

ABSTRACT

In bringing in the competitive edge over others, talented and competitive employees are of critical importance for an organization. Hence a greater attention has been paid on retention of such employees for a longer period of time. However in comparison to the other generations a higher employee turnover has been reported in the category of Generation Y. Thus the current study was undertaken in order to identify the organizational and psychological factors affecting Turnover Intention of Generation Y employees which may lead to crafting of organizational strategies accordingly.

The study was conducted in the context of insurance industry which adopted a dyad survey design in collecting data through a well developed and structured questionnaire. 225 valid responses, in which 173 from subordinates and 52 from leaders were considered for the final analysis. Structural Equation Modeling (SEM) via Analysis of Moment Structure (AMOS) was used to determine the nature of the hypothesized relationships between the constructs.

According to the findings of the study the negative relationship between Perceived Organizational Support and Turnover Intention was confirmed. At the same time the mediating effect of Job Satisfaction and Organizational Commitment also was confirmed. Most importantly the study established the impact of Leader-Member Exchange on the above relationships.

Given the significance of Perceived Organizational Support as well as psychological outcomes of POS; Job Satisfaction and Organizational Commitment, the organizations have to ensure the setup and implementation of human resource policies and practices which encourages POS. Specially with the increased number of Gen Y employees in the workforce this has become more important. Further the established effect of LMX suggests that the leaders play a vital role in retaining employees in organizations for a longer period of time. Therefore selecting and developing managers will help in reducing turnover intention of employees. In particular this research is an attempt to contribute to the literature by bridging the empirical gap that exists in the effect of Leader Member Exchange in the relationship between Perceived Organizational Support and Turnover Intention, paying special attention to Gen Y employees in the Sri Lankan context.