

# The Retreat of DEI in Corporate America

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*Commentary*

This summer we saw the wheels come off the “Social” bus. Nearly a dozen large public companies pulled the plug on their DEI initiatives. This is good news for consumers and for the million workers who had to navigate an increasingly politicized workplace. Many corporate executives began remembering that their job is to create value for shareholders by focusing on their customers and delivering goods and services with excellence, not promoting divisive social ideology.

These large public companies have been facing pressure from activist investors like Robby Starbuck, customers, and elected officials. And they’ve determined what critics have known all along: DEI and other social initiatives are expendable programs. They don’t add to a company’s bottom line nor improve its efficiency. In fact, these DEI initiatives drain time, money, and other resources. Companies don’t need chief diversity officers, sensitivity training, or quotas to recruit and retain good talent or to treat employees fairly.

In June, Tractor Supply  **canceled**  “an array of corporate diversity and climate efforts,” citing the negative reactions they had been getting from a huge number of their customers. In July, John Deere  **announced**  that it would end its DEI initiatives—  **emphasizing**  their commitment to customers and to quality recruitment and operations. In August, Ford  **announced**  that it would no longer participate in the Human Rights Campaign’s annual workplace survey. Lowes also  **announced**  in August that it would no longer participate in the HRC’s diversity surveys or in LGBTQ+ and other social issue events. In October, Toyota said it will no longer  **sponsor**  LGBTQ+ events, instead focusing its philanthropy on “STEM education and workforce readiness.”

Here is a list of large public corporations that dropped their commitments to DEI this summer:

- **Tractor Supply**  (~50,000 employees; market cap: ~\$32 billion)
- **John Deere**  (~80,000 employees; market cap: ~\$111 billion)
- **Ford Motors**  (~177,000 employees; market cap: ~\$44 billion)



- **Lowes** (~300,000 employees; market cap: ~\$160 billion)
- **Harley-Davidson** (~11,000 employees; market cap: ~\$5 billion)
- **Brown-Forman Corp.** (~ 6000 employees; market cap: ~\$23 billion)
- **Molson Coors** (~16,000 employees; market cap: ~\$11 billion)
- **Stanley Black & Decker** (~50,000 employees; market cap: ~\$16 billion)
- **Toyota** (~380,000 employees; market cap: ~\$270 billion)
- **Boeing** (~170,000 employees; ~\$95 billion)

Taken together, these public companies represent over a million workers and nearly a trillion dollars of market value. Although there is some variation in exactly how much these companies have rolled back their DEI policies, they all share one or more of the following characteristics.

1. **No longer funding or participating in social or cultural “awareness” events**
2. **No longer participating in the HRC’s diversity surveys**
3. **Removing DEI language and priorities in their hiring and recruiting**

Public companies have long engaged in activities to improve their brand image and to develop positive reputations in the communities where they operate. They try to build goodwill through corporate philanthropy—giving money for parks, museums, schools, and other cultural amenities. They also try to improve their reputation by joining various causes and partnerships—such as working on public health, public literacy, and job training initiatives.

But in recent years, especially starting in 2020, many public companies directed resources to controversial and ideological causes in the name of improving their brand and reputation—such as participating in cultural or social “awareness” events like an LGBTQ+ parade or a BLM gathering. Public companies’ retreat from DEI usually includes statements that they will stick to traditional forms of corporate philanthropy and no longer participate in these controversial social and political activism events.

One of the most important proponents of DEI has been the [Human Rights Campaign](#). They have actively worked to change business recruitment and hiring practices to prioritize diversity, equity, and inclusion (especially on the LGBTQ+ front). Their method involved sending questionnaires to public companies and scoring them along their “human rights” index. Most of the companies who backtracked from DEI have explicitly stated that they will no longer participate in HRC’s questionnaire.

These companies have also removed DEI language, goals, positions, and training from their operations. For some, they have eliminated “sustainability” and “diversity” positions. Others have removed DEI targets from bonus evaluations for their executives. They have also walked back DEI-based recruitment targets in favor of competence and excellence. Company performance for shareholders, operational excellence, and delivering value to customers have been re-centered in these companies’ policies and strategies.

Organizations sympathetic to DEI like Microsoft, Google, and other large tech companies, have scaled back how much they talk about the issue and how many resources they devote to it. Even Larry Fink, CEO of Blackrock and a proponent of ESG, has abandoned the term because it became too “political.” Other large companies have been downplaying their DEI commitments even if they haven’t fully reversed them. One of the only places DEI continues to make [headway](#) is government bureaucracies like public schools and universities, libraries, and regulatory agencies.

DEI programs are a part of the broader Environmental, Social, and Governance (ESG) movement. But the ESG moniker never had **logical coherence**. Pursuing environmental goals often undermines Social goals and vice versa. Pursuing Social goals often undermines good Governance. ESG gained traction because it was a vacuous umbrella term that could be used to advance many different, and at times contradictory, ideological values.

Even ESG advocates who want to preserve environmental and governance goals should abandon the DEI movement to its fate in history's dustbin of bad ideas. The summer of 2024 will be noted for the retreat of DEI programs in corporate America. Let's hope that 2025 will be remembered for the retreat of DEI and other woke ideology across the federal and state governments.

*From the [American Institute for Economic Research \(AIER\)](#)*

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