

# Real Change or Empty Promises?

## The Reality of Corporate DEI Efforts

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The discussion around Diversity, Equity, and Inclusion (DEI) initiatives intensified following the death of George Floyd in 2020, prompting corporations to invest heavily in DEI programs. More recently, President Trump's Executive Order 14173, titled "Ending Illegal Discrimination and Restoring Merit-Based Opportunity," has reignited debate surrounding DEI by questioning the fairness and necessity of affirmative action policies and programs that some people feel unfairly favor individuals based on their race or gender. This order terminates affirmative action in federal contracting and demands that federal agencies actively combat what it terms as discriminatory DEI practices within the private sector.<sup>1</sup> The rapid shift of climate in DEI impacted not only governmental hiring practices and policies but also those of publicly traded corporations. Section 4 of EO 14173 directs agencies and the Attorney General to identify "egregious and discriminatory" DEI practices and propose enforcement plans. It hints at targeting large public companies, non-profits, and universities for investigation if their DEI programs violate discrimination laws.<sup>2</sup>

Prior to 2020, many companies had already implemented diversity and inclusion programs. For instance, JPMorgan Chase established diversity targets well before 2020, with a focus on pipeline programs to improve racial diversity, launching Advancing Black Pathways in early 2019 to recruit and mentor Black talent.<sup>3</sup> As a result, its 2020 entry-level intern class was nearly 47% female and 29% Black or Hispanic.<sup>4</sup> Equitable (formerly AXA Equitable) had a strong foundation in DEI and workplace equity. The company earned a 100% rating on HRC's Corporate Equality Index each year from 2014 onward.<sup>5</sup> Google has been publishing annual diversity reports since 2014, showing slow but steady progress. By 2019, Google's global workforce was about 32% female and its U.S. workforce was around 9.6% Black and Latinx combined (up from ~9% the year prior).<sup>6</sup> Costco has long promoted a culture of fairness, guided by its mission and Code of Ethics, but it was less high-profile in the DEI discussion than tech or finance firms. Even so, their workforce has been quite diverse. In the U.S., a majority of Costco

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<sup>1</sup> "President Donald J. Trump Protects Civil Rights and Merit-Based Opportunity by Ending Illegal DEI," The White House, January 17, 2025, accessed March 2, 2025, <https://www.whitehouse.gov/briefing-room/statements-releases/2025/01/21/president-donald-j-trump-protects-civil-rights-and-merit-based-opportunity-by-ending-illegal-dei/>.

<sup>2</sup> Executive Order No. 14173, 90 Fed. Reg. 7279 (January 21, 2025), <https://public-inspection.federalregister.gov/2025-02097.pdf>.

<sup>3</sup> JPMorgan Chase & Co., "Advancing Black Pathways," accessed March 16, 2025, <https://www.jpmorganchase.com/impact/diversity-equity-and-inclusion/advancing-black-equity>.

<sup>4</sup> JPMorgan Chase & Co., *Environmental, Social and Governance Report 2019*, accessed March 16, 2025, <https://www.jpmorganchase.com/content/dam/jpmc/jpmc/documents/jpmc-cr-esg-report-2019.pdf>.

<sup>5</sup> Equitable Holdings, Inc., *2020 Annual Report*, accessed March 16, 2025, <https://annualreport2020.equitableholdings.com/Y2020/working-responsibly/diversity-equity-and-inclusion/default.aspx>.

<sup>6</sup> Paige Leskin, "Snap Releases Its Diversity Numbers for the First Time Ever," *Business Insider*, July 29, 2020, <https://www.businessinsider.com/snap-diversity-report-first-time-in-history-black-latinx-employees-2020-7>.

employees are people of color. Recent data shows that roughly 49% of U.S. employees are White, 29% Hispanic, 10% Black, and 7.6% Asian.<sup>7</sup> Though companies such as JPMorgan Chase, Equitable, Google, and Costco each had different approaches to DEI initiatives before recent political shifts, it is now particularly important to watch how they respond going forward. Their choices are influenced by pressures from both changing policies and shifting public expectations, highlighting the real tension between genuine commitment and legal compliance.

The case for DEI is compelling, as studies consistently show its positive effects on organizational performance. According to a 2020 McKinsey study, companies with ethnic diversity have a 36% greater likelihood of outperforming industry medians on EBIT margins.<sup>8</sup> The World Economic Forum revealed through their 2020 Diversity, Equity and Inclusion report that well-managed diverse groups significantly outperform homogenous teams in the longer term. These teams generate improvements in profitability (30%+ improved risk management), expanded market share, penetration into new markets, innovation, and employee retention.<sup>9</sup> On the contrary, firms failing to prioritize DEI efforts risk losses in profitability and talent acquisition, and ultimately jeopardize long-term competitiveness and expansion.

Following the death of George Floyd, companies responded swiftly, with the 50 largest U.S. public corporations collectively pledging approximately \$50 billion toward DEI initiatives.<sup>10</sup> However, this enormous commitment has recently wavered amid shifts in political climates. Trump's executive order completely shifted the government's stance on DEI initiatives, explicitly opposing "radical DEI preferencing" and emphasizing a return to merit-based hiring and promotion. Publicly traded corporations, especially federal contractors, responded rapidly to the order's directives, demonstrating a clear trend toward compliance with the administration. As of March 2025, Institutional Shareholder Services (ISS) announced it will no longer consider gender, race, or ethnic diversity of U.S. company boards in its voting recommendations, directly influenced by President Trump's executive order targeting DEI programs. However, ISS continues to support broader DEI policies, as seen in their recommendation to Apple investors to vote against eliminating the company's DEI initiatives. These developments illustrate a broader shift in corporate priorities and compliance strategies.

Within the financial services industry, notable institutions have significantly scaled back their DEI efforts. JPMorgan Chase, initially at the forefront of DEI commitments with a \$30 billion pledge in 2020 aimed at combating systemic racism, has since muted its DEI goals, notably reducing diversity language in its public filings. CEO Jamie Damon stated he was "skeptical

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<sup>7</sup> Course Sidekick, "Workforce Diversity Metrics in Major Technology Companies," accessed March 16, 2025, <https://www.coursesidekick.com/management/496830>.

<sup>8</sup> "Diversity Wins: How Inclusion Matters," McKinsey & Company, accessed March 2, 2025, <https://www.mckinsey.com/featured/featured/featured/featured/featured/featured/featured/diversity-and-inclusion/diversity-wins-how-inclusion-matters>.

<sup>9</sup> World Economic Forum, *Diversity, Equity, and Inclusion 4.0: A Toolkit for Leaders to Accelerate Social Progress in the Future of Work* (Geneva: World Economic Forum, 2020), 4, [https://www3.weforum.org/docs/WEF\\_NES\\_DEI4.0\\_Toolkit\\_2020.pdf](https://www3.weforum.org/docs/WEF_NES_DEI4.0_Toolkit_2020.pdf).

<sup>10</sup> Tracy Jan, Jena McGregor, and Meghan Hoyer, "Corporate America's \$50 Billion Promise," *Washington Post*, August 23, 2021, <https://www.washingtonpost.com/business/interactive/2021/george-floyd-corporate-america-racial-justice/>.

about unconscious bias training” and hinted that the bank “may cancel some DEI programs due to unnecessary spending.”<sup>11</sup> Similarly, Citigroup removed “aspirational representation goals” and eliminated explicit DEI targets, rebranding its DEI department to “Talent Management and Engagement.”<sup>12</sup> The Wall Street Journal highlighted a broader trend where major banks such as JPMorgan Chase, Citigroup, Morgan Stanley, Wells Fargo, and others are deliberately “watering down” DEI-related language in their public filings. Google also notably removed commitments explicitly tied to diversity goals, citing compliance concerns in response to recent regulatory pressures.<sup>13</sup>

Despite this retreat among many corporations, several large companies remain committed to DEI initiatives. For instance, Apple shareholders recently voted overwhelmingly to sustain their existing DEI commitments despite external pressures. Apple has maintained investments through its Racial Equity and Justice Initiative, now exceeding \$200 million, reaffirming its stance despite political shifts.<sup>14</sup> Similarly, Costco shareholders decisively rejected proposals to reconsider spending associated with their DEI policies, with 98% voting in favor of maintaining current initiatives.<sup>15</sup>

However, data reflects a troubling retreat in DEI investment and leadership roles across corporations. A Horton International report revealed that in 2021, 56% of corporations had dedicated DEI leadership positions; this figure decreased sharply to 41% by 2023. At the same time, DEI budgets have shrunk, with DEI-focused consultants noting a decline from 56% corporate DEI leadership roles in 2021 to 41% in 2023, further undermining organizational capacity for effective DEI implementation.

Despite these setbacks, the economic and social benefits of DEI remain well-supported. Companies emphasizing DEI enjoy approximately 84% employee engagement, significantly outperforming those without robust DEI programs. This higher employee engagement translates directly into improved company performance, greater innovation, and enhanced job security, as engaged teams are more productive, and committed to their organizations' long-term success. Conversely, diminished DEI initiatives correlate with lower engagement and could harm talent acquisition, innovation, and financial performance in the long run.<sup>16</sup>

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<sup>11</sup> Lananh Nguyen, “JPMorgan, Citi to Revisit Diversity Spending After Trump Order,” *Reuters*, February 26, 2025, <https://www.msn.com/en-us/en-us/money/news/jpmorgan-citi-to-revisit-diversity-spending-after-trump-order/ar-BB1kmmF9>.

<sup>12</sup> Caitlin Mullen, “Citi Tosses Diversity Goals, DEI Label,” *Banking Dive*, February 21, 2025, <https://www.bankingdive.com/news/citi-tosses-diversity-goals-dei-label-fraser-trump/740627/>.

<sup>13</sup> Michael Liedtke, “Google Scraps Its Diversity Hiring Goals as It Complies with Trump’s New Government Contractor Rules,” *Associated Press*, February 6, 2025, <https://apnews.com/article/google-diversity-equity-inclusion-program-trump-16a937d5d9b6447251c4c40c2ad1c915>.

<sup>14</sup> Stephen Nellis, “Apple Investors Reject Proposal Against DEI Policies,” *Reuters*, February 25, 2025, <https://www.reuters.com/technology/apple-investors-reject-proposal-against-dei-policies-2025-02-25/>.

<sup>15</sup> Haleluya Hadero, “Costco Shareholders Reject Proposal to Scrap Diversity, Equity and Inclusion Efforts,” *AP News*, January 26, 2025, <https://apnews.com/article/costco-shareholders-reject-proposal-scrap-diversity-equity-inclusion-16a937d5d9b6447251c4c40c2ad1c915>.

<sup>16</sup> “The Rise and Fall of DEI? Companies Navigate Trump’s Executive Order,” *Hunt Scanlon Media*, February 12, 2025, <https://www.huntsanlon.com/the-rise-and-fall-of-dei-navigating-the-new-business-landscape/>.

Ultimately, the question remains: Are companies genuinely committed to DEI, or are their initiatives primarily reactions to external social and governmental pressures? While some companies appear committed to maintaining their DEI efforts despite political pressures, countless others seem to be conforming strategically to current regulatory and social climates, casting doubt on their long-term commitment. As corporate America navigates between authentic diversity initiatives and external conformity, future hiring trends, financial allocations, and corporate transparency will continue to reveal their true intentions.

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