Examining Employees' Perceptions of Exempt and Non-Exempt Status

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City University of New York Bernard Baruch College ProQuest Dissertations & Theses, 2024. 31148886.

In this dissertation, I address the issue of employee preferences for FLSA exempt (salaried) status. Employee preferences are important considerations for managers and policy makers in devising work specifications and/or employment contracts/agreements that best fit their needs. Because this question has not been directly addressed in previous research, my research fills an important gap in our knowledge. Greater understanding of employees' preferences will provide valuable insights to all involved in employment design and policy making.

In my research, I explore how different attitudinal and normative factors influence employees' preferences for job status through a survey of 428 respondents drawn from a wide range of industries and occupations. My survey is designed to measure the impact of key predictors that are thought to motivate the preference of FLSA exempt (salaried) status, based on a comprehensive survey of relevant literature on drivers of preference. These include the underlying role of workers' attitudes toward Job Control, Pay Flexibility, and Work Flexibility and their perceptions of social norms related to Job Security and Job Prestige. In my survey, I instruct the respondents to provide their preferences on exempt or non-exempt status assuming they were able to choose their status.

My key finding is that 61% of the respondents favor exempt over non-exempt status. The predictors of Job Control and Pay Flexibility have the strongest influence in employees' preference for exempt status, whereas Work Flexibility and Job Security are not statistically significant. Related findings in the survey strongly support this result.

These findings provide the first empirical evidence relating to employee preferences towards exempt and non-exempt status. Further, if employees are provided with choice, the flexibility that could be afforded to both employees and businesses may have a positive impact on employee morale and satisfaction. These findings may be used by public policy makers in consideration of modifications of current laws allowing choice flexibility within the two classifications, as well as by private employers who are working to improve the working environment for their employees.