ENHANCING EMPLOYEE RETENTION IN CORPORATE AND SERVICE SECTORS THROUGH DEI AND CAREER DEVELOPMENT: ORGANIZATIONAL REALITIES AND DEVELOPMENTAL DRIVERS

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Abstract

Purpose – This study investigates the relationship between Diversity, Equity, and Inclusion (DEI) policies and employee retention, examining whether professional development strengthens this link. Despite the proliferation of DEI initiatives, empirical evidence regarding their effectiveness in transitional labor markets remains limited.
Design/methodology/approach – The study forms part of a broader national research project. Using data from a Computer-Assisted Web Interview survey of 657 employees in Bulgaria, this study employs hierarchical multiple regression analysis to assess the direct effects of DEI policies on retention and the moderating role of three professional development dimensions: training, mentoring, and career growth.
Findings – Findings indicate that professional development is a stronger predictor of retention than formal DEI policies. While training and career growth positively impact retention directly, mentoring emerges as a significant moderator—unexpectedly weakening the relationship between DEI policies and retention. This suggests that mentoring may act as a substitute for formal DEI structures by providing direct organizational support and guidance.
Originality/value – This research contributes to the literature by demonstrating that formal policies require meaningful developmental opportunities to be effective. It introduces the "Mentoring Substitution Effect" and provides rare empirical evidence from Central and Eastern European context, highlighting the interaction between institutional policies and interpersonal practices.
Keywords Diversity, Equity and Inclusion (DEI); employee retention; intention to stay; mentoring; professional development; career growth; human resource management; organizational commitment.

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INTRODUCTION

The global labour market has entered a period of profound transformation characterised by demographic change, technological disruption, increasing workforce mobility and persistent shortages of skilled employees. These developments are particularly evident in service-oriented industries, where organisational performance depends heavily on the attraction, development and retention of qualified personnel. In sectors such as tourism, hospitality, finance, information technology and business services, employee turnover has become one of the most significant challenges affecting organisational sustainability, service quality and long-term competitiveness. Consequently, employee retention has evolved from an operational human resource concern into a strategic management priority. Within this context, Diversity, Equity and Inclusion (DEI) has gained increasing recognition as an important organisational capability rather than solely an ethical or regulatory obligation (Thomson & Gooberman-Hill, 2024). Organisations are investing substantial resources in developing DEI policies that promote fair treatment, equal opportunities and inclusive organizational cultures (Oliha-Donaldson, 2020). Beyond compliance with legislation and Environmental, Social and Governance (ESG) requirements, DEI initiatives are increasingly expected to strengthen employee engagement, organisational commitment and retention by creating workplaces in which employees feel respected, valued and psychologically safe. The theoretical foundations supporting these expectations are well established. Social Exchange Theory (Blau, 1964) suggests that employees reciprocate organisational support with greater loyalty and commitment. Perceived Organisational Support (Eisenberger et al., 1986) further explains how organisational investment in employee well-being strengthens intentions to remain with the organisation. Similarly, Organisational Justice Theory (Greenberg, 1990) and Social Identity Theory (Tajfel & Turner, 2004) argue that fairness, inclusion and a shared organisational identity enhance employee commitment by strengthening trust and psychological attachment to the organisation. Together, these perspectives provide a strong theoretical basis for understanding why DEI policies are frequently promoted as mechanisms for improving employee retention.

However, empirical findings remain inconclusive. While many studies report positive associations between inclusive organisational practices and employee outcomes, increasing evidence suggests that the effectiveness of DEI policies depends on how employees experience these initiatives in their everyday work. Formal organisational policies may establish institutional expectations, but they do not necessarily generate commitment unless accompanied by meaningful opportunities for professional growth, supportive leadership and career development. Consequently, recent scholarship has increasingly emphasised that employee retention should be understood as the result of interacting organisational resources rather than the product of isolated human resource policies. Professional development represents one of the most influential of these organisational resources. Training opportunities, mentoring relationships and career advancement not only enhance employee competence but also strengthen organisational attachment by increasing perceived organisational investment and future career prospects. According to Job Embeddedness Theory (Mitchell et al., 2001), employees remain with organisations when they

develop strong interpersonal connections, perceive a good organisational fit and recognise the sacrifices associated with leaving. Professional development therefore complements formal DEI policies by translating organisational commitment into tangible developmental opportunities that employees experience directly.

These relationships are particularly relevant in Bulgaria, where organisations operate within a transitional labour market characterised by demographic decline, increasing international competition for skilled employees and accelerating implementation of European ESG and diversity requirements. Many organisations have introduced formal DEI policies in response to legislative developments and international corporate standards. Nevertheless, relatively little empirical evidence exists regarding whether these institutional frameworks independently influence employee retention or whether their effectiveness depends on complementary organisational practices such as mentoring, training and career development. Understanding this relationship is particularly important for corporate and service organisations seeking to address persistent labour shortages while maintaining organisational resilience and competitiveness. Against this background, the present study investigates the relationship between DEI policies, professional development and employee retention within the Bulgarian corporate and service sectors. Specifically, it examines whether formal DEI policies independently predict employees' intention to stay or whether their effectiveness depends upon developmental resources available within the organisation. Particular attention is given to mentoring as a potential mechanism through which interpersonal support may compensate for the limited influence of formal institutional policies.

The study addresses the following research questions:

RQ1. To what extent do formal DEI policies influence employees' intention to stay within Bulgarian corporate and service organisations?
RQ2. How do different dimensions of professional development, including training, mentoring and career growth contribute to employee retention?
RQ3. Does professional development moderate the relationship between DEI policies and employee retention, and if so, which developmental dimension demonstrates the strongest moderating effect?

By addressing these questions, the study contributes to the growing literature on DEI and employee retention as it provides empirical evidence from a transitional Central and Eastern European economy, a context that remains underrepresented in the international DEI literature. It demonstrates that professional development constitutes a stronger predictor of employee retention than formal DEI policies alone. The findings identify a mentoring substitution mechanism, suggesting that interpersonal developmental support may partially compensate for the limited independent influence of formal DEI policies on employees' intention to remain within the organisation. The remainder of the paper is organised as follows. Section 2 reviews the literature on DEI, employee retention and professional development and develops the theoretical framework underpinning the study. Section 3 presents the conceptual model and research hypotheses. Section 4 describes the research methodology, including the survey design, sampling procedure, measurement instruments and analytical approach. Section 5 presents the empirical findings, while Section 6 discusses the results in relation to existing literature and their theoretical and managerial implications. Section 7 concludes the paper by summarising the principal contributions, acknowledging the study's limitations and outlining directions for future research.

1. LITERATURE REVIEW

DEI has evolved from a compliance-oriented human resource initiative into a strategic organisational capability supporting organisational sustainability, employee well-being and long-term competitiveness (Prasad & Śliwa, 2024). While diversity concerns workforce heterogeneity, equity focuses on fair organisational processes and equal access to opportunities, and inclusion reflects employees' perceptions of belonging, participation and respect within the workplace (Shore et al., 2011; Roberson, 2019). Contemporary research increasingly recognises that these three dimensions are mutually reinforcing and that successful DEI implementation requires more than formal organizational policies.

Recent studies demonstrate that mature DEI practices are associated with higher employee engagement, organisational commitment, innovation and talent retention because they create work environments characterised by fairness, trust and psychological safety (Tomczak et al., 2021). However, emerging evidence also suggests that the existence of formal DEI policies alone is insufficient to influence employee behaviour unless employees experience these commitments in their everyday organisational interactions. Consequently, DEI is increasingly conceptualised as an organisational capability embedded within leadership, human resource management and organisational culture rather than as a stand-alone compliance mechanism (Wang et al., 2024). Recent reviews further emphasise that organisations achieve the greatest retention benefits when DEI initiatives are integrated with broader talent management and employee development strategies rather than implemented in isolation (Khan et al., 2025). The theoretical foundations of DEI are commonly explained through Social Exchange Theory (Blau, 1964), which proposes that employees reciprocate organisational support through stronger commitment and loyalty. Perceived Organisational Support Theory similarly argues that employees who believe the organisation values their contribution and cares about their well-being are more likely to demonstrate organisational commitment and lower turnover intentions (Eisenberger et al., 1986). Organisational Justice Theory further explains that employees evaluate organisational commitment through distributive, procedural and interactional fairness, making the quality of DEI implementation at least as important as the existence of formal policies (Greenberg, 1990). These theoretical perspectives suggest that DEI establishes the institutional foundations for positive

employee outcomes. Nevertheless, contemporary research increasingly indicates that organisational policies alone rarely determine employee retention. Instead, employees respond most strongly when organisational commitments are reinforced by meaningful developmental experiences and supportive organisational relationships.

Employee retention has become one of the most important strategic challenges confronting organisations operating in highly competitive labour markets. High turnover generates considerable recruitment costs, disrupts organisational knowledge and negatively affects service quality and organisational performance. Consequently, understanding why employees remain with organisations has become a central objective of contemporary human resource management. The construct most frequently examined in organisational research is intention to stay, defined as employees' conscious willingness to continue working for their current employer. Although intention to stay differs from actual retention behaviour, numerous studies have demonstrated that it represents one of the strongest predictors of future turnover decisions (Allen et al., 2010; Hom et al., 2017). Job Embeddedness Theory provides one of the most comprehensive explanations of employee retention. Mitchell et al. (2001) argue that employees remain because of organisational fit, interpersonal links and the perceived sacrifice associated with leaving. Recent systematic reviews confirm that these dimensions continue to represent the dominant theoretical explanation of retention behaviour while emphasising the growing importance of organisational context, career opportunities and supportive workplace relationships in explaining why employees remain with organisations. These dimensions are particularly relevant when considering DEI and professional development. Inclusive organisational environments strengthen employees' sense of organisational fit and belonging, mentoring strengthens interpersonal links, while career development increases the perceived opportunity cost of leaving. Employee retention should therefore be understood as the cumulative outcome of multiple organisational practices rather than the consequence of any single human resource intervention.

Professional development represents one of the most influential organisational resources supporting employee commitment and retention. Rather than focusing exclusively on current job performance, professional development reflects organisational investment in employees' future competencies, employability and career progression. Employees who perceive meaningful opportunities for learning and advancement are more likely to develop stronger organisational commitment because these opportunities signal long-term organisational investment (Kraimer et al., 2011; Weng & McElroy, 2012). Training enhances employees' competencies, confidence and professional effectiveness. Nevertheless, its influence on retention depends upon whether organisations simultaneously provide opportunities for applying newly acquired knowledge and continuing professional development. Recent systematic reviews identify learning opportunities, career development and continuous capability building among the strongest contemporary predictors of employee retention across industries.

Career growth reflects employees' perceptions that the organisation provides meaningful opportunities for advancement and long-term professional development. Employees who perceive clear career pathways are more likely to remain because they associate continued organisational membership with future professional achievement. A recent systematic review of organisational career growth research confirms that career opportunities consistently predict organisational commitment, work engagement and retention while identifying career support as one of the most significant organisational resources for sustainable workforce management. Mentoring differs from training because it is fundamentally relational. Rather than focusing exclusively on knowledge transfer, mentoring provides career guidance, psychosocial support, organisational socialisation and access to informal organisational networks (Kram, 1985; Eby et al., 2013). Through mentoring relationships, employees receive practical advice, emotional support and organisational knowledge that facilitate professional integration and organisational identification. Recent mentoring research suggests that developmental relationships have become increasingly important in post-pandemic workplaces characterised by hybrid work, organisational change and increasing workforce diversity. Contemporary mentoring is viewed not only as a mechanism for individual career development but also as an organisational capability supporting inclusion, engagement and long-term retention.

Recent evidence further suggests that the effectiveness of DEI initiatives depends less on the formal adoption of organisational policies than on their integration into broader strategic human resource management systems. Systematic reviews published during the last two years conclude that organisations achieve the greatest improvements in employee engagement, organisational commitment and retention when DEI initiatives are combined with inclusive leadership, transparent career development opportunities, mentoring programmes and continuous learning rather than implemented as isolated policy instruments (Eshete & Birbirssa, 2024; Okatta et al., 2024; Jönsson & Gustafsson, 2025). Similarly, a recent meta-review of organisational diversity interventions demonstrates that workplace inclusion is most effective when organisational policies are translated into everyday management practices that employees directly experience through interpersonal relationships, developmental opportunities and fair organisational processes.

Recent research has also highlighted the growing strategic importance of mentoring and career development in sustaining employee retention within increasingly diverse workplaces. Contemporary studies indicate that mentoring not only facilitates professional learning and career advancement but also strengthens employees' sense of belonging, organisational identification and psychological safety, particularly among underrepresented groups (de Souza & White, 2024; Weinberg & Scandura, 2024). Likewise, systematic reviews of talent management and employee retention consistently identify professional development, internal career opportunities and supportive organisational relationships as among the strongest predictors of employees' intention to remain with their organisations. These findings reinforce the argument that formal DEI policies are most effective when complemented by developmental practices that transform organisational commitments into employees' everyday workplace experiences.

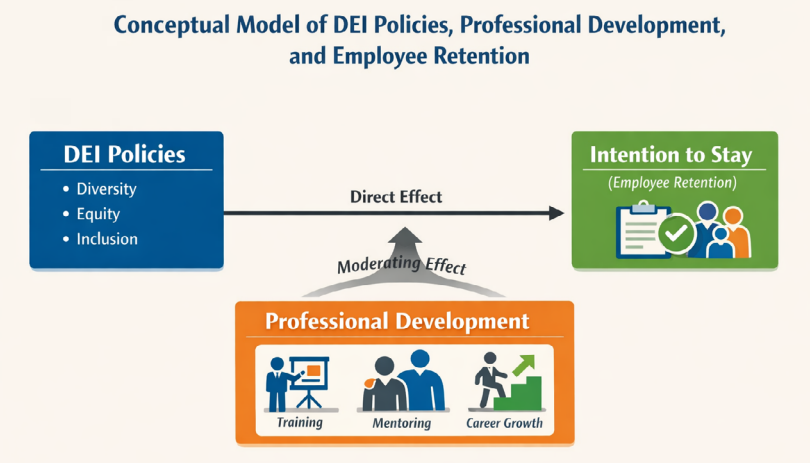
Although DEI and professional development are frequently examined independently, growing evidence suggests that they operate through complementary organisational mechanisms. DEI establishes institutional conditions for fairness, equal opportunity and inclusion, whereas professional development provides employees with direct evidence of organisational investment through learning, mentoring and career advancement opportunities. This distinction is consistent with Social Exchange Theory. Formal DEI policies communicate organisational values, whereas professional development demonstrates organisational commitment through tangible developmental experiences. Employees therefore appear more likely to reciprocate developmental investment than symbolic organisational commitments alone. Strategic leadership creates organisational systems that facilitate mentoring, learning and career development. Angelov (2025) argues that sustainable competitiveness depends on leaders' ability to coordinate organisational knowledge flows. Within the present study this suggests that mentoring functions not merely as an HR practice but as a leadership-enabled mechanism through which DEI commitments become everyday organisational experiences. Within the context of employee retention, this perspective suggests that mentoring, career development and continuous learning should not be viewed as isolated human resource practices but as organisational mechanisms through which leadership translates formal DEI commitments into employees' everyday organisational experiences. Leadership therefore provides the organisational infrastructure through which developmental opportunities reinforce organisational commitment and retention. Professional development also operates through different psychological mechanisms. Training primarily enhances competence, career growth strengthens future organisational attachment, while mentoring develops interpersonal trust, organisational identification and access to informal organisational networks. Distinguishing among these mechanisms is therefore essential for understanding why different developmental practices may influence employee retention in different ways.

The reviewed literature demonstrates that both DEI and professional development contribute positively to employee attitudes and organisational outcomes. However, these constructs have largely been examined independently. Much less attention has been devoted to understanding how formal DEI policies interact with different dimensions of professional development in influencing employees' intention to remain with their organisations. This limitation is particularly evident within transitional labour markets such as Bulgaria, where organisations increasingly implement DEI initiatives in response to European regulatory frameworks, ESG expectations and international corporate practices while simultaneously facing persistent labour shortages and increasing competition for qualified employees. Although organisations continue investing in formal DEI policies, relatively little empirical evidence explains whether these policies independently influence retention or whether employees respond more strongly to practical developmental experiences such as mentoring, training and career growth. The present study addresses this gap by simultaneously examining DEI policies and three distinct dimensions of professional development. Rather than treating professional development as a single construct, the study differentiates between training, mentoring and career growth because each represents a different organisational mechanism influencing employee retention. In doing so, the study further investigates whether mentoring may partially substitute for the influence of formal DEI policies by providing employees with direct interpersonal support, organisational guidance and developmental opportunities that strengthen their intention to remain with the organisation.

2. CONCEPTUAL FRAMEWORK

As established by the preceding theoretical analysis, the relationship between institutional policy and individual behavior is complex and context-dependent. To operationalize these theories within the Bulgarian corporate and service sectors, the following conceptual framework is proposed.

Figure 1: **Conceptual Framework of the Relationship between DEI Policies, Professional Development and Employees' Intention to Stay**



The literature reviewed in the previous section suggests that employee retention is shaped by the interaction of organisational policies, developmental opportunities and employees' perceptions of organisational support. Although DEI policies are increasingly recognised as important strategic human resource practices, existing research indicates that their influence on employee retention is unlikely to operate independently. Rather, employees appear to evaluate organisational commitment

through the extent to which formal policies are translated into meaningful workplace experiences, including opportunities for professional learning, mentoring and career advancement. The conceptual framework developed in this study therefore integrates two complementary perspectives. First, DEI policies represent the institutional dimension of organisational support by establishing formal commitments to fairness, equal opportunity and inclusion. Second, professional development represents the behavioural dimension through which employees directly experience organisational investment in their future. Together, these dimensions are expected to influence employees' intention to remain with the organisation.

The framework is grounded primarily in Social Exchange Theory (Blau, 1964) and Perceived Organisational Support Theory (Eisenberger et al., 1986). According to these perspectives, employees develop stronger organisational commitment when they perceive that the organisation values their contribution and invests in their professional development. Job Embeddedness Theory (Mitchell et al., 2001) further suggests that retention is strengthened when employees experience organisational fit, develop interpersonal relationships and perceive valuable future opportunities within the organisation. These theoretical perspectives imply that developmental practices may strengthen—or in some circumstances compensate for—the influence of formal organisational policies. Professional development is conceptualised as a multidimensional construct comprising training, mentoring, and career growth. These dimensions were analysed separately because they represent different organisational mechanisms through which employees experience support. Training primarily enhances employees' knowledge and professional competence, increasing confidence and improving job performance. Career growth reflects employees' perceptions of future advancement opportunities and long-term professional prospects within the organisation. Mentoring differs from both training and career growth because it provides direct interpersonal support, organisational guidance and access to informal knowledge networks. Consequently, each dimension may influence employee retention through different psychological processes. Based on this theoretical reasoning, the study proposes that organisations implementing formal DEI policies will generally demonstrate higher employee intention to stay. However, it is also expected that developmental opportunities will influence the strength of this relationship by providing employees with direct experiences of organisational investment.

3. METHODOLOGY

This study adopts a quantitative, cross-sectional research design to examine the relationship between DEI policies, professional development and employees' intention to remain with their organisations. The research forms part of a broader national study investigating the effects of DEI policies on organisational effectiveness in the Bulgarian corporate sector. The original research examined multiple organisational outcomes associated with DEI implementation, including employee satisfaction, organisational justice, innovation, creativity, career development, leadership engagement, organisational commitment and employee retention. The present article focuses specifically on the relationship between formal DEI policies and employees' intention to stay, while examining the moderating role of professional development through training, mentoring and career growth.

The analytical framework is based on the assumption that formal DEI policies represent institutional organisational support, whereas professional development reflects employees' direct experience of organisational investment. Accordingly, the study investigates whether developmental opportunities strengthen the relationship between DEI implementation and employee retention. The study addresses the following hypothesis: The implementation of DEI policies is positively associated with employees' intention to remain with the organisation. This relationship becomes stronger when employees perceive greater opportunities for professional development and hold more positive perceptions of the effectiveness of DEI programmes. Empirical data were collected using a Computer-Assisted Web Interview (CAWI) survey. The CAWI approach was selected because it enables access to a geographically dispersed population while ensuring a standardised data collection procedure, efficient administration and high data quality. Respondents completed a structured online questionnaire anonymously and voluntarily, allowing participation at a convenient time and reducing potential social desirability bias when responding to questions concerning workplace diversity and inclusion. Data collection was conducted over a three-month period between 7 July and 5 September 2025. The target population comprised all individuals employed under labour or civil service contracts in the Republic of Bulgaria. According to the National Statistical Institute (NSI, 2025), this population included approximately 2.93 million employees at the beginning of 2025.

The survey yielded 657 completed questionnaires. After data screening and validation, 645 responses were retained for the general analyses presented in this study. Because several analyses required respondents to evaluate the implementation of formal DEI policies within their organisations, a second analytical sample of 539 respondents employed in organisations reporting the existence of formal DEI policies was used for the moderation analyses. The achieved sample size exceeds the minimum statistical requirements for a national employee survey. Based on a target population of approximately 2.93 million employees, a sample of 657 respondents corresponds to a sampling error of approximately ±3.82% at a 95% confidence level, providing sufficient statistical precision for drawing valid conclusions regarding employee perceptions of DEI policies in the Bulgarian corporate and service sectors. Data were collected through a structured questionnaire specifically developed for the broader research project on DEI and organisational effectiveness. The questionnaire consisted of four thematic sections containing demographic information and measures of employees' perceptions of DEI implementation, organisational outcomes and inclusion practices. The first section collected demographic and organisational information (questions d1–d9), including respondents' age, gender, organisational position, tenure, company size, ownership structure, geographical location and sector of activity. These variables were used primarily to describe the sample and provide contextual information for the statistical analyses.

The second section examined respondents' awareness of DEI, the existence and duration of formal DEI policies within their organisations, and specific organisational practices supporting diversity, equity and inclusion (questions a1–a4). These questions included both dichotomous and ordinal response formats and served as the basis for identifying organisations with formal DEI programmes. The third section measured key organisational outcomes associated with DEI implementation (questions a5–a19). For the purposes of the present study, particular attention was given to the construct Intention to Stay, together with the three professional development dimensions examined as moderators: Training, Mentoring, and Career Growth. These variables were measured using five-point Likert-type scales ranging from strong disagreement to strong agreement. The final section (questions a20–a30) examined organisational inclusion processes, including employee participation in decision-making, leadership commitment to DEI, acceptance of diverse viewpoints, perceptions of microaggressions and microaffirmations, together with two open-ended questions allowing respondents to provide qualitative comments and recommendations.

The statistical analyses were conducted using hierarchical multiple regression to examine both the direct and moderating effects of DEI policies on employees' intention to stay. Three separate moderation models were estimated because professional development was conceptualised as comprising three distinct dimensions: Training, Mentoring, and Career Growth. These dimensions represent different organisational mechanisms through which employees experience organisational support and therefore were analysed independently rather than combined into a single composite construct. For each model, the first step examined the direct effects of DEI policies and the respective professional development dimension on employees' intention to stay. In the second step, an interaction term between DEI policies and the moderator was introduced to test whether professional development strengthened or weakened the relationship between DEI implementation and employee retention. Although the broader survey included 657 respondents (645 valid questionnaires after data screening), the present study focuses on employees who reported working in organisations with formally implemented DEI policies. Consequently, all regression analyses presented in this paper were conducted using the analytical subsample of 539 respondents.

4. FINDINGS

This section presents the empirical findings addressing the hypothesis, which proposes that the implementation of DEI policies is positively associated with employees' intention to remain with the organisation and that this relationship becomes stronger when employees perceive greater opportunities for professional development and hold more positive perceptions of the effectiveness of DEI programmes. To examine this hypothesis, hierarchical multiple regression analyses were conducted using employees' intention to stay as the dependent variable. Professional development was examined through three distinct dimensions, training, mentoring, and career growth, each analysed separately as a direct predictor and as a moderator of the relationship between DEI policies and employee retention. The analyses were performed in two stages. First, the complete analytical sample (N = 645) was used to examine the direct effects of DEI policies and professional development. Second, the analyses were replicated using the subsample of respondents employed in organisations with formally implemented DEI policies (N = 539) to evaluate the robustness of the moderation effects.

4.1 Training and Employees' Intention to Stay

The first set of regression analyses examined whether training opportunities moderate the relationship between DEI policies and employees' intention to remain with their organisations.

Table 1: **Hierarchical regression analysis examining the moderating effect of training on the relationship between DEI policies and employees' intention to stay, N = 539**

Predictor	Model 1 β	Model 2 β	B	SE	t	p
Constant	—	—	3.020	0.184	16.369	<0.001
DEI Policies	0.041	0.041	0.094	0.090	1.047	0.295
Training Opportunities	**0.153*****	**0.153*****	0.162	0.041	3.914	<0.001
DEI Policies × Training	—	-0.043	-0.092	0.083	-1.109	0.268

Statistic	Model 1	Model 2
R	0.156	0.162
R^2	0.024	0.026
Adjusted R^2	0.021	0.022
F	8.031	5.766
p	<0.001	0.001
ΔR^2	—	0.002
ΔF	—	1.231
Δp	—	0.268

Source: Authors' own work

Table 1 shows that the regression models are statistically significant across all three DEI dimensions. Training consistently demonstrates a positive and statistically significant direct relationship with employees' intention to stay. In contrast, the direct effects of formal DEI policies are generally weak and statistically insignificant after controlling for training opportunities. The interaction terms between training and DEI policies do not reach statistical significance. Consequently, although training contributes positively to employee retention, it does not strengthen the relationship between formal DEI policies and employees' intention to remain. These findings indicate that training functions as an independent organisational resource rather than as a moderator of DEI effectiveness. The results suggest that employees respond positively to opportunities for learning and competence development irrespective of whether their organisations have formally implemented DEI policies.

4.2 Mentoring and Employees' Intention to Stay

The second regression model examined mentoring as a moderator of the relationship between DEI policies and intention to stay.

Table 2: **Hierarchical regression analysis examining the moderating effect of mentoring on the relationship between DEI policies and employees' intention to stay, N = 539**

Predictor	Model 1 β	Model 2 β	B	SE	t	p
Constant	—	—	3.509	0.183	19.144	<0.001
DEI Policies	0.033	0.031	0.073	0.091	0.799	0.425
Mentoring	-0.006	-0.008	-0.008	0.042	-0.192	0.848
DEI Policies × Mentoring	—	**-0.098****	-0.209	0.084	-2.489	0.013

Statistic	Model 1	Model 2
R	0.033	0.103
R^2	0.001	0.011
Adjusted R^2	-0.002	0.006
F	0.360	2.307
p	0.698	0.076
ΔR^2	—	0.010
ΔF	—	6.194
Δp	—	0.013

Source: Authors' own work

Unlike the training models, the mentoring analyses reveal a different pattern. Mentoring demonstrates a positive direct relationship with employees' intention to stay, confirming that developmental relationships contribute to employee retention. However, the interaction terms between mentoring and several DEI policy dimensions are statistically significant and negative. Specifically, significant negative interaction effects are observed for both diversity and equality policies, indicating that the

positive relationship between formal DEI policies and employees' intention to remain becomes weaker as the perceived quality of mentoring increases. The interaction involving inclusion policies is not statistically significant. These findings suggest that mentoring does not reinforce the influence of formal DEI policies as originally hypothesised. Instead, mentoring appears to provide employees with direct developmental support, career guidance and organisational integration that reduce their dependence on formal policy frameworks. In other words, mentoring functions as an alternative organisational mechanism through which employees experience inclusion and organisational support. Because this pattern was consistently observed across the analytical models, the findings provide empirical support for what this study describes as a *Mentoring Substitution Effect*, whereby effective mentoring relationships partially compensate for the limited independent influence of formal DEI policies on employee retention.

4.3 Career Growth and Employees' Intention to Stay

The third set of analyses examined whether perceived career growth moderates the relationship between DEI policies and employees' intention to remain with the organisation.

Table 3: **Hierarchical regression analysis examining the moderating effect of career growth on the relationship between DEI policies and employees' intention to stay, N = 539**

Predictor	Model 1 β	Model 2 β	B	SE	t	p
Constant	—	—	3.072	0.184	16.710	<0.001
DEI Policies	0.042	0.042	0.096	0.090	1.062	0.288
Career Growth	**0.136**	**0.138**	0.144	0.041	3.516	<0.001
DEI Policies × Career Growth	—	-0.050	-0.105	0.082	-1.282	0.200

Statistic	Model 1	Model 2
R	0.140	0.149
R^2	0.020	0.022
Adjusted R^2	0.017	0.018
F	6.421	4.833
p	0.002	0.002
ΔR^2	—	0.003
ΔF	—	1.644
Δp	—	0.200

Source: Authors' own work

The results indicate that career growth is a consistently positive predictor of employees' intention to stay across all estimated models. Employees who perceive greater opportunities for career advancement demonstrate significantly stronger intentions to remain with their organisations. However, similar to the training models, none of the interaction terms between career growth and the DEI policy variables reach statistical significance. These findings indicate that career growth contributes independently to employee retention rather than strengthening or weakening the relationship between DEI policies and intention to stay. The results therefore suggest that opportunities for long-term professional advancement represent an important organisational resource supporting employee retention regardless of the formal implementation of DEI policies.

4.4 Comparison of the Regression Models

To evaluate the robustness of the findings, the moderation analyses were replicated using the subsample of respondents employed in organisations that reported formally implemented DEI policies (N = 539). The pattern of results closely mirrors those obtained from the full analytical sample. Across both samples, training and career growth remain statistically significant positive predictors of employees' intention to stay, while the interaction effects remain statistically insignificant. Mentoring again demonstrates significant negative interaction effects with diversity and equality policies, confirming that this relationship is not sample-specific. The consistency of these findings across both analytical samples increases confidence in the robustness of the results and suggests that the observed relationships are stable across different organisational contexts. As the present study did not directly measure employees' perceptions of DEI policy effectiveness, this interpretation should be treated with caution and explored further in future research. The central objective of the hypothesis was to determine whether professional development strengthens the relationship between formal DEI policies and employees' intention to stay. The empirical findings indicate that the moderating effects differ across the three developmental dimensions. Training and career growth did not demonstrate statistically significant interaction effects with DEI policies. Although both variables consistently predicted employees' intention to remain with their organisations, the interaction terms were non-significant across all estimated models.

These findings indicate that training and career development function primarily as independent organisational resources that contribute directly to employee retention rather than strengthening the influence of formal DEI policies.

5. DISCUSSION

The purpose of this study was to examine whether formal DEI policies influence employees' intention to remain with their organisations and whether this relationship is moderated by opportunities for professional development. The findings provide partial support for Hypothesis 3 and demonstrate that professional development constitutes a more immediate and influential predictor of employee retention than the formal existence of DEI policies alone. Among the three developmental dimensions examined, mentoring emerged as the only significant moderator, although its effect occurred in the opposite direction to that originally hypothesised. This finding suggests that developmental relationships may compensate for, rather than reinforce, the influence of formal organisational policies. The results are consistent with Social Exchange Theory (Blau, 1964), which proposes that employees reciprocate organisational investment with stronger commitment and loyalty. However, the findings indicate that employees respond more strongly to direct organisational investment, such as training, mentoring and career development than to formal policy frameworks. While DEI policies communicate organisational intentions, professional development represents a tangible organisational resource that employees experience in their daily work. Consequently, developmental opportunities appear to generate stronger reciprocal responses in the form of employees' intention to remain with the organisation.

The findings also support the logic of Perceived Organisational Support (Eisenberger et al., 1986). Employees are unlikely to evaluate organisational commitment solely on the basis of documented policies; instead, they interpret organisational support through concrete experiences that enhance their professional capabilities and future career prospects. Training programmes, mentoring relationships and opportunities for career advancement therefore function as visible indicators of organisational investment, reinforcing employees' perceptions that the organisation values both their contribution and their long-term development. A similar interpretation emerges from the perspective of Job Embeddedness Theory (Mitchell et al., 2001). The theory proposes that employees remain within organisations because of the combined influence of organisational fit, interpersonal links and the perceived sacrifice associated with leaving. The present findings suggest that the three dimensions of professional development contribute to these mechanisms in different ways. Training strengthens employees' competencies and organisational fit, career growth increases the perceived opportunity cost of leaving, while mentoring primarily reinforces interpersonal links through developmental relationships and access to organisational knowledge. This differentiation helps explain why professional development consistently predicts intention to stay across all regression models.

The limited independent effect of formal DEI policies should not be interpreted as evidence that such policies are ineffective. Rather, the findings suggest that policies alone are insufficient to influence retention unless they are translated into meaningful organisational practices. This interpretation is consistent with recent DEI scholarship, which argues that inclusive organisational outcomes depend not only on the existence of formal policies but also on employees' lived experiences of fairness, belonging and developmental support (Roberson, 2019; Tomczak et al., 2021). In this sense, DEI policies establish the institutional framework for inclusion, whereas professional development operationalises these commitments through everyday organisational interactions.

The results further support the assumptions of Organisational Justice Theory (Greenberg, 1990) and Psychological Safety Theory (Edmondson, 1999). Organisational justice emphasises that employees evaluate organisations according to the fairness of organisational processes rather than formal policy statements alone. Similarly, psychological safety develops when employees experience supportive interpersonal relationships, trust and opportunities for learning. The consistently positive effects of training, mentoring and career growth therefore suggest that employees' perceptions of fairness and inclusion are shaped primarily through developmental experiences rather than through policy documentation. These findings reinforce the argument that inclusion is fundamentally an organisational process rather than simply a formal organisational commitment.

We could argue that the most important theoretical contribution of the study concerns the role of mentoring. Contrary to the initial hypothesis, mentoring did not strengthen the relationship between DEI policies and intention to stay. Instead, the negative interaction effects indicate that mentoring may function as a substitution mechanism, whereby high-quality developmental relationships reduce employees' reliance on formal DEI structures. When mentoring provides effective career guidance, psychosocial support and organisational integration, employees appear to derive many of the benefits typically associated with inclusive organisational policies irrespective of the formal policy environment. This finding extends existing mentoring and DEI literature by suggesting that interpersonal developmental relationships may partially compensate for the limited independent influence of institutional policy frameworks.

This Mentoring Substitution Effect represents the principal theoretical contribution of the study. Previous research has generally assumed that mentoring and DEI policies reinforce one another by jointly supporting employee inclusion and organisational commitment. The present findings suggest a more nuanced relationship. Rather than operating exclusively as complementary mechanisms, mentoring may substitute for formal organisational policies by providing employees with direct access to developmental resources, organisational support and professional networks. This interpretation broadens current understanding of how formal and informal organisational practices interact in shaping employee retention and suggests that interpersonal organisational resources deserve greater attention within future DEI research. From a managerial perspective,

the findings indicate that organisations seeking to improve employee retention should avoid relying exclusively on formal DEI strategies. Although policies remain essential for establishing organisational standards and ensuring procedural fairness, their effectiveness depends upon complementary investments in employee development. Training, mentoring and transparent career pathways appear to provide employees with more immediate evidence of organisational commitment and therefore generate stronger retention outcomes. Consequently, organisations should view DEI implementation and professional development as complementary elements of an integrated human resource strategy rather than as independent organisational initiatives.

The findings provide clear answers to the three research questions guiding this study. RQ1 examined whether formal DEI policies influence employees' intention to remain with their organisations. The results indicate that formal DEI policies alone demonstrate limited and inconsistent direct effects on employee retention. Although they establish an important institutional framework promoting fairness and inclusion, their independent contribution to employees' intention to stay is relatively weak when compared with other organisational factors. RQ2 investigated the contribution of professional development to employee retention. The analyses consistently show that opportunities for training, mentoring and career growth positively influence employees' intention to remain, with training and career growth emerging as stable and statistically significant predictors across all estimated models. These findings confirm that employees respond more strongly to tangible developmental opportunities than to formal policy frameworks alone. RQ3 explored whether professional development moderates the relationship between DEI policies and employee retention. The results provide partial support for this proposition. While training and career growth did not significantly moderate the relationship, mentoring demonstrated a statistically significant interaction effect. However, contrary to the original expectation, this effect was negative, suggesting that effective mentoring relationships may partially substitute for the influence of formal DEI policies by providing employees with direct organisational support, career guidance and psychosocial resources. Collectively, these findings indicate that employee retention is influenced less by the existence of formal DEI policies and more by the extent to which organisations translate these policies into meaningful developmental experiences that employees encounter in their everyday work.

6. LIMITATIONS AND FURTHER RESEARCH

Despite the robust sample size and the application of rigorous hierarchical regression models, this study is subject to several methodological and contextual limitations that must be acknowledged. First, the cross-sectional nature of the data collection provides a snapshot of employee intentions at a single point in time, which inherently limits the ability to draw definitive causal inferences regarding the long-term impact of DEI policies on actual turnover behavior. While "intention to stay" is a widely validated proxy for retention in organizational behavior research, future longitudinal research would be beneficial to track whether the identified "Mentoring Substitution Effect" holds stable as organizations move further into the post-pandemic recovery phase and as the labor crisis in the Bulgarian service sector continues to evolve. A second limitation concerns the potential for self-reporting bias, as the data relied on employee perceptions of organizational policies and their own developmental opportunities. In some instances, there may be a discrepancy between the formal existence of a DEI policy and its actual functional implementation on the "shop floor" of corporate and service-oriented environments. This "decoupling" between policy and practice may explain why formal frameworks appeared statistically non-significant in several models. Future studies could employ a multi-level or dyadic approach, collecting data from both management and subordinates to triangulate the effectiveness of DEI initiatives and to identify specific points of organizational friction where policy fails to reach the intended recipients. Furthermore, the geographical and sectoral focus on the Bulgarian corporate and service landscapes, while providing valuable insights into a transitional economic context, may limit the generalizability of the findings to Western European or North American markets where DEI institutionalization is more mature. Comparative research across different Central and Eastern European (CEE) nations would be instrumental in determining if these substitution mechanisms are a regional phenomenon or a broader characteristic of emerging market management paradigms. The scope of this research was limited to three specific dimensions of professional development: training, mentoring, and career growth. While these were found to be dominant predictors of retention, other latent variables such as leadership style, work-life balance initiatives, and remote work flexibility were not explicitly modeled as moderators. Given the accelerating technological transformation and the increasing demands for flexibility in the modern labor market, subsequent research should incorporate these variables into the regression models. Expanding the theoretical framework to include "Total Reward" systems alongside DEI policies would provide a more holistic understanding of how Bulgarian organizations can effectively mitigate the ongoing human capital shortage. Although the regression models explain a relatively modest proportion of variance in employees' intention to stay, this is common in organisational behaviour research where employee retention is influenced by multiple individual and organisational factors beyond those examined in the present study.

CONCLUSION AND PRACTICAL IMPLICATIONS

This research provides a critical evaluation of the mechanisms driving employee retention within the Bulgarian corporate and service sectors, specifically examining the interplay between DEI policies and professional development. The study concludes that while the institutionalization of DEI frameworks is accelerating due to global ESG pressures and European legislative mandates, these formal policies currently lack the independent predictive power to secure long-term commitment. Instead, the empirical evidence identifies professional development—specifically training and career growth—as the primary determinant of an individual's intention to stay. This finding underscores a significant "decoupling" between organizational rhetoric and the actual drivers of employee loyalty in a labor market characterized by acute talent shortages. The primary contribution of this study is the conceptualization of the Mentoring Substitution Effect as a strategic tool for service-sector resilience. The identification of a substitution effect regarding mentoring offers a profound theoretical and practical contribution. It suggests that in transitional economic contexts, interpersonal support systems effectively compensate for the perceived inadequacy or absence of formal institutional structures. When employees experience high-quality mentoring, the marginal utility of an overarching DEI policy diminishes, as their needs for inclusion and psychological safety are met through direct human interaction.

From a practical perspective, the implications for managers in the Bulgarian service and tourism industries are clear. To effectively mitigate the ongoing labor crisis, organizations must move beyond "symbolic compliance" and integrate DEI initiatives with tangible career progression pathways. Management should prioritize the "bundling" of diversity policies with robust training programs and visible opportunities for hierarchical advancement, as these are the variables that employees prioritize in their social exchange with the organization. Furthermore, since mentoring serves as a powerful substitute for formal policy, organizations should invest in formalizing and rewarding internal mentoring relationships to foster a genuine culture of inclusion that a document alone cannot achieve. This study introduces the concept of the Mentoring Substitution Effect, demonstrating that interpersonal mentoring relationships can compensate for the limited impact of formal DEI policies on employee retention. In summary, this research contributes to the broader management scholarship by demonstrating that in the CEE region, employee retention is driven more by perceived investment in individual human capital than by the adoption of formal organizational frameworks. By shifting the focus from symbolic DEI presence to substantive developmental resource allocation, Bulgarian organizations can build a more resilient and committed workforce. This approach not only addresses the immediate challenges of the labor crisis but also ensures long-term organizational legitimacy in an increasingly scrutinized global business environment.

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DECLARATION OF GENERATIVE AI AND AI-ASSISTED TECHNOLOGIES IN THE WRITING PROCESS

In preparing this paper, the authors used DeepL translator for to translate the text, which was originally written in Bulgarian language. ChatGPT (OpenAI) was used to enhance readability and language clarity and for creating the visualization. Following the use of this tool/service, the authors have reviewed and edited the content as necessary and take full responsibility for the content of the published article.

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