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Companies should think twice about rolling back DEI

1 message

Madeline Janis <mjanis@jobstomoveamerica.org>

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Reply-To: llaborde@jobstomoveamerica.org

To: llaborde@jobstomoveamerica.org

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Hi Lauren,

Ever since Trump's flurry of day-one executive orders that included [ending diversity, equity, and inclusion \(DEI\) policies in federal contracting](#), [many companies](#) have rolled back longstanding efforts to attract new suppliers, employees, and customers through diversified outreach and inclusion programs. Target, for example, announced days after Trump's inauguration that it was rolling back a multi-billion-dollar outreach and recruitment program, resulting in [calls for a nationwide boycott](#).

These hasty corporate decisions make no sense in light of the documented business benefits of greater diversity, equity, and inclusion. More inclusive hiring programs assist with employee and supplier recruitment and retention and help grow the customer base. As a recent [Costco Board of Directors memo to shareholders](#) described, having diverse employees and suppliers has, in their view, fostered "creativity and innovation in the merchandise and services that we offer" and led to greater customer satisfaction among [Costco members](#).

At a time of growing market turmoil due to Trump's shifting policies, businesses must act responsibly to enhance market stability. And there is ample evidence that inclusion practices are good for

business, especially in a rapidly shifting and competitive landscape.

A 2023 [McKinsey & Company report](#) found that companies in the top quartile for gender diversity are 39% more likely to outperform those in the bottom quartile. For ethnic diversity, the increased likelihood of outperformance for top quartile companies is also 39%. The report also found that companies that prioritize diversity and inclusion practices tend to attract and retain top talent, reducing turnover costs and enhancing productivity.

As a four-decade non-profit leader working with the private sector, I have witnessed companies implementing diversity, equity and inclusion policies become more efficient, cost-effective, and successful as a result of those programs.

In some workplaces, hiring occurs through word of mouth, which often results in applicants coming from the same backgrounds as those already in the workforce. According to the Institute for Women's Policy Research's 2022 [report on women in manufacturing](#), respondents mainly learned about opportunities in this sector through people they knew. White men often have more access to these informal networks, which can often contribute to the limited demographics of the industry.

As a result, women only make up about [29% of manufacturing jobs](#), including administrative and marketing positions. And when people don't see women in these jobs, it contributes to the idea that they aren't capable of this kind of work, when they very much can—and do—[work manufacturing jobs](#).

Besides women, veterans, who include people of all races and identities and are often included in diversity, equity and inclusion efforts—[often struggle to find work](#) after service because of mental health issues and struggles to transition to civilian life. It's worse for veterans with disabilities.

These perceptions and barriers mean companies miss out on the perspectives and talents of entire segments of society. When a company has a hard time recruiting new talent—which many employers say is increasingly hard to do—it may be forced to use temporary staffing agencies or hire less qualified people simply because it is missing out on qualified applicants. Why overlook entire groups of workers when there is [a shortage of skilled manufacturing workers](#)?

Jobs to Move America has pioneered the use of community benefits agreements (CBAs) with manufacturers that ensure all of those groups and other underrepresented communities have the opportunity to contribute to a company's success.

CBAs that include hiring outreach goals have resulted in quality training programs, like the first-of-its-kind [electric vehicle apprenticeship program](#) at a Los Angeles-based manufacturer, which has created a pipeline of skilled workers more likely to stay at the company, reducing turnover and training costs. Since community groups are involved in negotiating CBAs, they also create community trust and built-in buy-in for future projects and can improve the company's reputation. Reputation is huge. Target CEO Brian Cornell [announced in an earnings call last week](#) that the store has seen sales drop since the online boycotts of the brand since rolling back diversity, equity, and inclusion, while Costco has seen [sales](#) and foot traffic [grow](#).

The bottom line? Diverse companies are more competitive and innovative.

Rolling back diversity, equity and inclusion policies is not helping business or the quality of our workforce. Companies like Costco, which value their inclusion and outreach practices, know this.

In solidarity,



Madeline Janis
Executive Director

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