 4: The exempt model of turnover intentions will demonstrate a better fit when applied to the data for exempt employees than the nonexempt model will when applied to exempt employees.

Estimation of the nonexempt model for exempt employees revealed a significant model chi-square value, $\chi^2 (11, N = 1108) = 146.2724$, $p < .0001$. As with the previous models, in order to ascertain the fit of the nonexempt model to the exempt data, the additional fit indices were also examined. Similar to the results obtained when applying the exempt model to the exempt data, the values of the NFI and CFI exceeded .9 (NFI = .98 and CFI = .98). However, the NNFI = .87 and the AGFI = .84, indicated an inadequate fit between the nonexempt model and the exempt data.

However, the comparison of interest as indicated by Hypothesis 4, is between the fit of the exempt model with the exempt data and the fit of the nonexempt model with exempt employees. The results presented in Table 3 indicate that the NNFI value for the fit of the exempt model with the exempt data was .77 and the AGFI was .75, but the NNFI value for the fit of the nonexempt model with the exempt data was .87 and the
AGFI value was .84. This increase in model to data fit indicated that the nonexempt model was actually a better fit to the exempt data than the exempt model although neither model approached the required value of .9 to indicate an adequate fit between model and data. This prediction was the opposite of the one made in Hypothesis 4. Therefore, Hypothesis 4 was also rejected.

**Exploratory Procedures**

**Nonexempt employees.** Multiple regression analyses in the developmental sample \( N = 328 \) for nonexempt employees revealed that overall satisfaction, tenure, and vision and mission exhibited direct effects on turnover intentions. Job fulfillment and culture demonstrated indirect effects on turnover intentions operating through overall satisfaction. This model is illustrated in Figure 4.

Estimation of the nonexempt exploratory model in the developmental sample revealed a nonsignificant chi-square model, \( \chi^2 (4, N = 328) = 3.33, p > .5045 \). Due to the large sample size in the calibration sample it was necessary to examine the additional fit indices to assess how well this model fit the data. The values of the fit indices exceed the required of .9 (NFI = 1.00, NNFI = 1.00, CFI = 1.00, and AGFI = .98) to establish a good fit between model and data.

Cross-validation of the nonexempt exploratory model revealed a significant chi-square model, \( \chi^2 (4, N = 532) = 28.24, p < .0001 \). The values of the fit indices exceeded the required value of .9 (NFI = .98, NNFI = .93, CFI = .98, AGFI = .91) to establish a good fit between model and data. Since there was only a minor reduction in the fit of the model to the data upon cross-validation it was concluded that the nonexempt exploratory model was acceptable for explaining the turnover intentions of nonexempt employees.
Figure 4. Nonexempt exploratory model with path coefficients when applied to calibration sample of nonexempt employees.

** p < .01
The fit indices and the $R^2$ values for the endogenous variables in the nonexempt exploratory model when applied to the developmental and cross-validation samples of nonexempt employees are presented in Table 4.

**Exempt employees.** Multiple regression analyses in the developmental sample ($N = 385$) for exempt employees revealed that overall satisfaction, pay, total compensation, training and advancement, related support, vision and mission, and leadership exhibited direct effects on turnover intentions. Job fulfillment, culture, vision and mission, and leadership demonstrated indirect effects on turnover intentions operating through overall satisfaction. This model is illustrated in Figure 5.

Initial estimation of the exempt exploratory model in the developmental sample revealed a non-significant chi-square model, $\chi^2 (6, N = 385) = 3.78$, $p > .7065$. Due to the large sample size in the developmental sample it was necessary to examine the additional fit indices to assess how well this model fit the data. The values of the fit indices exceeded the required value of .9 (NFI = 1.00, NNFI = 1.00, CFI = 1.00, AGFI = .98) to establish a good fit between model and data.

Cross-validation of the exempt exploratory model with exempt cross-validation sample revealed a non-significant chi-square model, $\chi^2 (6, N = 723) = 10.06$, $p > .12$. Based upon the small nonsignificant chi-square value the exempt exploratory model was accepted as good fit with the cross-validation sample of exempt employees. However, to provide further support for the cross-validation of this model it was necessary to examine additional fit indices. The values of the fit indices exceeded the required value of .9 (NFI = .99, NNFI = .99, CFI = .99, AGFI = .97) to establish a good fit between model and data. Since there was only a minor reduction in the fit of the model
Table 4

Goodness of fit indices and cross-validation results for nonexempt exploratory model and exempt exploratory model applied to nonexempt employees.

<table>
<thead>
<tr>
<th>Model and Employee Group</th>
<th>Chi-square</th>
<th>df</th>
<th>p</th>
<th>NFI</th>
<th>NNFI</th>
<th>CFI</th>
<th>AGFI</th>
<th>R² Intentions</th>
<th>R² Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonexempt Exploratory Model applied to developmental sample of nonexempt employees (N = 328)</td>
<td>3.33</td>
<td>4</td>
<td>.5045</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>.98</td>
<td>.23</td>
<td>.66</td>
</tr>
<tr>
<td>Nonexempt Exploratory Model applied to cross-validation sample of nonexempt employees (N = 532)</td>
<td>28.24</td>
<td>4</td>
<td>.0001</td>
<td>.98</td>
<td>.93</td>
<td>.98</td>
<td>.91</td>
<td>.18</td>
<td>.58</td>
</tr>
<tr>
<td>Exempt Exploratory Model applied to cross-validation sample of nonexempt employees (N = 532)</td>
<td>40.04</td>
<td>6</td>
<td>.0001</td>
<td>.98</td>
<td>.91</td>
<td>.98</td>
<td>.87</td>
<td>.15</td>
<td>.60</td>
</tr>
</tbody>
</table>
Figure 5. Exempt exploratory model of turnover intentions with path coefficients when applied to calibration sample of exempt employees.

* p < .05

** p < .01
to the data upon cross-validation it was concluded that the exempt exploratory model was an acceptable model for explaining the turnover intentions of exempt employees. The fit indices and the $R^2$ values for the endogenous variables in the exploratory exempt model when applied to the developmental and cross-validation samples of exempt employees are presented in Table 5.

**Best fitting model**

In order to ascertain the best fitting model for each employee group from the exploratory procedures, it was necessary to examine how well the opposing exploratory models fit the data for the opposing group. Addressing this issue involved answering two questions: a) how well does the exempt exploratory model fit the data for the nonexempt employees; and b) how well does the nonexempt exploratory model fit the data for the exempt employees?

**Nonexempt employees.** Answering the first question involved fitting the exempt exploratory model to the nonexempt employees to investigate whether it was possible that this model could explain the turnover intentions of nonexempt employees. In order to assess the ability of the nonexempt exploratory model to explain the turnover intentions of nonexempt employees, the exempt exploratory model was cross-validated with nonexempt employees. In this case, if the nonexempt exploratory model were unique to nonexempt employees a reduction in model to data fit would be expected when the exempt exploratory model was applied to nonexempt employees.

Estimation of the exploratory exempt model when cross-validated with nonexempt employees revealed a significant model chi-square, $\chi^2 (6, N = 532) = 40.04, p < .0001$. As with the previous analyses, the size of the calibration sample required the
Table 5

Goodness of fit indices and cross-validation results for exempt exploratory model and nonexempt exploratory model applied to exempt employees.

<table>
<thead>
<tr>
<th>Model and Employee Group</th>
<th>Chi-square</th>
<th>df</th>
<th>p</th>
<th>NFI</th>
<th>NNFI</th>
<th>CFI</th>
<th>AGFI</th>
<th>R² Intentions</th>
<th>R² Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exempt Exploratory Model applied to developmental sample of exempt employees (N = 385)</td>
<td>3.78</td>
<td>6</td>
<td>.7065</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>.98</td>
<td>.24</td>
<td>.64</td>
</tr>
<tr>
<td>Exempt Exploratory Model applied to cross-validation sample of exempt employees (N = 723)</td>
<td>10.07</td>
<td>6</td>
<td>.1219</td>
<td>.99</td>
<td>.99</td>
<td>.99</td>
<td>.97</td>
<td>.29</td>
<td>.70</td>
</tr>
<tr>
<td>Nonexempt Exploratory Model applied to cross-validation sample of exempt employees (N = 723)</td>
<td>28.44</td>
<td>4</td>
<td>.0001</td>
<td>.98</td>
<td>.96</td>
<td>.99</td>
<td>.93</td>
<td>.29</td>
<td>.69</td>
</tr>
</tbody>
</table>
examination of additional fit indices to assess how well this model fit the data upon cross-validation. Although some of fit indices exceeded the required value of .9 (NFI = .98, NNFI = .91, CFI = .98), the AGFI which corrects for model complexity, failed to meet this criteria (AGFI = .87). Therefore, the exempt exploratory model failed to establish a good fit between model and data. As illustrated in Table 4, the AGFI for the nonexempt exploratory model when cross-validated with nonexempt employees was .98. However, when the exempt exploratory model was applied to the cross-validation sample of nonexempt employees the AGFI revealed a value of only .87. Because of the reduction in how well this model fit the data for nonexempt employees when compared to the fit demonstrated with the nonexempt exploratory model, the exploratory nonexempt model was the best fitting model for nonexempt employees.

According to Hatcher (1994), if a model is determined to be a good fit to the data it is necessary to examine the significant tests of the path coefficients to determine whether the entire model received support. The significant path coefficients for the nonexempt exploratory model upon cross-validation with nonexempt employees were as follows: the direct effects of satisfaction (t = 7.08, p < .001) and tenure (t = 5.64, p < .001) on turnover intentions, and the indirect effects of culture (t = 12.18, p < .001) and job fulfillment (t = 10.19, p < .001) operating through overall satisfaction. The only path in the exploratory nonexempt model that did not receive statistical support upon cross-validation was the direct effects of vision and mission on turnover intentions (t = 1.61, p > .05). The cross-validated nonexempt exploratory model and the path coefficients are presented in Figure 4.
Exempt employees. Answering the second question involved fitting the nonexempt exploratory model to the cross-validation sample of exempt employees to investigate whether it was possible that this model could explain the turnover intentions of exempt employees. In order to assess the unique ability of the exempt model to explain the turnover intentions of the exempt employees, the nonexempt exploratory model was cross-validated with exempt employees. In this case, if the exempt exploratory model were unique to exempt employees a reduction in model to data fit would be expected when the nonexempt exploratory model was applied to the cross-validation sample of exempt employees.

Estimation of the nonexempt exploratory model when cross-validated with exempt employees revealed a significant chi-square model, $\chi^2 (4, N = 723) = 28.44, p < .0001$. Again, due to the large sample size in the calibration sample it was necessary to examine additional fit indices to assess how well this model fit the data upon cross-validation. The values of the fit indices exceeded the required value of .9 (NFI = .98, NNFI = .96, CFI = .99, AGFI = .93) to establish a good fit between model and data.

Although this model also adequately explained the turnover intentions of exempt employees, there was some reduction in how well this model fit the data for exempt employees when compared to the fit demonstrated with the exempt exploratory model. This was demonstrated by the reduction of NNFI and AGFI values for the nonexempt exploratory model when cross-validated with exempt employees.

As illustrated in Table 5, the NNFI for the exempt exploratory model when cross-validated with the calibration sample of exempt employees was .99 and the AGFI was .97. In the same table, it can be seen that when the nonexempt exploratory model was
cross-validated with exempt employees the NNFI value was .96 and the AGFI was .93. The reduction of these two fit indices, although small, provided evidence that the exempt exploratory model was the best fitting model for exempt employees. As was the case with the best fitting model for nonexempt employees, it was necessary to examine the significant tests of the path coefficients for the exempt exploratory model to determine whether the entire model received support.

The significant path coefficients for the exploratory exempt model upon cross-validation with exempt employees are as follows: the direct effects of overall satisfaction ($t = 8.06, p < .001$), total compensation ($t = 1.99, p < .05$), and vision and mission ($t = 3.99, p < .001$) on turnover intentions, and the indirect effects of culture ($t = 8.74, p < .001$), vision and mission ($t = 4.11, p < .001$), leadership ($t = 2.28, p < .01$), and job fulfillment ($t = 13.23, p < .001$) operating indirectly through overall satisfaction. The path coefficients in the exploratory exempt model that did not receive statistical support upon cross-validation with exempt employees were the direct effects of training and advancement ($t = .69, p > .05$), pay ($t = 1.44, p > .05$), related support ($t = 1.39, p > .05$), and leadership ($t = 1.47, p > .05$) on turnover intentions. The exempt exploratory model and the path coefficients are presented in Figure 5.
Discussion

Understanding how and why employee attrition occurs can bring a great deal of empowerment to the organization and the Human Resource Manager. Knowledge of the factors that precede an employee’s decision to leave the organization provides the tool with which practitioners can directly impact organizational turnover. In the present study, the investigator attempted to delineate the turnover process for exempt and nonexempt employees by utilizing three a priori models. These models were predicated upon the theory that the potential causes of turnover intentions for exempt and nonexempt employees would differ based upon differences in their needs and concerns within the workplace. The initial a priori models did not support this distinction. The base model provided the best fit of the data to both groups of employees, but the exempt and nonexempt models failed to demonstrate improvements in the overall fit to the data and therefore, no distinctions of turnover intentions can be made based upon the theoretical models.

Because the a priori models failed to support a distinction between exempt and nonexempt employees, an exploratory analysis was conducted for each employee group to investigate possible differences in turnover intentions. The exempt exploratory model revealed that related support, training and advancement, total compensation, pay, and overall satisfaction exhibited direct effects on turnover intentions. Job fulfillment and culture operated indirectly through satisfaction. However, vision and mission and leadership exhibited both direct and indirect effects on turnover intentions. Upon cross-
validation of this model with the exempt calibration sample, seven paths remained statistically significant: the direct effects of overall satisfaction, vision and mission, and total compensation, and the indirect effects of vision and mission, job fulfillment, leadership and culture.

The nonexempt exploratory model revealed that overall satisfaction, vision and mission, and tenure demonstrated direct effects on turnover intentions and job fulfillment and culture operated indirectly through overall satisfaction. Upon cross-validation of this model with the nonexempt calibration sample, four paths demonstrated statistical significance: the direct effects of overall satisfaction and tenure, and the indirect effects of job fulfillment and culture.

For both groups of employees, overall satisfaction exhibited the strongest effects on turnover intentions. Further, job fulfillment and culture were significant determinants of turnover intentions operating indirectly through overall satisfaction for exempt and nonexempt employees. These variables demonstrate the similarities between the two groups of employees. For the practitioner, developing strategies to enhance organizational culture can lead to increases in overall satisfaction, which directly impacts turnover intentions for both groups of employees. While the organization’s culture is important in the formation of turnover intentions for both groups of employees, it is likely that the two groups will differ in the specific characteristics of the organization’s culture that are important. The practitioner’s role is to assess and understand the aspects of the organization’s culture that are important to each group and foster policies and procedures that reflect these concerns.
The degree of job fulfillment received from a job for both groups of employees can also lead to increased levels of overall satisfaction thereby reducing the employee’s intention to leave the organization. Although job fulfillment is relevant in the formation of turnover intentions for both employee groups, the process of increasing the amount of job fulfillment received from a particular job is likely to be out of the hands of most practitioners. In most cases, the jobs performed by exempt employees have at least some degree of job fulfillment inherent in the work itself. However, the jobs performed by nonexempt employees are typically more mundane and often the amount of job fulfillment present in the work, if any, is negligible. Therefore, the real challenge for the practitioner is to find ways of enhancing job fulfillment for nonexempt employees who work in more menial jobs.

The distinguishing variables for exempt employees included vision and mission, leadership, and total compensation. The strongest of these relationships was exhibited by the direct and indirect effects of the vision and mission variable. The presence of vision and mission in the exempt exploratory model lends support to the common belief that exempt employees bring to the workplace a greater concern for the long-term objectives of the organization. A higher level of congruence between the goals of the organization and the exempt employee could possibly reduce the likelihood that he or she will leave the organization through a direct impact on turnover intentions and indirectly through overall satisfaction.

From a practitioner’s perspective, assessing this level of congruence prior to employment could enhance selection choices and help to create a more long-term, committed workforce. Monitoring the level of congruence throughout an employee’s
tenure would allow the practitioner to watch for trends that could be indicative of major changes between the goals of exempt employees and the goals of the organization. This type of assessment could be especially beneficial during times of organizational change or company mergers.

Although playing a much smaller role, leadership and total compensation were also significant in the formation of turnover intentions for exempt employees. Total compensation directly impacted the turnover intentions of exempt employees and the role of leadership operated indirectly through overall satisfaction. These findings suggest that exempt employees are likely to consider such factors as the total compensation package offered by the organization and the type of leadership that is present in the organization as causal determinants of their turnover intentions. For the practitioner, the point is to address these issues when developing strategies that are designed to reduce turnover.

The distinguishing variable in the nonexempt exploratory model is tenure which demonstrated a moderately strong, positive relationship with turnover intentions. Based upon the positive direction of the relationship, the longer a nonexempt employee stays with the organization the more likely he or she is to leave. The relationship demonstrated here is opposite of that found between these two variables in past research (Arnold & Feldman, 1982; Cotton & Tuttle, 1986; Martin, 1979; Micheals & Spector, 1982; Mitchel, 1981; Parasuraman, 1982; Porter & Steers, 1973; Williams & Hazer, 1986; Curry, Wakefield, Price, & Mueller, 1986), which has consistently demonstrated a negative relationship between tenure and turnover intentions. However, a plausible explanation for the results found in the present study is the possibility that for nonexempt employees these two variables demonstrate a curvilinear relationship. In other words, the
assessment in the present study occurred prior to the point at which tenure begins to demonstrate a negative relationship with the likelihood of leaving the organization. The reason for the positive relationship seen here could be further explained by a nonexempt employee's need to obtain adequate job experience before moving on to the next job. In this situation, the longer a nonexempt employee stays the greater level of experience he or she obtains, which increases the likelihood that the nonexempt employee can find better employment opportunities elsewhere.

The absence of many significant variables in the nonexempt exploratory model raises the question of whether these variables are important to nonexempt employees. That question cannot be directly answered here. These variables clearly were not significant determinants of the turnover intentions for nonexempt employees, at least in the present study. Further, this statement does not mean that these variables should be ignored in the design of turnover reduction strategies. Instead, further research should be conducted to fully understand their role, if any, as causal determinants of turnover intentions for nonexempt employees.

What is probably most peculiar about the results obtained in the present study is the insignificance of pay as a causal determinant of turnover intentions for either group. In past research (Bluedorn, 1982; Cotton & Tuttle, 1986; Curry et al., 1985; Kraut, 1975; Martin, 1979; Muchinsky & Morrow, 1980; Park Ofori-Dankwa, & Bishop, 1994; Porter & Steers, 1973; Price & Mueller, 1981; Steel & Ovalle, 1984) pay has demonstrated a consistently strong relationship with turnover intentions. Therefore, practitioners and future researchers should not ignore this variable in trying to understand the turnover process.
Based upon the results of the exploratory analysis, support was found for differences in the causal determinants of turnover intentions for exempt and nonexempt employees. The presence of vision and mission and job fulfillment in the exempt exploratory model are indicative of the long-term focus held by exempt employees when considering whether to leave the organization. The relevance of leadership and total compensation in the formation of turnover intentions for exempt employees is clearly evident but the strength of their role as actual causal determinants is negligible, based upon the present findings.

The presence of tenure as a significant causal determinant of turnover intentions for nonexempt employees was somewhat puzzling; the meaning for its role in the development of strategies to reduce turnover is unclear. It is clear, however, that these findings provide evidence that practitioners and researchers can no longer ignore the role of occupational level when modeling the turnover process.

A final consideration when interpreting the implications of the present study is the issue of causality. Although path analysis coupled with the appropriate research design can provide evidence for inferring causal relationships between variables, a single demonstration of direct effects between variables is often insufficient for making conclusions of causality. Addition evidence is required to interpret direct effects in a path model as corresponding to causal relations in the real world. There must be replication of the model across independent samples and substantive evidence from experimental studies of variables in the model that can be manipulated, coupled with the accurate prediction of the effects of interventions (Kline, 1998).
Limitations

Probably the most significant limitation of the present investigation is the likelihood of measurement and specification errors. A critical assumption of path analysis is that the exogenous variables in the mode 1 are measured without error (Kline, 1998). Unfortunately, it is difficult to predict the direction of this error. The amount of error is dependent upon the degree of intercorrelation among the exogenous variables. If the intercorrelations among the exogenous variables are high then it is likely that the value of the path coefficients for the exogenous variables will be overestimated. The intercorrelations presented in Tables 2 and 3 illustrate that many of the exogenous variables in the present models are likely to contain some measurement error. As a result, the path coefficients obtained in the present study may paint an inaccurate picture of the actual relationships in the model. The impact of measurement error on the endogenous variables in a model is likely to impact only the standardized estimates of direct effects on the endogenous variables but not unstandardized ones. Because the present study utilized only unstandardized path coefficients, the effects of measurement error on the endogenous variables is not of great concern. Future research in this area should focus on investigating models comprised of latent variables or should include more than a single measure of a construct in order to deal with the problem of measurement error.

The possible omission of a variable relevant to the formation of turnover intentions for either group is the most likely source of specification error. The omission
of a relevant variable(s) in a model that covaries with those included results in a biased estimation of causal effects of the variables included in the model. The direction of this error can be overestimation or underestimation of the path coefficients, depending upon the correlations between included and excluded variables (Kline, 1998). As stated previously, the data for the present study did not include measures of opportunity for other jobs or economic factors that have been shown to be relevant in the formation of turnover intentions. Because their importance in forming turnover intentions has been demonstrated through past research, their omission from the present models could have biased the estimates of causal effects that were obtained. Therefore, future research should seek to include all variables that have demonstrated, through research and theory, a significant influence on the formation of turnover intentions. It is possible that variables omitted in the present study would serve to further distinguish exempt and nonexempt employees in the causes of their turnover intentions.

An additional limitation of the present study is the possibility that many of the variables present in the initial a priori models demonstrate both direct and indirect effects on turnover intentions. In fact, the exploratory investigation revealed that at least for exempt employees, some of the variables are capable of demonstrating both types of effects. Therefore, the failure to hypothesize direct and indirect effects in the a priori models could have contributed to their inability to differentiate between the turnover intentions of exempt and nonexempt employees.

The present study was also limited by the investigation of only recursive models (i.e., all causal effects are unidirectional). It is possible the relationships among the variables in the models demonstrate reciprocal effects and are not unidirectional.
Additional research in this area should investigate nonrecursive models because they allow researchers to test a wider range of hypotheses (Kline, 1998).

Further, readers should be cautioned regarding the generalizability of this study. This study focused on only one type of organization at a single period in time. In order to gain a clearer understanding of the differences that exist in the turnover intentions between employee groups it is necessary that future research include subjects from multiple organizations and monitor variables across time.
References


