

# Bloomberg

## How Trump Is Fueling the Backlash Against DEI



There's been a small, steady shift from White male executives to leaders from underrepresented groups, but White men still control about 60% of the top leadership roles while making up about 30% of the US workforce. *Source: iStockphoto*

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In 2020, outrage over the murder of George Floyd, a Black man, by a White police officer, ushered in sweeping efforts to bring diversity, equity and inclusion, or DEI, to the federal workforce and corporate America. But anti-DEI activists ignited a forceful backlash against these policies — and now they have a vociferous ally to their cause in the Oval Office.

At the outset of his second presidency, Donald Trump has made good on his promise to target DEI policies in both the public and private spheres, with a goal of forging “a society that is colorblind and merit-based,” as he put it in his [inaugural address](#). During his first days in office, Trump authored executive [orders](#) aimed at dismantling diversity programs across the federal government, revoking a longstanding requirement that federal contractors follow affirmative action commitments, and [pressuring corporations](#) and other groups to end policies that constitute “illegal DEI discrimination.”

These orders have arrived at a time when the corporate world is already backpedaling on diversity commitments. Under pressure from conservative activists such as Edward Blum and influencer [Robby Starbuck](#), over the past several months, a series of major firms, including [Meta Platforms Inc.](#), [Amazon.com Inc.](#), [Walmart Inc.](#), [Boeing Co.](#), and [Ford Motor Co.](#), announced plans to scrap or reduce the scope of DEI-related initiatives. The administration’s first-week measures are expected to further galvanize such rollbacks.



Robby Starbuck *Photographer: Brett Carlsen/Getty Images*

## **What does DEI really mean?**

Initially, the term was used to promote the idea of increasing diversity in recruitment and hiring, but it's broadened in scope as institutions discover that simply employing more women and people of color doesn't mean they will succeed or climb the leadership ranks.

In the workplace and beyond, disagreements over what the acronym means have made DEI easier to attack. The Society of Human Resource Management [drew fire](#) when it encouraged HR executives to deprioritize "equity" because it's a confusing concept and instead focus on diversity and inclusion.

Some companies have started emphasizing the "I" for "inclusion," sometimes using terms such as "belonging" and "allyship" in an effort to stress that their initiatives are meant for everyone, not just certain groups. Others have changed the way they refer to these initiatives, using terms such as culture or human capital management.

## **How is Trump targeting DEI policies in the federal government?**

Trump signed a pair of executive orders on Jan. 20 aimed at eliminating DEI programs in the federal workforce. The administration has demanded that all federal employees working on DEI initiatives be placed on administrative leave, with plans for their eventual termination. Federal agencies have been instructed to halt all DEI-related training, contracts, and programs, and to compile lists of DEI offices and personnel slated for dismissal.

Trump also rescinded more than a dozen DEI-related executive orders from the administration of his predecessor, Joe Biden.

## **How is Trump targeting DEI policies in corporate America?**

Trump issued an [executive order](#) that calls for an effort by the entire federal government to pressure companies to end their DEI programs. The order directs the heads of every executive agency to submit reports on what they can do to discourage such programs and tasks the agencies with identifying up to nine large public companies, nonprofits, universities and professional associations they think should be investigated over DEI policies that violate their interpretation of existing anti-discrimination laws.

The president also revoked Executive Order 11246, originally signed by President Lyndon B. Johnson in 1965, which prohibited employment discrimination by companies that contract with the federal government. He further directed federal contractors to affirm they don't "engage in illegal discrimination, including illegal DEI." Many major companies, including Boeing Co, Amazon.Com Inc., and [Bank of America Corp.](#), have contracts with the federal government.

Trump also appointed Andrea Lucas, an outspoken DEI critic and the only Republican on the five-member panel that leads the US Equal Employment Opportunity Commission, to take over

as acting chair. The EEOC is tasked with enforcing laws prohibiting discrimination in the workplace.

### How did DEI become controversial?

The murder of George Floyd in police custody prompted a backlash against racial inequity in corporate America. Companies made hundreds of pledges to add people of color to their workforce and [hired a record number](#) of chief diversity officers. By 2022, many large companies were paying executives [an added bonus](#) for their efforts in meeting diversity goals.

But momentum shifted early that year amid rising criticism of [ESG](#) – an approach to investing and finance centered around understanding risks from environmental factors, social issues and questions of corporate governance. Conservative groups said funds such as [BlackRock Inc.](#) were pushing an “extreme” social agenda. Prominent Republicans such as former Vice President Mike Pence and Florida Governor Ron DeSantis began pushing anti-ESG initiatives.

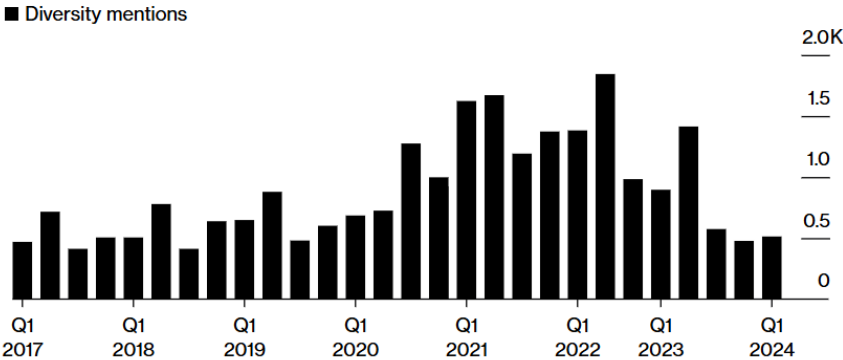
In 2023, the Supreme Court ruled that so-called affirmative action programs at college campuses amounted to discrimination and would no longer be permitted. Until then, under Title VI of the 1964 Civil Rights Act, schools were long allowed to factor in characteristics such as race and gender when admitting students.

The ruling didn’t directly implicate companies: Title VII of the same act bars employers from choosing one candidate over another on the basis of race, gender, age, disability and veteran status, with limited exceptions, and a 2020 Supreme Court ruling extended the same protections to LGBTQ workers.

But the affirmative action decision invigorated legal activists, including long-time Trump adviser Stephen Miller, who’ve filed lawsuits and issued complaints to the US government around corporate policies that they say unfairly favor workers of color. These include setting aspirational targets for racial and gender representation at senior levels, expanding recruitment efforts among minority groups, and training staff on how to avoid implicit bias.

### Diversity Discussion Wanes

Executive discussion of diversity topics are returning to pre-2020 levels



Source: Bloomberg  
Note: Mentions of DEI or diversity in conference calls, earnings calls and investor calls

[The war](#) between Israel and the [Palestinian group Hamas](#), which the US designates a terrorist organization, has raised the temperature of public discourse around DEI. Republican donors and politicians have accused university DEI departments of promoting ideas that have radicalized [pro-Palestinian demonstrators](#) and of failing to protect Jews from antisemitism on campus.

### Have DEI initiatives made a difference?

White men have lost just a little of their dominance in the workforce. There’s been a small, steady shift from White male executives to leaders from underrepresented groups, but White men still control about 60% of the top leadership roles while making up about 30% of the US workforce, according to federal workplace data.

According to US Bureau of Labor Statistics data, between 2019 and 2023, the share of all management roles held by Black people increased from 7.8% to 9.2%. Black people, who are about 14% of the [overall US population](#), make up about 13% of the US workforce.

### Does diversity boost the bottom line?

Many advocates for diversity emphasize the business case for it, arguing that a workforce full of people with different backgrounds helps a company avoid group-think. Even many opponents of DEI policies agree with the benefit of a broader pool of insights, though they may disagree about how to obtain them.

A series of [McKinsey & Co. studies](#) between 2015 and 2020 found a statistically significant correlation between public company earnings and the racial diversity of their executives, but more recent research has [questioned the durability and magnitude](#) of those findings.

### Black Workers in Power Positions

Gains for Black employees were modest among influential roles

Occupation	2019	2023
Management occupations	7.8%	9.2%
Chief executives	4.1	5.2
Human resource managers	11.1	14.7
Professional and related occupations	10.5	11.3
Computer and mathematical occupations	8.7	9.2
Architecture and engineering occupations	4.0	6.1
Business and financial operations occupations	8.4	11.0
Lawyers	5.9	6.8

Source: US Bureau of Labor Statistics

Executives including [JPMorgan Chase & Co.](#) Chief Executive Officer Jamie Dimon have sought to frame DEI as an effort to tap new markets, develop new sources of talent, and invest in high-growth opportunities in ways that will boost profits. He [wrote in April](#) that programs to train and hire local talent in Detroit had helped the bank gain market share there.

## **How has corporate America responded?**

Companies have become [increasingly cautious](#) about promoting their diversity programs, [striking words](#) from public filings, canceling or modifying internships that favor a specific minority group and eliminating programs that reward executives for hiring more workers of color.

Walmart confirmed about three weeks after the US election that it would no longer consider race and gender to boost diversity when granting supplier contracts, and stop collecting demographic data when assessing financing eligibility. More recently, Meta dismantled many DEI programs, telling employees they will no longer be required to interview candidates from underrepresented backgrounds for open roles or prioritize working with diverse suppliers, and Amazon said it was halting some of its DEI programs.

Since June, social media attacks by Starbuck on what he calls “woke” corporations led [Tractor Supply Co.](#), [Deere & Co.](#), [Polaris Inc.](#) and [Harley Davidson Inc.](#) to scale back or change their DEI policies; Jack Daniel’s whiskey maker [Brown-Forman Corp.](#) also dropped its DEI programs shortly before Starbuck said he was planning to start a campaign against the Kentucky company, as has [Lowe’s Cos.](#) After Boeing announced it had dismantled its global DEI department, Starbuck said he had alerted the company he was considering an online campaign against its program.

Several of these companies agreed to end participation in the Human Rights Campaign’s [Corporate Equality Index](#), which measures business support for LGBTQ employees.

Since supporting the lawsuit that resulted in the Supreme Court overturning affirmative action, Blum has also [targeted Southwest Airlines Co.](#), [Fearless Fund](#) and other companies with his American Alliance for Equal Rights.

However, a few major companies have reaffirmed their commitment to diversity programs amid the backlash. [Costco](#) successfully [fought off](#) a proposal from a conservative group of shareholders asking the company to detail the risks of its DEI efforts. The company defended its diversity programs, saying that “our commitment to an enterprise rooted in respect and inclusion is appropriate and necessary,” and 98% of investors rejected the proposal.

Both JPMorgan Chase’s Dimon and the chief executive officer of [Goldman Sachs Group Inc.](#) have committed to maintaining initiatives that promote diversity, equity and inclusion in their workforces and customer bases even as they face similar shareholder requests.

## **What do critics of DEI say?**

Mainly, they claim DEI policies in the workplace have prompted companies to prioritize recruiting women and certain people of color because of their race or gender, at the expense of candidates who are better qualified. For example, critics point to companies that have adopted diversity hiring targets they say resemble quotas — something that’s long been illegal in American employment law. Or they say fellowship and internship programs open only to certain groups offer an unfair advantage.

Some of DEI’s detractors say they want a more diverse workforce but think policies targeting specific groups are the wrong way to get there. They claim DEI has provoked racial animus in and out of the office, and allege that people of color are being stigmatized as “diversity hires.” For his part, Starbuck has said the quick retreats shows customers and companies would rather see business focus on making and selling products and be neutral on social issues.

In a recent [survey](#) from Bentley University and [Gallup](#), the majority of respondents said that companies shouldn’t take a stance on current events.

### **What do DEI supporters say?**

Many proponents characterize these attacks as efforts by White men to hang onto power they’ve traditionally wielded in American society, pointing to still-dramatic disparities in pay, wealth and assets between White men and disadvantaged groups. They argue that targeted efforts are still crucial to level the playing field for people of color and women.

A majority of employees are supportive of efforts to increase diversity, equity and inclusion at work. An April [Washington Post-Ipsos poll](#) showed that 61% of adults think corporate DEI programs are “a good thing” — virtually unchanged from the [same survey in 2023](#). Human Rights Campaign has said companies are responding to right-wing bullies such as Starbuck at the expense of their employees and long-term profits.