THE DEI RESET

THE LEADERSHIP GUIDE TO BUILDING RESILIENCE THROUGH DIVERSITY



KAY FORMANEK

Kay Formanek

The DEI Reset
The Leadership Guide to Building Resilience Through Diversity



Kay Formanek
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In memory of my sister and father
Céline Marie Formanek
Dr. Harry Peter Formanek
who both inspired me to write
and my mother
Gigi Formanek
who encourages me to still write

Preface

Why This Book, and Why Now

In January 2025, the United States federal government issued three Executive Orders within forty-eight hours seeking to dismantle what it termed "illegal DEI." The orders introduced certification requirements, personal liability, and False Claims Act exposure around a term whose scope was interpreted through prevailing legal consensus but carried no formal statutory definition and remained contested through multiple court proceedings throughout 2025.

The narrative that formed quickly presented retreat as the settled picture of the moment. Diversity was declared dead. Organizations around the world were reported to be sunsetting programs, closing dedicated functions, and withdrawing public commitments. Major business outlets reported each new announcement with a certainty that compounded the signal—producing a contagion in which the reporting of retreat became itself a driver of further retreat.

As I continued advisory work across regions throughout this period—conversations with boards in Frankfurt, governance teams in Tokyo, general counsel navigating contractor obligations in the United States, and HR leaders in Johannesburg—a different picture was forming beneath the public account. Some organizations were responding to the prevailing narrative as though retreat were legally required, moving swiftly and completely beyond what consensus interpretation of the law demanded. Others, operating quietly and outside the reach of what the business press was reporting, were methodically safeguarding their architecture—adapting language where necessary while holding commitments intact. A smaller number were going further still, strengthening governance, expanding scope, and anchoring DEI in ways that signaled a decision to hold irrespective of external pressure.

To understand those patterns, it is necessary to separate two fundamentally different categories of response. Some organizations

carried direct legal obligations under the prevailing consensus interpretation of the orders—federal contractors in particular—and their retreat in specific domains reflected what that consensus required. Those legally anchored actions (Required Retreat) form the compliance baseline of this research. The more revealing responses came from a significant number of organizations whose choices operated outside direct legal obligation: those that retreated well beyond what any legal requirement demanded (Voluntary Retreat); those that preserved the substance of their commitments while reframing how they communicated them externally (Reframe); those that retained their full DEI infrastructure without adaptation (Remain); and those that extended their DEI commitments into new domains (Re-architect). These four voluntary response patterns—Voluntary Retreat, Reframe, Remain, and Re-architect—are where the central question of this book lives.

That question is whether the depth of an organization's existing DEI architecture—the degree to which diversity, inclusion, equity, purpose, and leadership had been embedded before the orders arrived—shaped which voluntary path that organization took when the regulatory boundary was unresolved. Which architectural elements proved most predictive of response? And what does the pattern, across 171 organizations in six regions, reveal about how DEI resilience is built and sustained under pressure?

That research question is inseparable from the work behind my prior book, *Beyond D&I*: Leading Diversity with Purpose and Inclusiveness (Formanek, 2021). *Beyond D&I* argued that Diversity Performance requires five interdependent elements—Diversity, Inclusion, Equity, Purpose, and Leadership—and that many organizations were building DEI on too narrow a foundation. The 2025 Executive Orders provided the conditions under which that argument could be examined at scale. Whether the five-element architecture, when embedded with sufficient depth, would hold under sustained regulatory and reputational pressure was no longer a theoretical question. This book provides the evidence. The key principles of the

originating framework are recapped where they are analytically necessary; readers seeking a detailed account of the underlying models are referred to *Beyond D&I* (Formanek, 2021).

This book is written for three groups navigating that period. For leaders and boards, it addresses the question that reached every boardroom: how to calibrate a response to regulatory pressure and how to build DEI architecture that holds when the external rationale shifts. For policymakers and legal counsel, it provides a systematic record of how regulatory signals—even contested ones—translated into organizational action across jurisdictions, sectors, and organization types. For scholars and researchers, it offers a verified, rule-governed dataset and a replicable coding framework built on independent reporting. Each of these groups will wish to have confidence in the rigor and replicability of the evidence on which the findings rest; that confidence is established in Research Foundations, the section that follows. Readers seeking to navigate the book efficiently will find a roadmap in How to Read This Book, which follows it.

The hope that animates this book is straightforward: that the evidence examined here provides clarity amid a prevailing narrative of DEI collapse, and a credible path forward for every leader who understands that the architecture they build today will determine how their organization responds to the next period of pressure—whenever it arrives.

Kay Formanek
Loosdrecht, The Netherlands

Acknowledgements

Books rarely emerge from solitary work. They are shaped through conversations, challenges, and the generosity of people willing to question ideas and improve them.

I am sincerely grateful to the colleagues and peer reviewers who read drafts of this manuscript and offered thoughtful critique at critical stages. Their insights strengthened both the clarity of the argument and the discipline of the analysis. In particular, I would like to thank Leslie Bergman, Hans van Dijk, Gigi Formanek, Gary Fraser, Rain Khoo, Hans Lagaaij, Dirk Luyten, and Michele Ozumba. Each of them contributed perspectives that helped sharpen the thinking presented in this book.

I am deeply grateful to the many leaders and organizations around the world who, through their openness and trust, allowed me to observe and learn from how they navigated the rapidly evolving debates surrounding diversity, equity, and inclusion. Their willingness to engage honestly with difficult questions helped shape the questions this research set out to answer and kept the work grounded in the realities facing organizations and their leaders.

Several people played a particular role in bringing the research and the book to completion. Kinshuk Taneja kept a close and critical eye on the quality and defensibility of the empirical research; I am grateful for his diligence, rigor, and commitment throughout. My thanks to Arnoud van der Heuvel for the images that bring the pages of the book to life. My sincere thanks also go to my publisher, Liz Barlow at Palgrave Macmillan, for her confidence in this book, her encouragement throughout its development, and her steadfast support in bringing it to publication.

I would like to thank the colleagues, partners, and friends who supported this work in ways both visible and unseen. Their encouragement and patience sustained me through the long process of research and writing.

Finally, I am deeply grateful to my children—Isabel, Jayme and Joya—for their generous support and patience throughout the writing of this book.

Competing Interests The author has no competing interests to declare that are relevant to the content of this manuscript.

Research Foundations

This book examines organizational responses to four Executive Orders on diversity, equity, and inclusion issued by the United States federal government: EO 14151, EO 14168, and EO 14173, issued on 20 and 21 January 2025; and EO 14398, issued on 26 March 2026. The first three orders fall within the primary Research Period (1 January 2024 to 31 December 2025). EO 14398 post-dates the Research Period; it extended EO 14173's compliance framework to all subcontractor tiers through a mandatory contract clause and introduced the first explicit definition of prohibited conduct as disparate treatment based on race or ethnicity. It does not replace the first three orders, which remain in force. The analytical framework draws additionally on the "Guidance for Recipients of Federal Funding Regarding Unlawful Discrimination," issued by Attorney General Pam Bondi on 29 July 2025 to recipients of federal funding (Bondi Memorandum)—the first non-binding operational description of prohibited DEI practices for federally funded entities, against which the prevailing legal consensus applied during this research was verified. Until the Bondi Memorandum was published, organizations were acting without authoritative definitional guidance. By 29 July 2025, 97 percent of all documented actions in this research had already been taken.

This is a global research study. The Census comprises 171 organizations across six regions—the United States, Canada, Europe, Africa, Asia–Pacific, and South America—classified into three Research Organization Types: federal agencies, federal contractors, and Other Organizations—entities that are neither federal agencies nor federal contractors—with United States and Rest of World splits where applicable. Federal grantees, the fourth EO Organization Type under the Executive Orders, are excluded from the research by design; the methodological reasoning is documented in Chap. 11.

Research Integrity Protocol

I have spent thirty years advising global organizations on DEI strategy, including several of the organizations featured in this Census. To eliminate the risk of professional bias, this research was conducted under a strict protocol of independence.

***Financial Independence**:* This research was not commissioned, funded, or reviewed by any organization in the Census.

***Editorial Independence**:* No organization was given prior access to the findings or the opportunity to influence its classification.

***Methodological Independence**:* Every classification was determined by pre-defined, rule-governed logic applied to independent reporting. No classification was subject to the author's professional judgment about any individual organization.

Credible Source Panel

The Credible Source Panel comprises eight international business press sources selected against three criteria: editorial independence from corporate influence; factual, action-oriented reporting rather than opinion or commentary; and geographic breadth sufficient to cover the six regions of the Census. The eight sources are Reuters, the Associated Press, Bloomberg, the Financial Times, the Wall Street Journal, Deutsche Welle, the Globe and Mail, and the Daily Maverick. Across this panel, 204 articles documenting DEI actions during the Research Period were identified and coded.

What credible sources reported is what corporate decision-makers, boards, and legal counsel across the Census observed. Reported peer behavior—the observable actions of organizations as transmitted through the business press—is the operative mechanism through which organizations monitored and responded to each other during this period. Systematic content analysis of the Credible Source Panel captures those reported organizational actions directly and independently of what any individual organization chose to disclose about itself.

Compliance Floor

Every coded action is classified into one of five response categories: Required Retreat, Voluntary Retreat, Reframe, Remain, and Re-architect. Required Retreat comprises actions legally compelled under the prevailing consensus interpretation of the Executive Orders for that organization type; it forms the Compliance Floor and is excluded from the voluntary response determination. The other four—Voluntary Retreat, Reframe, Remain, and Re-architect—capture the choices organizations made beyond what the law required. Architectural resilience is assessed on the basis of voluntary responses. Available commentary on this period has typically treated legally required actions and voluntary choices as a single phenomenon. This research separates them by rule.

Census, Threshold Census and Geography

The validated Census comprises 171 named organizations—a complete enumeration of those whose DEI response was reported by the Credible Source Panel during the Research Period. The Census size emerged from the methodology as applied. No target size was predetermined. The Census captures the breadth of the visible organizational response.

The Threshold Census (n = 63) identifies organizations with at least three qualifying actions, after actions reported for associated entities have been combined at organization level. For example, actions reported for Nissan (Canada) are combined with those for Nissan (Japan). The three-action threshold provides sufficient evidence to characterize an organizational response pattern rather than an isolated decision.

Region locates the entity for geographic analysis. For publicly listed organizations, region follows the primary stock-market listing; for unlisted organizations, headquarters or principal place of business is used. This captures the corporate environment associated with the entity's listing or principal base, including listing, reporting and governance requirements. US/ROW answers a different question: where are its people? Organizations are classified as United States or

Rest of World according to where their workforce is predominantly located, using headcount and, where headcount is unavailable, US revenue share. This matters because organizations must navigate the employment, equality and other local requirements affecting the people they employ. Region and US/ROW therefore answer different questions and need not be the same.

Unit of Analysis

The unit of analysis is the observable, reported action. Coding is anchored on the main verb of each reported sentence—terminated, renamed, expanded, reframed, reaffirmed. Each action was parsed to extract four elements: the verb (action type), the direct object (action domain), the geographic scope, and the temporal context relative to the EO signing dates. Actions were coded and deduplicated across 14 Executive Order domains to yield a net dataset of 551 coded actions. Percentages reported in this book are descriptive statistics about the Census—they describe what these 171 organizations did during this specific period.

Classification

The four voluntary response categories—Voluntary Retreat, Reframe, Remain, and Re-architect—reflect the full range of choices organizations made beyond what the law required. Organization-level classification required convergence across multiple actions in multiple domains. A minimum of three discrete coded actions was required; organizations below this threshold were excluded from voluntary response classification. The 63 organizations meeting this threshold form the Threshold Census used for organization-level resilience scoring.

Verification and Replication

To ensure the integrity of the findings, a three-pass inter-coder protocol was employed.

***First pass**:* Independent author coding based on the established framework.

***Second pass**:* An independent neutral coder—with no professional connection to any organization in the Census—using AI-assisted primary source analysis.

***Third pass**:* Manual article-by-article coding conducted independently of the second pass.

Discrepancies and omissions across all three passes were systematically identified, researched against primary sources, and resolved through structured adjudication. Independent academic peer review was conducted across multiple institutions and regions. The complete methodology—source selection, the compliance baseline, the full action coding protocol, regional coverage analysis, and limitations—is provided in Chap. 11 and is designed to allow full independent replication.

The evidence documented in this research reveals a consistent pattern: organizations with greater pre-backlash DEI architecture maturity held at significantly higher rates under the pressure of the 2025 Executive Orders than organizations with lower maturity. That pattern, documented across 171 organizations and 551 net coded actions, informs the architecture developed in this book.

Nothing in this methodology or in this book constitutes legal advice or should be construed as such. Each organization must obtain independent legal and compliance counsel specific to its own circumstances, jurisdiction, and contractual position. All organizations referenced in this book are identified and categorized solely on the basis of actions reported by the named credible sources; no organization is mentioned or classified on any other basis.

How to Read This Book

With the evidence and its methodology established in the Research Foundations that precede this section, this guide has one purpose: to

help readers navigate the five parts of this book efficiently and locate the specific frameworks their role requires.

Structure of the Book

The DEI Reset: The Leadership Guide to Building Resilience Through Diversity is structured in five parts, as illustrated in Fig. 1. Part I establishes the forces that made a DEI reset structurally predictable—historical, regulatory, and international. Part II presents the primary research: how organizations responded, and which DIEPL elements held or fell under pressure. Part III examines the capability resets in depth—diversity of perspectives, inclusive leadership, fairness and meritocracy, and strategic narrative—each grounded in primary evidence. Part IV draws those resets into the DEI Resilience Enterprise Architecture, in which Leadership activates the capabilities and an Enterprise Platform of governance, measurement, and accountability sustains them. Part V sets out the research design, the Credible Source Panel, the coding framework, and the validation protocols behind the findings, together with the full list of Census organizations.

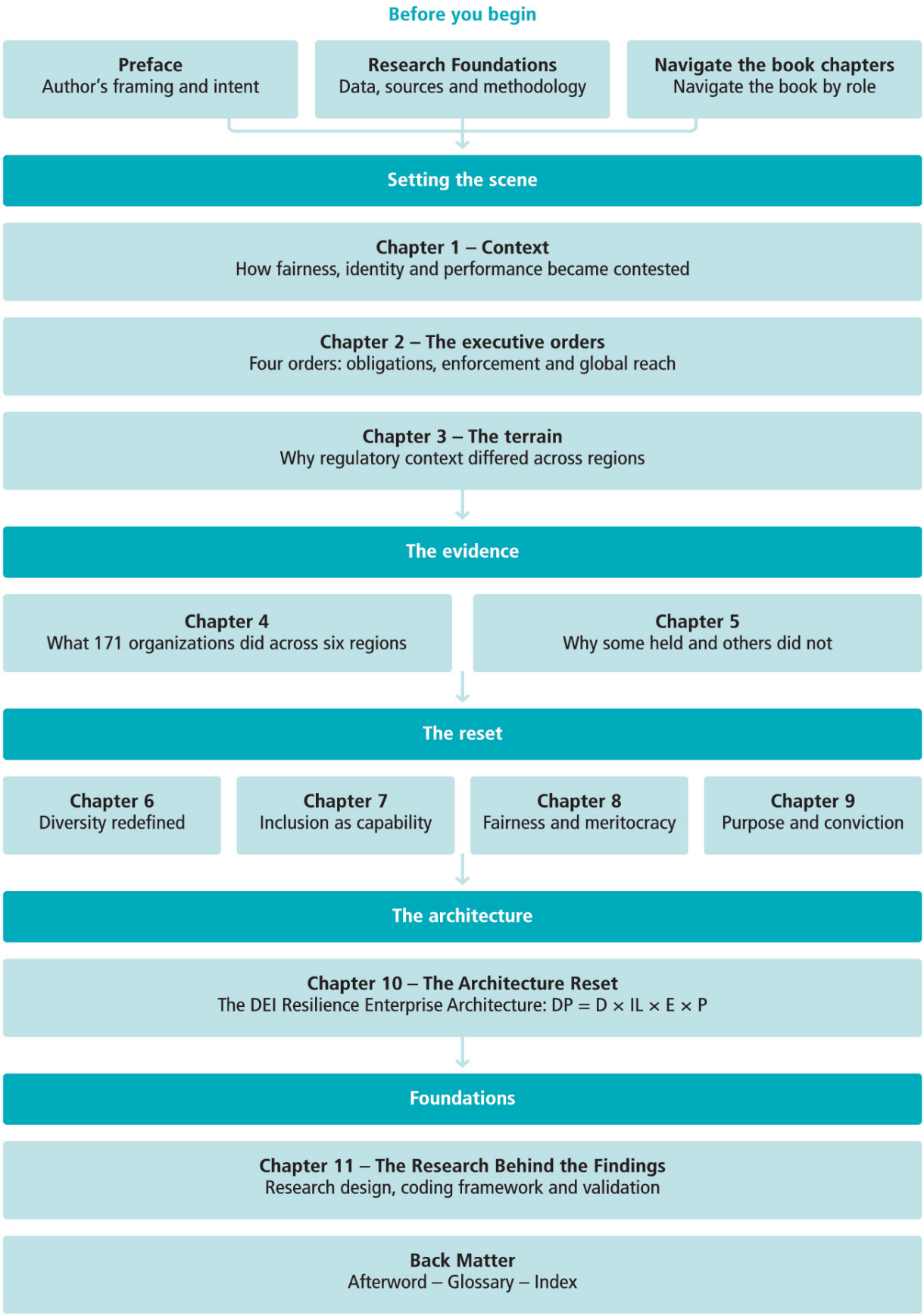

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Fig. 1 The structure of The DEI Reset

Part I—Setting the Scene (Chaps. 1–3) establishes the terrain. **Part II—The Evidence** (Chaps. 4–5) presents the primary research and its architectural explanation. **Part III—The Reset** (Chaps. 6–9) moves element by element through the DIEPL architecture. **Part IV—The Architecture** (Chap. 10) introduces the **DEI Resilience Enterprise Architecture**, expressed as **DP = D × IL × E × P**, with Leadership as the activating platform. **Part V—Foundations** (Chap. 11) documents the research methodology in full.

A note on DIEPL: this book uses the term DIEPL to refer to the five elements of the Integrated Diversity Model (IDM)—Diversity, Inclusion, Equity, Purpose, and Leadership—originally developed in *Beyond D&I* (Formanek, 2021). Chapter 10 transforms those five elements into the DEI Resilience Enterprise Architecture. Where both frameworks are referenced, the distinction is made explicit.

Chapter by Chapter

Chapter 1 traces the evolution of DEI policy in the United States from *Plessy v. Ferguson* (1896) through civil rights reform, affirmative action, and corporate DEI practice, establishing the long-cycle context within which the 2025 Executive Orders sit. Drawing on paradox theory, political sociology, and the literature on cultural backlash, the chapter introduces the **DEI Corrective Paradox**—the recurring mechanism by which corrective policy generates organized counter-reaction—alongside the five external forces that shaped how organizations responded. The framework equips leaders to anticipate future pressure cycles, offers policymakers a structural account of why regulatory intervention generates backlash under specific conditions, and provides scholars with an original theoretical integration of paradox dynamics and DEI regulatory history.

Chapter 2 analyzes the four Executive Orders against the precise legal framework each established: what each one required, of whom, through which enforcement mechanism, and how the combination created compliance pressure that extended well beyond the organizations directly named. The chapter establishes the boundary between what was legally required and what organizations chose to do voluntarily—the analytical foundation for every finding that follows. For policymakers, it maps the instruments through which regulatory intent was operationalized and the enforcement gaps the first three orders left unresolved until the fourth.

Chapter 3 maps the regulatory terrain beyond the United States for the 57 non-US organizations in the Census ($N = 171$). The chapter identifies four dimensions of regulatory difference—constitutional protections, mandatory workforce measurement and reporting obligations, corporate gender quota enforcement mechanisms, and the legal architecture of affirmative action—that shaped how each organization weighted its compliance obligations against its home-country legal requirements. The chapter documents where US compliance demands conflicted directly with domestic law, establishes why the institutional floor beneath DEI commitments elsewhere had no

equivalent in the US context, and explains why organizations in different regions, facing the same orders, arrived at structurally different starting positions.

Chapter 4 presents the full primary research dataset and introduces the five response categories—Required Retreat, Voluntary Retreat, Reframe, Remain, and Re-architect—that structure the analysis throughout the book. Testing ten propositions about which factors drive organizational response, the chapter documents patterns across regions, sectors, and federal contractor status. The dataset is the evidentiary foundation on which Chaps. 5–10 build and the primary source for independent analysis and replication.

Chapter 5 addresses the explanatory question at the center of this research: why did organizations facing comparable legal exposure make materially different choices? Testing DEI architecture maturity—measured through the **Integrated Diversity Model (IDM)** and its **Five Stages of DEI Maturity**—as the primary explanatory variable, the chapter introduces the **Architecture Outcomes** framework mapping the full spectrum of organizational responses. The chapter advances the IDM framework empirically, identifies which architectural elements are most strongly associated with resilient response, examines the policy relevance of architectural depth, and provides leaders with an evidence-based account of what to build and at what depth.

Chapter 6 examines what happened to Diversity commitments and introduces the **Reset Capability Architecture for Diversity of Perspectives**, built on the **Diversity Cluster Model**—a six-cluster, thirty-seven-dimension framework. The chapter examines why diversity retreated in both language and architecture simultaneously and provides leaders with a design tool for building diversity as a strategic portfolio of perspectives. For policymakers, it documents the conditions under which diversity language and architecture collapsed together; for scholars, it extends cognitive diversity research into the organizational architecture domain.

Chapter 7 examines what happened to inclusion when external accountability structures were removed and introduces the **Inclusive**

Leadership Capability as the reset. Drawing on Edmondson's psychological safety research, the chapter identifies the conditions under which inclusion is sustained under pressure and those under which it retreats. The **Eight Behaviors of Inclusive Leadership** and the three conditions they support—Inclusion, Psychological Safety, and Belonging—define what safeguarding inclusion requires at the level of daily leader behavior. For policymakers, the chapter documents which accountability structures proved structurally durable and which did not; for scholars, it extends psychological safety research into the regulatory stress-test context.

Chapter 8 examines what happened to equity commitments and introduces the **Reset Capability Architecture for Fairness and Meritocracy** as the reset. Drawing on Castilla and Benard's paradox of meritocracy research, among others, the chapter examines which equity measures proved structurally durable under pressure and which retreated, and introduces four fairness practices that build structural integrity for individual contribution irrespective of how the surrounding regulatory framework defines protected characteristics. For scholars, it extends the paradox of meritocracy into the regulatory pressure context.

Chapter 9 examines what happened to purpose and strategic narrative and introduces the **Reset Capability Architecture for Strategic Narrative** as the reset. The chapter identifies an architectural condition associated with purpose that holds under pressure—conviction embedded in governance before the pressure arrived, rather than narrative constructed for external audiences—and examines what building that conviction requires in practice.

Chapter 10 introduces the **DEI Resilience Enterprise Architecture** as the integrated governing system, expressed as **DP = D × IL × E × P**, with Leadership as the activating platform rather than a fifth equal element alongside the others. Drawing together what the evidence in Chaps. 4 and 5 revealed and what the resets in Chaps. 6–9 require, the chapter provides a five-question leadership doctrine, a FROM/TO architecture reset, and priority actions for three organizational risk

profiles. For scholars, the chapter provides the empirical basis for examining what organizational architecture predicts resilience under regulatory pressure; for policymakers, it identifies why frameworks built on external compliance authority are structurally removable by the same mechanism that created them.

Chapter 11 documents the research methodology in full: the research questions, the fifteen propositions examined across Chaps. 4 and 5, the ten analytical steps, and the three governing principles that ensure every classification is traceable to an independent source, governed by a defined rule, and replicable by any independent researcher.

Note on Terminology

Three definitions used in this book depart from standard DEI usage and from definitions in *Beyond D&I* (Formanek, 2021). Each chapter introduces its reset definition explicitly at first use. The glossary provides the full set of definitions. The five response categories—Required Retreat, Voluntary Retreat, Reframe, Remain, and Re-architect—are defined in full in Chap. 4; Chap. 4 is the reference point for their precise meaning throughout the book.

Abbreviations

Only abbreviations that are universal, used frequently across multiple chapters, or technically necessary for the analytical framework have been abbreviated. Regulatory instruments—including the False Claims Act and individual Executive Orders—are written in full on first reference in each chapter, then referred to as "the Act" or "the Order" as applicable. A full list appears in the Abbreviations.

Standalone Principle

Because individual chapters are available as standalone publications on SpringerLink, each chapter is designed to function as an independent analytical unit. Key terms and abbreviations are redefined at first

mention in every chapter. While the book follows a cumulative logic, each chapter includes the definitions needed to be read independently.

Glossary and Index

A comprehensive glossary of original terms and frameworks can be found in the back matter. The index supports both thematic and cross-chapter navigation.

Abbreviations

Note on short forms: Executive Orders are referred to by number (EO 14173) throughout, with "Executive Orders (EO)" at first use in each chapter and "the Order" or "the Orders" thereafter. The False Claims Act is written in full on first reference in each chapter, then referred to as "the Act."

CEO Chief Executive Officer

CFO Chief Financial Officer

D Diversity (formula: DP = D × IL × E × P)

DEI Diversity, Equity, and Inclusion

DIEPL Diversity, Inclusion, Equity, Purpose, and Leadership

DOJ Department of Justice (United States)

DP Diversity Performance (formula: DP = D × IL × E × P)

E Equity (formula: DP = D × IL × E × P)

EO Executive Order

ERG Employee Resource Group

ESG Environmental, Social, and Governance

EU European Union

FCC Federal Communications Commission (United States)

HBCU Historically Black Colleges and Universities

HR Human Resources

HRC Human Rights Campaign

I Inclusion (formula element, expressed in Inclusive Leadership in DP = D × IL × E × P)

IDM Integrated Diversity Model

IL Inclusive Leadership (formula: DP = D × IL × E × P)

L Leadership (DIEPL element; operates as the activation platform rather than a formula multiplier)

LGBTQI+ Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Plus other sexual orientations, gender identities, and sex characteristics

OFCCP Office of Federal Contract Compliance Programs (United States Department of Labor)

P Purpose (formula: DP = D × IL × E × P)

ROW Rest of World

SAM System for Award Management (United States federal procurement)

SEC Securities and Exchange Commission (United States)

STEM Science, Technology, Engineering, and Mathematics

US United States

US/ROW United States / Rest of World workforce classification

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Part I
Setting the Scene

The 2025 DEI Executive Orders did not arrive into a neutral context. They emerged from contested debate over how organizations should address structural inequality, individual fairness, and performance under conditions of demographic and global complexity. Part I establishes that context. Chapter 1 traces how fairness, identity, and performance became contested terrain—and introduces the DEI Corrective Paradox that explains why corrective policy generates backlash. Chapter 2 documents the four Executive Orders and their enforcement architecture. Chapter 3 maps how regulatory context differed across jurisdictions. Together these chapters establish the conditions to which the 171 organizations of the Census responded.

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1. Context: How Fairness, Identity, and Performance Became Contested

Kay Formanek[1] ✉
(1) Diversity and Performance BV, Loosdrecht, Noord-Holland, The Netherlands

✉ **Kay Formanek**
Email: kay@diversityandperformance.com

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I grew up in South Africa during Apartheid—an Afrikaans word meaning "apartness" or "separateness." Under Apartheid racial classification was embedded in law and structured nearly every dimension of life. Every citizen was categorized by race. Where people could live, work, be educated, and whom they could marry were all determined by legislation.

These were not abstract policies. They were rules that organized the daily functioning of society.

When Apartheid ended and Nelson Mandela became South Africa's first democratically elected president in 1994, there were widespread hopes that dismantling discriminatory laws would quickly produce economic equality. More than thirty years later South Africa remains one of the most economically unequal societies in the world [1].

Structural inequality proved far more difficult to dismantle than the legal framework that created it.

That experience has shaped how I approach questions of diversity and inequality. Over three decades, advising organizations across Europe, North America, Africa, and Asia, I have often seen diversity and inclusion discussed primarily as a management challenge—something to be measured, benchmarked, and reported. Those tools are necessary. But they can obscure a deeper issue: questions about diversity ultimately concern how societies and organizations define fairness and allocate opportunity.

***

How societies and organizations define fairness and allocate opportunity has never been settled. Major attempts to correct structural inequality have frequently generated organized resistance, and the January 2025 Executive Orders represented the most concentrated modern expression of that cycle. For leaders, this matters operationally: diversity debates are recurring governance tensions that shape legal exposure, employee trust, organizational legitimacy, and strategic resilience.

This chapter traces the institutional trajectory that made that moment possible—from Plessy v. Ferguson, through civil rights reform and affirmative action, to the expansion of corporate diversity, equity, and inclusion practice and the backlash that followed. It introduces the DEI Corrective Paradox: the cycle through which corrective action, when perceived to exceed the prevailing legitimacy consensus, can generate organized counter-reactions.

In my advisory work with leadership teams, one observation has recurred across organizations, sectors, and geographies: how a leader defines diversity shapes how that leader acts on it. I have worked with leaders who understood diversity primarily as demographic difference —visible, measured, and reported. Others understood it as the presence of different perspectives that strengthen decision-making, requiring leaders to actively create the conditions for those perspectives to surface. The practical consequences of these different

starting points were significant. A leader working from the first definition monitors representation. A leader working from the second sees their own behavior as a direct variable in the outcome. For this reason, I consistently say to the leaders I work with: “Be careful to define rigorously, and ensure those definitions are widely understood — because how you define influences how you lead.” The definitions that follow are not therefore merely academic conventions. They reflect the choices that shape how organizations design programs, how leaders set expectations, and how individuals experience those decisions.

1.1 Key Concepts Used in the Book

Definitional precision matters for practice, as the observation above illustrates—and it matters equally for analysis. In public discourse these terms are frequently used interchangeably or with different meanings across organizations, political debates, and academic research. Because the DEI Corrective Paradox introduced in this chapter operates across all of these terms simultaneously—and because the backlash examined in this book targets their intersection—the way each term is understood shapes the conclusions that follow. The following definitions are used analytically throughout this book.

Diversity

The presence of meaningful differences in perspectives, experiences, and characteristics within a group or organization.

Inclusion

The organizational conditions that allow individuals to contribute their perspectives and participate fully in decision-making [2].

Equity

Equity involves the intentional removal of barriers—such as institutional policies, social norms, and physical obstructions—that prevent individuals from having full access to resources, opportunities, and fair treatment.

Fairness
Perceptions that opportunities and outcomes are distributed according to legitimate and widely accepted principles [3, 4].

Merit
The principle that opportunities and rewards are allocated according to demonstrated capability, performance, and contribution.

Affirmative Action
Policies designed to ensure equal access for individuals who have faced personal or systemic barriers, using outreach to broaden the pool of qualified candidates.

Identity-Centric Framing

Interpretations of organizational decisions and outcomes that emphasize group identity as the primary explanatory factor—affecting perceptions of both minority and majority group members [5, 6].

Moralization

The social-psychological process whereby policy preferences are converted into moral convictions, in which disagreement becomes interpreted as moral failure [7].

Woke
Originally used within Black/African American communities to describe awareness of racial injustice, later adopted more broadly and increasingly used pejoratively to describe identity-based activism within institutions [8, 9].

DEI Backlash
Political and organizational resistance to diversity, equity, and inclusion initiatives, typically grounded in concerns about fairness, merit, or the scope of corrective intervention [10, 11].

1.2 The Constitutionalization of Segregation

In June 1892, Homer Plessy—a shoemaker from New Orleans who was seven-eighths white and one-eighth Black—deliberately sat in a whites-only railway carriage [12]. His arrest formed part of a legal challenge organized by civil rights activists seeking to contest Louisiana's Separate Car Act [12].

The case reached the United States Supreme Court in 1896.

In Plessy v. Ferguson the Court ruled that racial segregation was constitutional provided facilities were "separate but equal" [12]. The decision legitimized segregation across public life and provided the constitutional foundation for the Jim Crow system that governed large parts of American society for more than half a century [12].

Segregation extended across transportation, education, housing, and employment. Businesses that failed to maintain racially segregated facilities could face fines, legal sanctions, or the loss of operating licenses. In effect, the law imposed penalties not for exclusion but for integration.

Justice John Marshall Harlan's lone dissent warned that the decision would become as harmful as the infamous Dred Scott ruling [12]. Subsequent developments would lend considerable weight to his warning.

For the next half-century segregation was not simply tolerated in American law—it was enforced by it.

1.3 Brown and the Limits of Judicial Reform

The constitutional doctrine established by Plessy remained largely intact until the mid-twentieth century. In 1954 the Supreme Court reversed that doctrine in Brown v. Board of Education [13], ruling that racially segregated schools were inherently unequal and that the "separate but equal" principle had no place in public education.

Yet the decision did not immediately dismantle the institutional architecture of segregation. Implementation proved slow and contested. In many states resistance was widespread, and integration proceeded unevenly.

The Court's follow-up ruling instructed school districts to desegregate "with all deliberate speed" [14]. In practice this language allowed local authorities to delay implementation for years.

Legal equality had been declared. But the structural conditions that sustained segregation remained largely intact.

1.4 Affirmative Action as Enforcement Architecture

The civil rights reforms of the 1960s attempted to address the persistent gap between legal equality and institutional practice.

In 1961 President John F. Kennedy issued Executive Order 10925, requiring federal contractors to take affirmative action to ensure equal employment opportunity [15]. The Civil Rights Act of 1964 strengthened this framework by prohibiting discrimination in employment and public accommodations [15, 16].

President Lyndon B. Johnson extended the enforcement architecture further through Executive Order 11246, applying affirmative action obligations to organizations doing business with the federal government, including federal contractors and subcontractors. The order made explicit that contractors were not only required to avoid discrimination but to take proactive steps to ensure equal opportunity [17]. Part II, Subpart B, Section 202(1) stated:

> *The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin.* [17]

Unlike earlier measures that relied largely on moral commitment or administrative guidance, this order introduced enforceable compliance obligations. Organizations seeking to do business with the federal

government were required to demonstrate affirmative action efforts, and failure to comply could result in the suspension or termination of federal contracts or exclusion from future government work. By linking equal employment requirements directly to federal contracting eligibility, the order created significant legal and financial liabilities for employers.

Johnson explained the rationale behind this policy in a commencement address at Howard University in 1965:

> *You do not take a person who for years has been hobbled by chains and liberate him… and then say 'you are free to compete with all the others'*. [18]

Affirmative action therefore emerged not simply as a moral aspiration but as an enforceable regulatory mechanism designed to translate legal equality into measurable institutional change.

Implementing these obligations required organizations to measure and monitor representation across legally defined identity categories such as race and sex. In this way identity categories became administrative instruments used to evaluate compliance with equal opportunity requirements.

Over time similar policy frameworks emerged in other countries confronting their own histories of institutional exclusion. Jurisdictions such as South Africa, Brazil, and Canada introduced policies designed to expand participation of historically disadvantaged groups in employment and education, each calibrated to its own historical and institutional context. Although the mechanisms differed, the underlying logic was broadly similar: if structural inequality had produced unequal outcomes, structural intervention was required to expand access to opportunity.

As these regulatory frameworks expanded, organizations were required not only to comply with anti-discrimination law but increasingly to measure representation across identity categories,

bringing diversity policy directly into organizational management systems.

1.5 From Compliance to Corporate Diversity

During the 1970s and 1980s many organizations treated affirmative action primarily as a regulatory requirement. Compliance departments monitored hiring practices, and legal teams ensured adherence to reporting obligations required under civil rights legislation.

In the early 2000s, the Chief Legal and Compliance Officer of a large energy and infrastructure organization—a federal contractor that had faced multiple discrimination claims—asked how to design a DEI compliance program for all employees and new joiners. Her objective was specific: raise employee awareness of "the do's and don'ts of discriminatory behavior," because "success for me is zero discrimination payouts."

Over time diversity initiatives expanded beyond legal compliance. During the 1990s, scholars and practitioners increasingly articulated a business case for diversity, arguing that diverse teams could improve organizational decision-making and innovation [19–22].

Most of my advisory work in the 2010s centered on building the business case for diversity. In one engagement with a financial services organization navigating gender representation targets at senior level, the leaders were wary about the ongoing conversation. The conversation shifted when sector evidence indicated that leadership teams with a critical mass of women—above 30%—were associated with measurable organizational benefits: unchallenged consensus weakened, risk was assessed with greater scrutiny, and decisions were tested against a broader range of perspectives [23]. Across the period, many organizations requested support in defining their business case and measuring whether the benefits were being delivered.

This argument resonated with corporate leaders. Diversity initiatives gradually moved from legal departments to human resource functions. Programs such as diversity training, employee resource

groups, inclusive leadership development, and mentoring initiatives became common across large organizations.

This shift significantly expanded the scope of organizational diversity work, but also changed how diversity initiatives were interpreted.

Organizations began to frame diversity initiatives not only as compliance and performance requirements but also as expressions of organizational values and identity.

By the close of the 2010s I began to notice a shift. I heard a growing number of leaders say: “It seems like we have moved from compliance to business case rigor—which we have since discarded for value statements that are not tied to commitments or objectives.” By the 2020s that observation had become more widespread. I began to hear this phrase with increasing frequency from some leaders: “We are no longer pursuing this only because it delivers benefits. We are pursuing it because it is the right thing to do — it is consistent with our corporate values.” That shift in language signaled a genuine change in how those organizations positioned diversity internally. It also introduced a new complexity: when diversity was positioned primarily as a moral and ethical commitment, some leaders suspected the organizational performance rationale had been set aside.

While this broadened the scope of diversity work, it also introduced ambiguity about the relationship between diversity initiatives, organizational performance, and merit-based decision-making.

Some scholars have argued that this shift created a gap between the visibility of diversity initiatives and measurable changes in representation or advancement [24, 25].

This gap between aspiration and observable outcomes contributed to growing skepticism among some employees and political actors. For supporters of diversity initiatives, the expansion of programs represented overdue institutional change. For critics, the same developments sometimes appeared as organizational signaling disconnected from measurable performance outcomes.

Although the corporate diversity conversation through the 1990s and 2000s often centered on race and gender, organizations increasingly recognized that structural barriers extended to a broader range of communities—including people with visible and non-visible disabilities, LGBTQI+ employees, those from lower socioeconomic backgrounds, and neurodivergent individuals. The mechanisms of exclusion differed by group, but the institutional pattern was consistent: systems designed without these perspectives in mind tended to produce outcomes that disadvantaged them. Recognition of this breadth shaped how leading organizations expanded their diversity programs through this period.

1.6 Identity Judgments and Organizational Tension

As diversity initiatives expanded within organizations, they increasingly influenced how employees interpreted achievement, opportunity, and recognition.

Policies designed to expand participation inevitably introduced identity categories into organizational decision-making. Once these categories became visible within hiring, promotion, and leadership development processes, employees often began interpreting outcomes through the lens of group identity rather than individual capability.

During my advisory work I have often observed how these dynamics surface in practice. In one evaluation of a diversity training program at a large financial services company, participants were asked to map their "identity privileges" on a whiteboard—listing advantages they had not earned but had benefited from through their identity. The exercise was intended to stimulate reflection. Instead it produced visible discomfort. Several senior leaders sat silently; others became defensive. One executive spoke to me afterward with clear frustration:

> "*I grew up in a council home. I put myself through university. And now I'm being told my career is a product of privilege? That is not*

my story."

In practice this meant that the same organizational decision could be interpreted in very different ways. Employees who did not belong to historically disadvantaged groups sometimes perceived diversity initiatives as implying that their own achievements reflected structural privilege rather than individual effort.

The tension also operates in the opposite direction. Professionals who belong to historically disadvantaged groups sometimes encounter the suspicion that their advancement reflects policy intervention rather than demonstrated capability. One senior Black executive described the experience with striking candor:

"*Every time I walk into a room, I wonder how many people think I'm here because of a quota.*"

Organizational psychologists have documented this dynamic extensively. Research by Madeline Heilman and colleagues identified what they termed the "stigma of incompetence": individuals selected through affirmative action programs are sometimes perceived as less capable, even when their qualifications and performance are equivalent [26].

The mechanism is subtle but consequential. When group membership becomes associated with corrective policy, observers may attribute success to the policy rather than to the individual. Individuals facing structural barriers may therefore face persistent questions about their legitimacy, while individuals outside those groups may experience resentment or defensive reactions about perceived disadvantage. This dynamic has been documented empirically by Kaiser and colleagues, and by Dover, Major, and Kaiser in experimental settings [27, 28].

These dynamics rarely appear in formal organizational policy. Instead they emerge through everyday interactions: conversations about promotion decisions, informal discussions about hiring practices, or the interpretation of leadership development programs.

Over time these interpretations can reshape how diversity initiatives themselves are understood within organizations. Policies designed to expand opportunity may come to be interpreted by different groups either as challenges to meritocratic principles or as necessary corrections to structural inequality [5, 6].

The resulting tension does not arise because diversity initiatives are inherently flawed. Rather, it arises because organizations must reconcile several principles simultaneously: fairness, merit, opportunity, and recognition. When employees perceive those principles as competing rather than complementary, organizational tension increases [29].

1.7 Moralization and the Rise of Counter Narratives

As debates about diversity intensified during the early twenty-first century, the language surrounding these initiatives gradually shifted from organizational practice to moral argument.

Supporters of diversity initiatives increasingly described them as ethical obligations necessary to address historical injustice and structural inequality. Critics, by contrast, portrayed the same initiatives as ideological interventions that undermined meritocratic principles or imposed particular political viewpoints within organizations.

In my advisory work with leadership teams I often observed how this shift changed the character of organizational conversations. Leaders who raised operational questions about diversity programs—whether a training program was effective or whether a target made sense within a particular labor market—sometimes found those questions interpreted as opposition to the values behind the program itself.

Political psychologists describe this shift as moralization: the process through which policy preferences become moral convictions [7]. Once moralization occurs, disagreement is no longer treated simply

as a difference of opinion but may be interpreted as evidence of moral failure.

Within organizations this can narrow the space for pragmatic debate. Some employees come to view diversity initiatives as moral obligations that should not be questioned, while others interpret those same initiatives as ideological demands that threaten open discussion.

As tensions intensified, simplified narratives began to emerge. Supporters emphasized systemic injustice and the responsibility of organizations to address structural inequality. Critics increasingly argued that diversity initiatives prioritized identity over merit or imposed ideological conformity.

One word became particularly visible in this debate: “woke.”

Originally used within Black/African American communities to describe awareness of social injustice, the term entered broader political discourse during the 2010s. By the early 2020s it had largely become a pejorative label used by critics to describe what they saw as excessive identity politics or ideological activism within institutions.

In organizational settings the word rarely functioned as a precise analytical term. More often it served as shorthand—sometimes approvingly, but often critically—for diversity initiatives perceived to have moved beyond organizational practice into political or moral territory.

As these debates intensified, diversity initiatives increasingly became symbols within wider cultural conflicts about identity, fairness, and institutional authority [8, 9].

These dynamics form the basis of the DEI Corrective Paradox developed in the next section.

1.8 The DEI Corrective Paradox

The historical trajectory described in the preceding sections follows a recurring pattern. Societies confront structural inequality, introduce corrective policies to address it, and then begin interpreting the outcomes of those policies through the lens of identity and fairness. As

these interpretations spread, debates can become moralized and increasingly polarized.

This recurring pattern helps explain why diversity initiatives sometimes generate cycles of action and counter-reaction. To describe this dynamic, this book introduces the DEI Corrective Paradox. This cycle—not any single policy—is what the rest of this book examines.

The concept draws on paradox theory, which examines situations in which organizations must simultaneously pursue goals that appear contradictory but are in fact interdependent [30].

Organizations frequently face such tensions. For example, they must balance stability and innovation, efficiency and flexibility, or short-term performance and long-term investment. Paradox theory argues that these tensions cannot be permanently resolved by choosing one side over the other. Instead they must be continuously managed.

Diversity initiatives operate within a similar set of tensions.

Corrective policies such as affirmative action or diversity targets attempt to address structural inequalities that have developed over long historical periods. These policies are intended to expand opportunity and promote fairness.

At the same time organizations must also maintain principles of merit, performance, and organizational effectiveness. Employees expect that opportunities will be allocated according to competence and contribution.

When these principles are perceived as mutually reinforcing—when diversity initiatives are seen as expanding the talent pool and improving organizational performance—the tension between them remains manageable.

However, when these principles are perceived as conflicting—when corrective policies are interpreted as replacing merit with identity—the tension can escalate.

Figure 1.1 illustrates the recurring pattern through which corrective policies designed to address structural inequality can generate new tensions around identity, merit, and fairness.

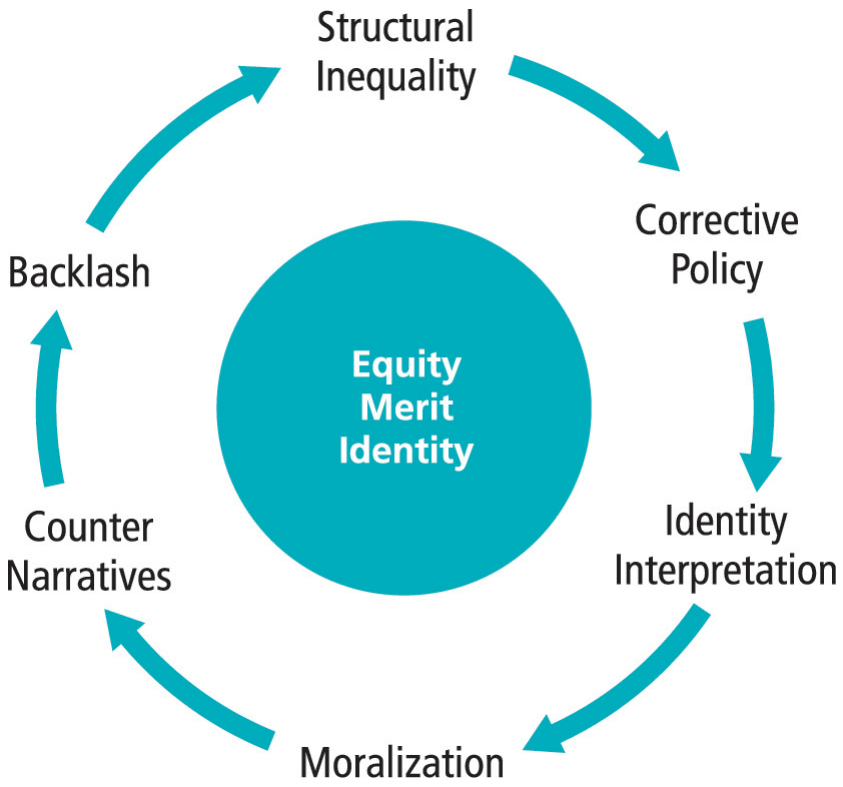


Fig. 1.1 The DEI Corrective Paradox
(*Source* Author, Kay Formanek, 2026)

Structural inequality → corrective policy → identity-centered interpretation → moralization → Counter Narratives → backlash

Importantly, the paradox does not imply that diversity initiatives are misguided or unnecessary. Structural inequalities do exist, and organizations have legitimate reasons to address them.

Rather, the paradox highlights the institutional dynamics that can arise when corrective policies interact with competing principles of merit, identity, and fairness.

When these dynamics become polarized, organizations may find themselves trapped in cycles of reaction and counter-reaction that consume organizational energy without resolving underlying tensions.

The paradox suggests that sustainable diversity strategies depend on organizations managing rather than eliminating these tensions. Instead of framing diversity and merit as competing principles, organizations should design systems that allow both to coexist.

In practical terms, this often means emphasizing capability development, inclusive leadership, and fair organizational processes, rather than relying solely on symbolic commitments or compliance-driven interventions.

Paradox theory suggests that organizations capable of holding these tensions in balance—rather than allowing them to polarize—are more likely to sustain effective diversity initiatives over time.

Every correction creates the conditions for its own challenge, as illustrated in Fig. 1.1.

1.9 Global Trajectories of Diversity Policy

Different regions developed diversity policy for different reasons. That difference shapes how organizations respond today. Although the United States developed the most visible legal architecture of diversity policy, other regions followed different historical trajectories. Understanding these differences is essential for interpreting global responses to diversity initiatives and to policy changes such as the Executive Orders issued in the United States in 2025.

The American trajectory is distinctive because it is rooted in the history of slavery, segregation, and the civil rights movement. These experiences produced a legal architecture centered on racial equality and civil rights enforcement. Affirmative action policies emerged as mechanisms designed to translate constitutional principles of equality into measurable institutional outcomes.

Other regions did not follow the same historical pathway.

1.9.1 Europe

In Europe, the legacy of the Second World War profoundly shaped the institutional treatment of identity categories.

During the Nazi regime, administrative records documenting race, ethnicity, and religion were used to identify and persecute Jewish communities and other “minorities.” Identity classification systems—

including census data and population registries—became instruments of state repression and genocide [31, 32].

After 1945 many European states introduced strong legal protections restricting the collection of sensitive personal data related to race, religion, and ethnicity, reinforced through European data protection legislation [33].

Corporate diversity measurement in Europe therefore tends to focus on gender equality, disability inclusion, and socioeconomic access rather than race or ethnicity.

1.9.2 Africa

Across many African countries diversity policies have been shaped by the legacies of colonial rule and post-independence nation-building.

In South Africa, the end of Apartheid produced a legal framework aimed at addressing structural inequalities created by decades of racially discriminatory policy. The Employment Equity Act and Black Economic Empowerment programs were introduced to increase participation of historically disadvantaged communities in the economy [1, 34, 35].

These initiatives are embedded within a broader national project of economic transformation and social reconstruction.

1.9.3 South America

In South America diversity initiatives have often been linked to wider debates about inequality and social mobility.

Countries such as Brazil introduced affirmative action policies in higher education during the early twenty-first century to address the underrepresentation of Afro-Brazilian and low-income students in universities. These policies were shaped not only by racial inequality but also by broader patterns of economic disparity [36].

1.9.4 Asia–Pacific

In the Asia–Pacific region diversity initiatives have typically focused on gender equality and workforce participation.

Diversity policies in countries such as Japan, South Korea, Singapore, and Australia have emphasized increasing women's participation in leadership, reflecting priorities around demographic change and economic competitiveness [37].

These regional differences matter because the 2025 Executive Orders did not enter a uniform global environment. They collided with different histories of equality, different rules on identity measurement, and different assumptions about whether diversity is a legal obligation, a social value, or an organizational capability.

1.10 Leadership Implications

This history has direct implications for leaders.

First, diversity initiatives cannot be understood solely as contemporary management practices. They are embedded in longer historical debates about fairness, equality, and opportunity. Leaders therefore inherit institutional dynamics that extend far beyond their individual organizations.

Second, organizational responses to diversity initiatives are shaped not only by policy design but also by perceptions of fairness and legitimacy. When employees perceive diversity initiatives as compatible with organizational performance and merit, they are more likely to support them. When they perceive diversity initiatives as undermining merit or privileging identity, resistance may emerge.

Third, leaders should recognize that diversity debates operate simultaneously at multiple levels: organizational, political, and cultural. Policies introduced within organizations can quickly become entangled with wider societal debates.

The DEI Corrective Paradox introduced earlier in this chapter provides a useful lens for navigating these dynamics. It highlights that tensions between equity, merit, and identity are unlikely to disappear. Instead they should be actively managed.

Effective diversity strategies therefore require leaders to design systems that support both fairness and performance. This often

involves emphasizing transparent decision-making processes, inclusive leadership practices, and clear performance standards.

Rather than framing diversity initiatives as ideological commitments or compliance obligations, leaders who successfully navigate these tensions tend to frame diversity as a capability that strengthens organizational decision-making and innovation.

In other words, diversity initiatives are most sustainable when they are integrated into the core functioning of organizations rather than treated as external policy requirements.

The developments described in this chapter can also be understood as a sequence of institutional milestones through which diversity policy and DEI practices evolved. As the DEI Corrective Paradox suggests, each stage reflects an attempt to reconcile tensions between equality, merit, and identity. Table 1.1 summarizes the key moments in this trajectory and their implications for organizations.

Table 1.1 DEI policy and institutional timeline

***

1.11 Conclusion

This chapter traced six decades of DEI policy evolution in the United States—from the constitutionalization of segregation in Plessy v. Ferguson, through the civil rights reforms of the mid-twentieth century and the introduction of affirmative action under Executive Order 11246, to the emergence of corporate DEI practice across the late twentieth and early twenty-first centuries. The DEI Corrective Paradox, introduced in this chapter, explains the mechanism through which corrective DEI policies generate their own backlash when they extend beyond the prevailing legitimacy consensus—a cycle that recurred throughout that trajectory and of which the 2025 Executive Orders are the most concentrated expression to date: three instruments signed

within forty-eight hours that translated political opposition into legal authority.

For leaders, the lesson is not that corrective policy should be avoided, nor that backlash can be eliminated. The lesson is that fairness, merit, identity, and opportunity must be designed as an integrated governance problem. When organizations frame these principles as competing rather than complementary, organizational tension and polarization can intensify. When they design systems that make fairness visible, merit credible, and diversity connected to performance, they are better positioned to withstand the next correction-and-reaction cycle.

Chapter 2 examines the legal reality of that most concentrated expression: what the three 2025 Executive Orders—and the subsequent Executive Order 14398 of March 2026—specifically required of federal agencies, federal contractors, grant recipients, and the broader private sector, under which legal authority, through which enforcement mechanisms, and with what reach beyond their formal legal perimeter. That precision is the foundation for understanding what organizations were compelled to do and what remained within their own strategic choice.

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2. From the Oval Office to Every Boardroom: How Four Executive Orders Made a DEI Reset Unavoidable

Kay Formanek[1] ✉
(1) Diversity and Performance BV, Loosdrecht, Noord-Holland, The Netherlands

✉ **Kay Formanek**
Email: kay@diversityandperformance.com

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In the closing months of 2024, I was working with a group of global diversity, equity, and inclusion (DEI) leaders on the question of Architectural Resilience—how organizations build DEI that holds under pressure. I put a direct question to the group: "In light of the anti-DEI backlash, what changes, if any, will you make to your DEI architecture and communications?"

I had divided the group by region. Their answers created what became, in retrospect, an important baseline.

The Asia–Pacific leaders were direct. "We will not change our DEI architecture," one said. "We are far from the epicenter. Our focus is primarily on gender, and we see no reason to adapt." The representatives from South America and Africa were equally clear. "We

will not adapt our architecture. Our regulatory safeguards are strong—often constitutionally protected. Our investment in DEI continues as planned." The European and Canadian leaders said much the same. "We will not change our DEI investment. EU regulation and constitutional safeguards in Canada give us the protection we need to carry on without disruption."

The US group was less certain. "We will make some targeted adjustments," they said. "But we expect the impact to be confined to federal agencies and government institutions. Most private-sector organizations should be largely unaffected." The consensus across the room was that, outside the US federal government, DEI architecture would remain largely intact.

It was two months later that these same leaders were confronted with a different reality.

***

That different reality arrived on the morning of 20 January 2025—Presidential Inauguration Day. Three DEI Executive Orders (EOs) were signed within forty-eight hours. The leaders who had predicted that the DEI backlash would stop at the door of government institutions were immediately confronted with a compliance landscape that moved in the opposite direction—outward from federal agencies to federal contractors and subcontractors, and through contracting relationships, capital-market exposure, and supply chain obligations, to organizations in every world region. The term "illegal DEI"—central to the certification requirement federal contractors and subcontractors were required to sign—remained largely undefined throughout the 90-day compliance deadline that expired on 21 April 2025. The Attorney General Bondi Memorandum of 29 July 2025 provided the concrete operational guidance, arriving 99 days later. A fourth Executive Order (Executive Order 14398), signed on 26 March 2026, codified that guidance into mandatory contract clauses with binding enforcement. This chapter maps what each Executive Order required, why the compliance environment it created extended far beyond its formal legal perimeter, and what the consequences were—for organizations and for

the individuals they employed. Table 2.1 sets out the regulatory and legal timeline that frames this analysis.

Table 2.1 The DEI regulatory and legal timeline: January 2025 to April 2026

The rapidity and compounding nature of these developments—Executive Orders, legal challenges, enforcement actions, and conflicting rulings within the same fourteen months—created conditions of acute uncertainty for organizations across every world region.

I was speaking at a conference when the owner of a fast-growing start-up, recently expanded into the US market, approached me. "Kay, it is like the wild west," he said. I asked what he meant. "Everything happening around DEI. Just when we think we have our hands around what is required, there is a new injunction, new information. We are genuinely anxious—we have just entered the US market and all our energy is now consumed trying to understand what is happening and what we need to do."

A second leader described what his organization had already done. "We have introduced a new internal rule. Any program or resource named after or restricted to a specific group—a demographic, a gender, a disability category—we either close it or redesign it so that any employee can join, regardless of background. In practice that means our Women's Resource Group no longer exists as a women-only space. Our sponsorship program for professionals with disabilities—we have paused it entirely. We do not know whether keeping it constitutes illegal DEI or not. So we are removing it until we have clarity. We are not acting on legal advice. We are acting on anxiety."

Given the confusion that still abounded about the precise scope of each Executive Order—what each order required, of whom, and whether private-sector organizations outside federal contracting were directly within its reach—the sections that follow set out each order drawn from its own operative language, supported by summary tables. This analysis is not legal advice. The application of each Executive Order to any specific organization depends on that organization's

contractual relationship with the federal government, its operational footprint in the United States, and the jurisdiction in which it operates —determinations that must be made through each organization's own legal and compliance functions. The tables and summaries that follow are built on legal commentary including Bloomberg Law, the Financial Times, Reuters, and Congressional Research Service publications that addressed the orders' scope and enforcement mechanisms contemporaneously with their issuance.

2.1 The Executive Orders: Scope and Interpretation

The analysis in this section reflects the language of the Executive Orders and predominant interpretations reported in contemporaneous legal and business commentary during the Research Period (2024–2025). The Executive Orders contain areas of legal ambiguity and remained subject to ongoing litigation and regulatory clarification throughout the period organizations were making the decisions this research documents. Throughout this chapter, the term "illegal DEI" refers to the administration's political framing in the Executive Orders themselves; "unlawful discrimination" refers to the legal-enforcement framing introduced by the Bondi Guidance of 29 July 2025; and "racially discriminatory DEI" refers to EO 14398's specific contractual language of 26 March 2026. These terms reflect distinct stages of the same regulatory architecture and are used accordingly.

2.1.1 Executive Order 14151: Ending Radical and Wasteful Government DEI Programs and Preferencing (20 January 2025)

Signed on 20 January 2025, Executive Order 14151 opened the regulatory sequence. Its operative purpose was directed at the internal workings of the federal government: to terminate, to the maximum extent allowed by law, all DEI, DEIA, and "environmental justice" offices and positions—including Chief Diversity Officer positions—all equity

action plans, equity-related grants or contracts, and all DEI or DEIA performance requirements for employees, contractors, or grantees [1].

> *Terminate, to the maximum extent allowed by law, all DEI, DEIA, and "environmental justice" offices and positions (including but not limited to "Chief Diversity Officer" positions); all "equity action plans," "equity" actions, initiatives, or programs; "equity-related" grants or contracts; and all DEI or DEIA performance requirements for employees, contractors, or grantees.*—Executive Order 14151, Sec. 2 [1]

Implementation was assigned to coordinated executive action. Responsibility was placed with the Director of the Office of Management and Budget, working with the Attorney General and the Director of the Office of Personnel Management, whose role was described as to coordinate the termination of all discriminatory programs, including illegal DEI and DEIA mandates, policies, programs, preferences, and activities in the federal government, "under whatever name they appear" [1].

That final phrase—"under whatever name they appear"—carried significant practical weight for the organizations that read it. It signaled that rebranding an existing program would not constitute compliance.

Although EO 14151 was primarily directed at the internal operations of federal agencies, its language specifically targeted external funding relationships. The order called for the termination of equity-related grants and contracts and directed federal agencies to report to the Office of Management and Budget on any federal grantees engaged in DEI, DEIA, or environmental justice activities. Non-federal organizations—grantees, contractors, and non-profit partners—expressed immediate concern that they fell within scope. On 3 February 2025, higher education groups and the city of Baltimore filed suit in the US District Court for the District of Maryland, arguing that EO 14151 and EO 14173 together were unconstitutionally vague and violated the

First Amendment. The legal status of that challenge and the injunction it produced are examined in Sect. 2.7.

In my advisory work following the signing of EO 14151, I observed a pattern of immediate reaction that preceded any legal analysis. One Chief Diversity Officer at a large pharmaceutical organization—a federal contractor—described her reading of the order in terms that stayed with me: "I thought diversity would be amended. I did not know that it would be erased. What is next. Does that mean my role is at risk?" In practice, that reading drove action. Within days of EO 14151 being signed, Chief Diversity Officer roles were being placed under review, and DEI teams were being assessed for closure, in organizations with no direct obligation under this Executive Order.

2.1.2 Executive Order 14168: Defending Women from Gender Ideology Extremism (20 January 2025)

Signed on the same day as EO 14151, Executive Order 14168 addressed the treatment of sex and gender identity within federal policy. Its operative direction was that the federal government recognize two sexes—male and female—and that federal agencies remove all statements, policies, regulations, forms, and communications that promote or inculcate gender identity frameworks [2].

> *It is the policy of the United States to recognize two sexes, male and female. These sexes are not changeable and are grounded in fundamental and incontrovertible reality.*—Executive Order 14168, Sec. 2 [2]
>
> *Agencies shall remove all statements, policies, regulations, forms, communications, or other internal and external messages that promote or otherwise inculcate gender ideology, and shall cease issuing such statements, policies, regulations, forms, communications or other messages.*—Executive Order 14168 [2]

Enforcement was primarily administrative, with federal agencies required to review and revise all internal and external communications

affected by the new binary definition.

Its impact on organizations was indirect, felt primarily through the chilling effect on gender identity inclusion programs in organizations doing business with or receiving funding from the federal government. Unlike EO 14173, it did not create a False Claims Act certification mechanism directly applicable to private-sector organizations. The legal challenges it generated—particularly in relation to the funding of healthcare programs serving trans and non-binary individuals—form part of the litigation landscape examined in Sect. 2.7.

2.1.3 Executive Order 14173: Ending Illegal Discrimination and Restoring Merit-Based Opportunity (21 January 2025)

Signed on 21 January 2025, Executive Order 14173 was the most consequential of the three January 2025 orders for private-sector organizations—and for the primary research presented in this book. Where EO 14151 turned the regulatory architecture inward and EO 14168 addressed federal policy on sex and gender, EO 14173 reached directly into the operations and practices of federal contractors and other organizations within the reach of US enforcement [3].

> *The head of each agency shall include in every contract or grant award a certification that the contractor or grantee does not operate any programs promoting diversity, equity, and inclusion that violate any applicable Federal anti-discrimination laws.*—Executive Order 14173 [3]
>
> *The Attorney General shall take appropriate measures to encourage the private sector to end illegal discrimination and preferences, including diversity, equity, and inclusion programs that violate Federal civil rights laws.*—Executive Order 14173 [3]

This order extended the policy direction beyond federal agencies by linking federal contracting and civil rights enforcement mechanisms to diversity-related programs in organizations receiving federal contracts

or grants. It revoked Executive Order 11246—the longstanding affirmative action framework for federal contractors, in place since 1965—and replaced it with new certification requirements.

What makes EO 14173 distinctive—and widely misunderstood during the Research Period—is that it operated on two separate enforcement tracks with fundamentally different scopes. Understanding this dual structure is essential to interpreting how organizations responded, and why many organizations with no federal contract relationship nevertheless changed their behavior. Table 2.2 sets out the two tracks in detail.

Table 2.2 The two enforcement tracks of EO 14173

2.1.3.1 Track 1—Contractual Obligations (EO 14173, Sections 2–3)

The first track imposed direct contractual obligations on organizations that do business with or receive funding from the federal government. Federal contractors and Federal Grantees must certify that they do not operate any programs promoting DEI that violate federal anti-discrimination laws. This certification is embedded in contract terms and is a material condition of payment—the legal foundation for False Claims Act liability (see Sect. 2.2). Affirmative action requirements under the revoked EO 11246 framework ceased, including associated representation goals and practices linked to protected characteristics. Training programs must be reviewed and content deemed "divisive" removed [3].

The practical effect: any organization holding a US federal contract —regardless of where it is headquartered—faces direct legal and financial exposure under Track 1. As detailed in Sect. 2.4, this includes companies headquartered across multiple world regions.

2.1.3.2 Track 2—Strategic Enforcement Against the Broader Private Sector (EO 14173, Section 4)

The second track is less widely understood but critically important for interpreting the behavior of organizations across the full Census. Section 4 of EO 14173 directed the Attorney General to produce a strategic enforcement plan targeting DEI practices across the entire private sector—not limited to organizations with any federal contractual relationship [3].

Under Track 2, each federal agency was directed to identify up to nine potential civil compliance investigations of private-sector entities. The Attorney General was tasked with developing an enforcement plan identifying the "most egregious and discriminatory DEI practitioners" across key sectors. Investigation targets explicitly include publicly traded corporations, large non-profits, foundations with assets exceeding $500 million, and universities with endowments above $1 billion—none of which are defined by federal contractor status. Federal agencies were directed to use existing civil rights statutes—principally Title VII of the Civil Rights Act of 1964—to investigate, litigate, and penalize private-sector DEI practices the administration considers discriminatory [3].

The critical implication for leaders: Track 2 does not create new law. It directs federal agencies to use existing anti-discrimination authority to identify and investigate companies whose DEI practices are deemed unlawful—whether or not they hold federal contracts. Organizations without federal contracts face no certification or contractual obligation under EO 14173. Their exposure arises from the administration's stated intent to use existing civil rights authority—principally Title VII of the Civil Rights Act of 1964—to investigate and litigate against the most visible DEI practitioners across key sectors.

Where leaders of organizations without federal contracts had initially felt reassured that Track 2 did not directly concern them, the realization that their US operational presence, workforce size, or stock exchange listing placed them potentially within the scope of civil rights enforcement produced an immediate shift in tone. The response I heard consistently, from general counsels and Chief Executives alike, was direct: "This is not about others. This is about us." That shift was

rational. Track 2 brought private-sector organizations—particularly those with substantial US operations and the public visibility that made them candidates for identification as an egregious DEI practitioner—into a compliance environment they had not anticipated when the orders were signed.

For organizations outside Track 1's contractual perimeter, the calculation that emerged is captured in one line: the boundary that mattered operationally was not contractual; it was visibility.

2.1.4 Executive Order 14398: Addressing DEI Discrimination by Federal Contractors (26 March 2026)

Signed on 26 March 2026 and published in the Federal Register on 31 March 2026 (91 FR 16147), Executive Order 14398 falls outside the primary Research Period of 1 January 2024 to 31 December 2025. It is included here because it directly extends the contractor compliance architecture established by EO 14173 and is in force at the time of publication.

Its operative purpose was to mandate a specific anti-DEI clause in every federal contract, subcontract, and lower-tier subcontract within thirty days of signing. Where EO 14173 required a general certification that DEI programs did not violate anti-discrimination law, EO 14398 went further in three respects. First, it defined the prohibited conduct precisely: "racially discriminatory DEI activities" means "disparate treatment based on race or ethnicity" in recruitment, employment, contracting, program participation, or resource allocation [4]. Second, it created explicit flow-down obligations to all subcontractor tiers, with prime contractors responsible for monitoring and reporting subcontractor conduct. Third, it introduced audit rights: contractors must provide federal agencies access to books, records, and accounts to verify compliance. Non-compliance can result in contract termination, suspension, debarment, and False Claims Act liability.

EO 14398 is best understood as Phase 2 of the contractor compliance architecture: EO 14173 declared the prohibition; EO 14398 embedded it contractually throughout the federal supply chain. The

trajectory from vague policy declaration to precise contractual obligation is examined in full in Sect. 2.11.

2.2 The Enforcement Mechanism: The False Claims Act

The False Claims Act (FCA), originally enacted in 1863, is the federal government's primary civil statute for addressing fraud against the government. Executive Order 14173 positioned this anti-fraud mechanism as the principal enforcement instrument for investigating federal contractors' DEI practices. Understanding its application is essential to appreciating the compliance pressure faced by federal contractors in the Census [5].

The FCA's application to DEI under EO 14173 operated through three connected mechanisms. The certification requirement created the trigger: federal contractors must certify that their programs do not promote DEI in ways that violate anti-discrimination law. This certification is embedded in contract terms, and a contractor that certifies compliance while operating programs the administration deems discriminatory is, under this legal theory, submitting a false claim. The order made this certification a "material" condition of payment—the legal threshold required to activate FCA liability, designed specifically to satisfy the requirement that the false statement must be important enough to influence government payment decisions. Financial exposure under the FCA is substantial: liability includes treble damages plus civil penalties per false claim, which stood at $14,308 to $28,619 per violation as of 2025 [6].

A second mechanism extended enforcement beyond government-initiated investigations: the FCA's qui tam provisions allow private individuals—including an organization's own employees—to file lawsuits on behalf of the government and receive 15 to 30% of any recovery. This whistleblower provision created an additional layer of exposure that many leadership teams had not previously encountered in a DEI context.

The knowledge standard under the FCA extends beyond actual knowledge to include 'reckless disregard' or 'deliberate ignorance' of the truth. An organization that certified compliance without conducting adequate due diligence on its own programs could face FCA liability even absent deliberate intent to deceive.

For executives understanding the False Claims Act for the first time, three implications landed quickly. Contractors signing certifications they could not fully validate were carrying personal and corporate exposure. Under the qui tam provisions, any employee—current or former, supportive or disgruntled—could file suit on behalf of the government and share in any recovery. And the "reckless disregard" standard meant ambiguity itself was risky: a contractor that certified compliance without thorough internal review could face liability even absent intent to deceive. For many leadership teams, this was the moment the legal mechanism became personal. The question was no longer whether their DEI programs were lawful. The question was whether they could prove they had adequately verified them as lawful, in advance, in a domain where the standard of lawfulness itself remained undefined.

2.3 Enforcement Reach: Who Was Exposed and How

The legal scope of the Executive Orders identified four EO Organization Types. Federal agencies were directly bound by EO 14151 and EO 14168. Federal contractors were bound by EO 14173 and, from March 2026, EO 14398. Federal grantees—entities receiving federal grants but not necessarily holding federal contracts—faced obligations under multiple orders simultaneously: EO 14151 directed agencies to identify and terminate equity-related grants; EO 14173 extended certification expectations to recipients of federal funding; EO 14398 brought cooperative agreements within the contract-clause and flow-down architecture. A separate certification requirement administered through the SAM.gov financial registration system added a fourth

obligation. Of the four EO Organization Types, federal grantees therefore faced the most converged regulatory pressure, with obligations attached to grant funding, contract-like instruments, and financial-system certification at the same time. Other Organizations—entities that are neither federal agencies nor federal contractors—fell within Track 2 strategic enforcement under EO 14173. The book's primary research therefore focuses on three Research Organization Types—federal agencies, federal contractors, and Other Organizations—with federal grantees excluded by design; the methodological reasoning for this distinction is documented in Chap. 11.

The dual-track structure of EO 14173 means that the enforcement landscape is not a simple binary between "subject to the EOs" and "free from the EOs." It is a graduated spectrum of exposure. The reach of each Executive Order across federal agencies, federal contractors, federal grantees, and the broader private sector is detailed in Sects. 2.1.1–2.1.4 above and examined across world regions in Sect. 2.4.

What the orders revealed, and what many had not previously recognized, was that the legal foundation supporting DEI in the United States was narrower than the public expectation around it. Over six decades, DEI had become part of how large organizations described themselves to employees, customers, investors, and regulators. But the legal instruments themselves—the Civil Rights Act of 1964, Executive Order 11246 of 1965, and the affirmative action enforcement that followed—rested less on constitutional protection than on executive authority and federal contracting power. That foundation could be reversed by a single signature. It could also be challenged at substantial cost: when the federal government opened an audit of an organization's DEI practices, the organization had to spend significant sums to respond—outside legal counsel reviewing years of hiring records, promotion data, and internal communications, and senior leadership time pulled away from running the business to handle interviews, document reviews, and investor inquiries. A program costing several hundred thousand dollars a year could be difficult to justify against a

defense costing several million, even where the defense ultimately succeeded.

This architecture deepened further with Executive Order 14398, signed in March 2026 and outside the primary Research Period of this book, but consequential to the implications it surfaces. EO 14398 mandated an anti-DEI clause in every new federal contract and required its pass-through to subcontractors at every tier. Under that flow-down structure, the order also wrote "materiality" to government payment decisions directly into the mandatory contract clause—establishing a structural liability: a single small vendor's program, anywhere in the supply chain, could trigger an investigation reaching the prime contractor's entire federal portfolio. The cost-of-defense calculation that boards in 2025 had begun to make for their own programs now extended, by law, to every vendor in their federal supply chain.

The orders did not ban DEI. They could make defending it more costly than dismantling it. That is what "unprotected" meant in practice.

2.4 The Orders Reach Beyond US Borders

In the days following the Executive Orders, a common initial reaction among non-US organizations was relief. Many leaders I worked with described the orders as a domestic American matter—regrettable, perhaps, but not their problem. This interpretation proved short-lived once the contractual and operational implications became clear.

Within days of the Executive Orders being signed on 20–21 January 2025, the realization began to spread that the orders' reach extended well beyond US borders. The boundary was not regional—it was contractual, operational, and financial. Three channels of extraterritorial exposure became apparent in rapid succession: federal contracting obligations, US operational presence, and capital-market exposure.

The first and most direct channel was federal contracting. Executive Order 14173 imposed certification and compliance requirements on all

federal contractors and subcontractors, regardless of nationality or domicile. Companies headquartered in Europe, Asia–Pacific, and other regions that held US federal contracts were as much within the scope of the orders as American organizations. Among European organizations holding US federal contracts were GSK, ASML, Roche, Novartis, and SAP. In Asia–Pacific, Samsung Electronics and Toyota held US federal contracts through their American operations [7].

The second channel was operational presence. Many multinational corporations headquartered outside the United States maintained substantial American operations—regional headquarters, manufacturing plants, research facilities, sales forces, and tens of thousands of US-based employees. For the US-based portions of their workforces, these companies fell within the jurisdictional reach of Title VII enforcement, meaning the administration could investigate their US DEI practices even without a federal contract. Roche, for example, employed over 25% of its global workforce in North America and generated more than 50% of its drug sales in the United States. Novo Nordisk derived 57.6% of net sales from the US market. ASML and SAP each employed approximately 17,000 people in the United States. These companies could not treat the Executive Orders as a foreign matter; the orders reached directly into their American operations [7].

The third channel was capital-market exposure. Companies listed on US stock exchanges—including ASML (NASDAQ), GSK (NYSE), and Novo Nordisk (NYSE)—were subject to US securities regulation and the scrutiny of American institutional investors, including pressure to review and revise DEI-related disclosures in their annual filings with the Securities and Exchange Commission [8]. Even where no federal contract existed, the combination of US listing, American investor expectations, and the political signal sent by the Executive Orders created a compliance atmosphere that extended far beyond the orders' formal legal reach.

The cumulative effect was that the Executive Orders—though formally domestic instruments—functioned as a global governance event. Companies across all world regions were prompted to assess

their exposure, review their DEI programs, and decide how to respond. The question was no longer whether non-US companies were affected, but how deeply—and through which of these channels—the pressure would reach them.

2.5 Tactics to Ensure Adherence

The Executive Orders did not rely solely on their legal text to reshape the regulatory environment in which corporate decisions were made. A constellation of enforcement tactics—some formal, some informal, some emanating from government, and some from private actors—created a compliance atmosphere that extended well beyond the orders' statutory reach. These tactics operated differently inside and outside the United States.

Within the United States

Within the United States, the False Claims Act mechanism described in Sect. 2.2 created immediate legal risk for any federal contractor whose diversity programs could be characterized as "illegal discrimination." But federal enforcement was not the only pressure vector. Conservative activists—most prominently Robby Starbuck—ran targeted social media campaigns against companies including Boeing, Ford, Harley-Davidson, John Deere, Lowe's, and Brown-Forman, pressuring them to close DEI programs [9]. Within the Census as a whole, some organizations retreated within days of being publicly targeted. Republican state attorneys general added a further dimension, demanding that companies including Costco end DEI policies within specified deadlines [10]. The combination of federal enforcement, activist campaigns, and state-level political pressure created an environment in which visibility itself became a risk factor.

Outside the United States

Outside the United States, the most consequential enforcement tactic was the US Embassy letter campaign. Between 28 and 29 March 2025, American embassies across Europe transmitted formal compliance

letters to companies doing business with the US government. The letters invoked Executive Order 14173 and informed recipients that the order "applies to all suppliers and service providers of the US Government, regardless of their nationality and the country in which they operate." Recipients were asked to complete, sign, and return within five days a certification form confirming that they "do not operate any programs promoting Diversity, Equity, and Inclusion that violate any applicable Federal anti-discrimination laws." The letters warned that the certification was "material for purposes of the government's payment decision and therefore subject to the False Claims Act"—raising the prospect of legal liability for non-compliance [11].

The embassy letters were documented across European countries including Belgium, Bulgaria, Denmark, France, Germany, Italy, Luxembourg, the Netherlands, Spain, and Switzerland. In France alone, approximately forty companies received correspondence from the US Embassy in Paris; Les Échos broke the story on 28 March 2025, and it was subsequently reported by CNN, Euronews, the Financial Times, Le Monde, and dozens of outlets across the continent [12]. The Danish Chamber of Commerce confirmed that "a handful of members" had received letters and sought guidance [13]. In the Netherlands, Foreign Trade Minister Reinette Klever confirmed to Parliament that the US Embassy in The Hague had sent correspondence to Dutch companies that were direct suppliers to the embassy [14]. The US State Department subsequently attempted to narrow the scope of the letters amid international backlash, stating that the requirement should apply only to "US employers" employing American citizens—a position that appeared to contradict the broader language of the original correspondence [15].

For multinational organizations headquartered outside the United States, the embassy letters carried a significance disproportionate to their formal legal weight. In late March and April 2025, US embassies in Paris, Madrid, The Hague, Stockholm, and Brussels delivered formal certifications and questionnaires to local companies, in some cases

requiring response within five days, with non-compliance carrying the risk of contract cancellation and payment freeze. The letters did not require any company to change its practices in its home jurisdiction. But they signaled that US contracting expectations might increasingly travel across supply chains and jurisdictions, even where local legal frameworks differed substantially. That dynamic was formalized the following year, when EO 14398 mandated anti-DEI clauses in all new federal contracts with required pass-through to subcontractors at every tier. For boards in Paris, Frankfurt, and Tokyo, the question was not whether the letters were enforceable in their domestic courts. The question was whether maintaining a DEI architecture that was lawful at home but unfamiliar to US enforcement officials carried risks they had not previously priced.

2.6 Interpreting Organizational Behavior: The Fear Factor

Track 2's practical significance for interpreting organizational behavior centers on a single contrast. For companies that retreated from DEI, the threat of being identified as an "egregious DEI practitioner"—and the cost of even a successfully defended investigation—provided a rational, risk-based explanation for behavior that might otherwise appear ideological. For companies that publicly defended their DEI commitments knowing federal agencies had been directed to investigate the most visible defenders, the decision represented a significant act of organizational conviction: a judgment that their programs were lawful, that the business case was sound, and that the reputational cost of retreat exceeded the enforcement risk of standing firm.

2.7 The Legal Contest: Courts in Three Jurisdictions Disagree

The January 2025 Executive Orders did not enter a passive legal environment. Within two weeks of their signing, formal legal challenges had been filed. What followed was fourteen months of contested authority across multiple federal circuits—a litigation landscape that itself became a source of organizational uncertainty independent of what the orders actually required.

On 3 February 2025, the National Association of Diversity Officers in Higher Education, the American Association of University Professors, restaurant workers' groups, and the Mayor and City Council of Baltimore filed suit in the US District Court for the District of Maryland, challenging three provisions: the Termination Provision of EO 14151 directing federal agencies to terminate equity-related grants; the Certification Provision of EO 14173 requiring contractors and grantees to certify DEI compliance; and the Enforcement Threat Provision of EO 14173 directing the Attorney General to target DEI in the private sector. The plaintiffs argued that the orders were unconstitutionally vague and violated First Amendment free-speech rights. On 21 February 2025, Judge Adam Abelson issued a nationwide preliminary injunction blocking enforcement of those three provisions [16].

On 14 March 2025, a three-judge panel of the Fourth Circuit granted the government's motion to stay the Maryland injunction pending appeal, restoring the administration's ability to enforce the blocked provisions. Each member of the panel published a separate concurring opinion. Two judges expressed reservations about the orders' direction, with one stating that "people of good faith who work to promote diversity, equity, and inclusion deserve praise, not opprobrium"—while nevertheless concluding that the government had demonstrated a sufficient likelihood of success on appeal to justify the stay [16].

The Maryland case was not isolated. Chicago Women in Trades v. Trump produced a narrower Illinois injunction on 14 April 2025; National Urban League v. Trump in DC reached the opposite conclusion on 2 May 2025, declining to enjoin the orders. Additional challenges in California and Pennsylvania remained pending before the Third and Ninth Circuits [16].

The consequence for organizations operating during the Research Period was genuine legal uncertainty: three district courts had reached contradictory conclusions about the same orders within three months. A legal framework that was blocked in Maryland, narrowed in Illinois, and upheld in Washington DC simultaneously required organizations to make consequential compliance decisions without settled judicial guidance.

On 6 February 2026, the Fourth Circuit vacated the Maryland injunction entirely, leaving the Executive Orders intact. In the proceedings, the United States Department of Justice (DOJ) represented that there is "absolutely lawful DEI activity that falls comfortably within the confines of the law"—a representation noted in Chief Judge Diaz's concurring opinion, and a significant acknowledgment that the orders' reach was not unlimited [16].

For executives attempting to determine compliance strategy, the practical difficulty was not that litigation existed. It was that different federal courts were producing materially different signals at the same time. An organization with operations in multiple states could not confidently rely on any single ruling: an injunction blocking enforcement in one jurisdiction did not bind another, and a ruling upholding the orders in a second jurisdiction did not authoritatively settle the question for any other. Compliance officers and general counsel were therefore making consequential decisions—about programs, certifications, employee communications—in real time, against a legal backdrop in which the law itself was visibly unsettled. Waiting for clarity was not a neutral position. The deadlines under EO 14173 had already arrived; the FCA exposure was already running.

2.8 Defining "Illegal DEI": The July 2025 Clarification

The choice of the word "illegal" carried weight beyond its legal scope. To name something "illegal DEI" did not only signal regulatory exposure; it attached a normative charge that no formal adjudication

had yet supplied. The category did stigmatic work before it did legal work. For employees whose careers had been built around programs now described in this language, the cost was not only professional. The vocabulary itself had reframed legitimate institutional practice as something requiring justification.

For the six months following EO 14173's signing, the term remained undefined in federal law. The 90-day compliance deadline expired on 21 April 2025 with no authoritative guidance available—a definitional vacuum that drove precautionary retreat in the first half of the Research Period.

That gap was partially addressed on 29 July 2025, when Attorney General Pam Bondi issued a memorandum titled "Guidance for Recipients of Federal Funding Regarding Unlawful Discrimination" (Bondi Memorandum) [17]. The memorandum identified four categories of practices the administration considered unlawful, providing the first operational definition of what the Executive Orders had left undefined.

Preferential treatment was described as opportunities, benefits, or advantages provided to individuals or groups based on protected characteristics in ways that disadvantage other qualified persons. Examples cited included race-based scholarships, internships, mentorship programs, or leadership initiatives that reserve places for specific racial groups, and "diverse-slate" hiring requirements that prioritize candidates from named groups.

Proxy use was defined as the application of criteria presented as neutral but functioning as race or sex proxies. The memorandum cited "cultural competence" and "lived experience" as examples of criteria that could constitute unlawful proxies if applied in ways that effectively determine selection based on protected characteristics [17].

Segregation was identified as programs, spaces, or opportunities designated for members of specific racial or ethnic groups.

Unlawful DEI training was defined as mandatory training that stereotypes individuals based on protected characteristics, creates hostile environments, or requires participants to affirm ideological

positions. Examples included training stating that “all white people are inherently privileged” or asserting “toxic masculinity” as a generalization [17].

The memorandum was explicitly non-binding—it did not impose new legal obligations and did not change existing anti-discrimination law. It confirmed with greater clarity, however, the practices DOJ was prepared to investigate under the False Claims Act and the Civil Rights Fraud Initiative. Its significance for interpreting the research data is direct: the large majority of organizations in the Census had already taken their primary response actions before this guidance arrived. The anxiety expressed in boardrooms during the first six months of 2025—“we do not know where the line is”—was the rational response to an environment in which the line had not yet been authoritatively drawn. After 29 July 2025 the Bondi Guidance drew that line in non-binding form; binding contractual definition followed with EO 14398 in March 2026.

By the time the Bondi Memorandum clarified the categories most likely to attract enforcement scrutiny, the clarification arrived into a substantially changed landscape. Many organizations had already redesigned, paused, or removed programs in anticipation of possible exposure. The 90-day compliance deadline under EO 14173 had passed in April; the memorandum was issued in late July, 99 days later. For organizations that had retreated during that 99-day interval, the memorandum’s clarifying language could not undo decisions already taken. The timing asymmetry—that operational guidance arrived after the deadline it purported to clarify—was itself part of the chapter’s central mechanism. Organizations were forced to act before authoritative interpretation was available, and the actions they took—restructured departments, terminated vendor contracts, altered hiring software, and dissolved employee resource groups—were not easily reversible once the clarification arrived.

2.9 Enforcement Becomes Operational: The Civil Investigative Demand Campaign

The Civil Rights Fraud Initiative announced on 19 May 2025 translated the FCA enforcement threat from policy statement into investigative reality. By August and September 2025, the DOJ's Civil Division had begun issuing Civil Investigative Demands—formal subpoenas requiring the production of documents and information—to federal contractors and grantees across multiple sectors [18]. The scope of the initiative was broad: reported recipients included major corporations in the technology, defense, automotive, pharmaceutical, telecommunications, and utilities sectors.

On 28 December 2025, the Wall Street Journal reported that the DOJ had initiated FCA investigations into multiple major corporations' DEI practices, with Alphabet's Google and Verizon Communications among the named recipients of Civil Investigative Demands [19]. Investigations focused on diverse-slate hiring requirements, promotion goals linked to protected characteristics, and employee programs offering benefits restricted by race or sex.

The significance of the Civil Investigative Demand campaign for interpreting organizational behavior extends beyond the directly targeted organizations. The issuance of formal investigative demands to named corporations across major industries created a demonstration effect: Track 2's theoretical enforcement had become operational. No company wished to become the next recipient. The calculation for organizations that had not yet acted shifted: inaction was no longer a neutral position.

At this point in 2025, working with organizations across multiple regions, I noticed a change in the quality of the conversations I was having in boardrooms. The anxiety was no longer about whether DEI programs were lawful—most leaders were satisfied on that point. It was about visibility. A phrase I heard repeatedly, across sectors and geographies, captured it precisely: "We are convinced that our DEI programs do not violate the Executive Orders. And yet if we speak out

in defense of DEI, we may unwittingly attract attention to our organization—and that attention could result in our being nominated for a civil compliance investigation. We know the investigation would find nothing amiss. But the cost of responding, the time, the resources diverted from the business—that is the scenario we cannot afford."

Some leaders were candid about what this meant personally. "Kay," one Chief Executive told me, "you know I am a genuine sponsor and advocate for DEI. But the risk of being investigated—the cost and the time that would consume—makes me more quiet about voicing that publicly than I would otherwise choose to be."

By April 2026, the Civil Investigative Demand architecture produced its first observed enforcement outcome: the Department of Justice announced a False Claims Act settlement under the Civil Rights Fraud Initiative in which International Business Machines paid approximately $17 million to resolve allegations relating to compensation modifiers tied to demographic targets, diverse-slate sourcing requirements, and identity-restricted leadership programs. IBM did not admit liability. The settlement fell outside the primary Research Period but represents the first observed enforcement outcome of the compliance architecture this chapter has described [20].

2.10 The Human Cost: What the Retreat Meant for Individuals

The regulatory sequence described in the preceding sections had consequences that extended well beyond organizational compliance decisions. Behind each coded retreat action—each closed Employee Resource Group, each paused mentorship program, and each removed DEI page—were individuals whose employment, career progression, and professional identity were directly affected.

The impact was not distributed evenly across the workforce. Analysis by the Economic Policy Institute, published in February 2026, found that Black women's employment rate fell by 1.4 percentage points to 55.7% in 2025—one of the sharpest one-year declines in

25 years [21]. College-educated Black women experienced the greatest employment decline of any demographic group: their employment-to-population ratio fell 3.5 percentage points, driven primarily by public-sector losses concentrated in federal employment. A parallel analysis by the Institute for Women's Policy Research documented that Black American women saw over a 30% decrease in federal employment during 2025, compared with 11.6% for all women and 8.1% for men [22]. At the height of summer 2025 labor market volatility, Black American women accounted for 54.7% of all female job losses despite constituting 14.1% of the female workforce [22].

The private sector compounded the federal pattern. DEI-specific roles nationally had already been declining—from approximately 20,000 positions in January 2023 to 17,700 by January 2025—and that contraction accelerated through 2025 as organizations retreated from named DEI functions [23]. The chilling effect extended beyond specialized DEI roles to the broader class of programs that had historically expanded professional pathways: mentorship initiatives, sponsorship programs, leadership development cohorts, and Employee Resource Groups. Many were paused or closed not because the law required it, but because the compliance atmosphere made continued operation feel like an unacceptable risk.

In the course of my advisory work during 2025, I witnessed professionals directly affected by these decisions—among them individuals whose DEI roles had been closed as part of broader organizational withdrawals. One senior DEI practitioner described her situation directly: "The irony is that I was assigned to my DEI role because of my specializations and expertise. Now it feels that I am losing that role because of my color." Her observation connected the individual experience to what the data showed more broadly. The proportion of Black American women losing employment during 2025—in both federal and private-sector roles—was disproportionate to their share of the workforce.

The employment consequences documented for Black American women represent one strand of a broader distributional impact

recorded across the Research Period. Research published by the Williams Institute at UCLA School of Law documents that the rescission of Executive Order 11246—which had since 1965 required federal contractors to extend non-discrimination protections explicitly to workers on the basis of sexual orientation and gender identity—immediately removed administrative recourse for an estimated 1.5 million LGBTQ+ employees within the federal contracting supply chain, and stripped the Office of Federal Contract Compliance Programs (OFCCP) of its mandate to monitor and enforce those protections [24]. Although the statutory protections of Title VII and the Americans with Disabilities Act remain in force, employees with disabilities experienced more limited oversight as DEI departments closed [25].

The primary research documents what organizations did; independent economic research documents the employment consequences that followed. Read together, the two bodies of evidence indicate that the regulatory environment described in this chapter had consequences extending well beyond organizational compliance decisions—into household income, career trajectories, and the professional futures of individuals who had relied on the institutional architecture of DEI as a pathway to equitable participation.

This chapter does not claim that any single Executive Order produced these outcomes directly. Causation runs through organizational decisions made under pressure, and those decisions in turn run through the people whose work, advancement, and inclusion depended on the architecture being dismantled. The orders did not directly fire anyone. The institutions responding to the orders did. That distinction matters legally; it does not soften morally. The chapter's evidentiary commitment—distinguishing what the orders required from what organizations chose to do—is precisely what makes the human consequence visible. Without that distinction, the institutional decisions disappear into the policy environment, and the moral weight of those decisions is attributed to the policy alone. With the distinction held in place, the institutional decisions remain visible, and so does what those decisions cost.

2.11 The Four Orders in Force: The Landscape at Publication

At the time of writing—April 2026—four Executive Orders addressing diversity, equity, and inclusion are in force. None has superseded another. Together they constitute the current regulatory landscape within which organizational DEI decisions are made. Table 2.3 sets out their scope and mechanism in comparison.

Table 2.3 The four Executive Orders: scope and mechanism compared

Executive Order 14151 (20 January 2025) directed federal agencies to terminate all DEI offices, equity action plans, equity-related grants and contracts, and DEI performance requirements across federal government operations. Its reach extended to federal grantees through the direction to terminate equity-related external funding. It remains in force following the Fourth Circuit's vacatur of the Maryland injunction in February 2026.

Executive Order 14168 (20 January 2025) directed federal agencies to apply a binary definition of sex in all federal policy, communications, and administrative practice. Its enforcement instrument is administrative compliance rather than contractual certification. Its corporate reach is indirect, felt primarily through federally funded education and healthcare programs, and through the signal it sent about the administration's position on gender identity in institutional contexts.

Executive Order 14173 (21 January 2025) remains the most consequential order for private-sector organizations. Federal contractors and federal grantees are required to certify that their DEI programs do not violate federal anti-discrimination laws, with that certification material to payment under the False Claims Act. The affirmative action framework of Executive Order 11246, in place since 1965, has been revoked. Track 2 strategic enforcement against the broader private sector remains active, with the Civil Rights Fraud

Initiative and Civil Investigative Demand program operational. The definition of "illegal DEI" was partially clarified by the Attorney General Bondi Memorandum of July 2025 but remains subject to ongoing litigation.

Executive Order 14398 (26 March 2026) represents Phase 2 of the contractor compliance architecture, signed after the primary Research Period closed on 31 December 2025. It translates EO 14173's certification requirement into a mandatory clause in every federal contract and subcontract, which must be incorporated within 30 days of signing. Unlike EO 14173, it provides a defined term: "racially discriminatory DEI activities" means disparate treatment based on race or ethnicity in recruitment, employment, contracting, program participation, or resource allocation. This definitional precision specifies the conduct in scope—race and ethnicity differential treatment, with explicit coverage of program participation and resource allocation—and provides binding contractual force to definitional content the Bondi Guidance had identified in non-binding form in July 2025. It resolves uncertainty for future conduct; it could not retroactively resolve the uncertainty that drove the precautionary retreat documented in this research, which had largely occurred before either the Bondi Guidance or this order issued. Prime contractors are explicitly responsible for monitoring and reporting subcontractor conduct. EO 14173 referenced contractors and subcontractors in its general language but did not create a direct mandatory certification obligation for subcontractors equivalent to that imposed on prime contractors; in practice this distinction had no effect on the Census, as all organizations classified as federal contractors held prime contractor status [4].

The trajectory from vague policy declaration to precise contractual enforcement—from the undefined "illegal DEI" of January 2025, through the Bondi Memorandum's non-binding categorization in July 2025, to the binding contractual definition of "disparate treatment based on race or ethnicity" in March 2026—can be understood through the DEI Corrective Paradox introduced in Chap. 1. Each counter-

reaction produces a more refined and more enforceable instrument. Leaders who understand this trajectory are positioned to anticipate its next expression rather than react to it.

***

2.12 Conclusion

The four Executive Orders that constitute this chapter's subject did not act uniformly across the EO Organization Types they reached. Federal agencies faced the most direct mandate. Federal contractors faced certification and contractual exposure backed by False Claims Act liability. Federal grantees faced converged obligations across multiple orders simultaneously. Other Organizations faced no direct certification requirement but operated within Track 2 strategic enforcement and the compliance atmosphere the orders collectively generated.

The chapter's central observation is therefore not what the orders legally required, but how their effect propagated. Legal ambiguity, enforcement signaling, and perceived exposure shaped organizational behavior before the law itself stabilized. By the time operational guidance and codified contract terms arrived, the architectural decisions that defined the Research Period had already been taken. The compliance atmosphere moved faster than the legal text. Organizations responded to what the orders signaled, what they made visible, and what they made expensive—not only to what they explicitly required.

What organizations actually did in response—across regulatory contexts that ranged from constitutional protection of diversity to statutory equality regimes to regulatory frameworks comparable to the United States—depended on a second variable the chapter has not yet examined. Chapter 3 maps what each jurisdiction's own law protected, required, or left to organizational discretion, and how the interaction between US regulatory pressure and domestic obligations defined the room for strategic choice in each region.

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3. The Terrain: Why Paris, Tokyo, and Canberra Did Not Respond Like Washington

Kay Formanek[1] ✉
(1) Diversity and Performance BV, Loosdrecht, Noord-Holland, The Netherlands

✉ **Kay Formanek**
Email: kay@diversityandperformance.com

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In early 2025, one of the calls that brought the global reach of the US diversity, equity, and inclusion (DEI) Executive Orders into sharp focus came not from New York or Washington, but from a Chief Human Resources Officer in Frankfurt. She had just received a letter from the US Embassy requiring her organization to certify, within five days, that it did not operate any diversity, equity, and inclusion programs that violated US federal anti-discrimination law. The problem was immediate: the certification offered no definition of what "violate" meant, and several of her diversity programs were required under German law. Certifying their absence would misrepresent her organization's legal position. Not certifying risked the contracts. "Kay,"

she said, “they are asking me to ignore the law in my own country in order to comply with the law in theirs. Which law do I ignore?”

Her question captured the structural inversion that defined the early months of 2025. Under Executive Order 11246, federal contractors had been required for sixty years to monitor workforce composition and take corrective action where underrepresentation appeared. EO 14173 reversed that architecture. Practices once required as affirmative action now became potential evidence of prohibited preference. EO 14398 later codified that reversal into binding federal contract language. The conduct itself had not necessarily changed. Its legal status had.

For organizations headquartered outside the United States, the reversal created a second conflict. Many diversity practices now treated with suspicion under US federal contractor obligations were required, expected, or protected under domestic law elsewhere. The problem was therefore not simply regulatory exposure. It was structural cost: the cost of breaching domestic law, damaging employee trust, weakening employer and consumer brand commitments, disrupting supplier relationships, or sending adverse signals to investors.

Across advisory engagements with leaders of organizations headquartered outside the United States in the first quarter of 2025, a consistent pattern emerged: the Executive Orders created multiple cost structures, and every available response carried trade-offs.

It was clear that the first point of attention was the risk and cost directly associated with EO 14173: the prospect of losing a US federal contract, the risk of a False Claims Act claim being brought on the basis of an incorrectly certified compliance statement, and the exposure to a Track 2 audit of US-based diversity programs under existing civil rights statutes. For organizations with significant US federal contract revenue —pharmaceutical companies supplying government agencies, technology companies with decade-long federal partnerships—this was not a theoretical risk. It was a commercial reality with a defined legal mechanism and quantified penalties. Once the immediate legal risk had been assessed, leaders recognized that other significant costs sat

behind it: costs to talent access and employee engagement, to consumer and employer brand positioning, to supplier relationships, and to the capital streams that investors in their markets had connected to DEI performance.

Across these engagements, a structured assessment emerged: real costs that the US DEI Executive Orders had generated extended well beyond regulatory exposure into the operations, relationships, and market positions that organizations had built over years. The most immediate of those operational costs concerned people.

Employees who had chosen to join an organization partly because of its inclusion commitments and the working environment those commitments created would have reason to question whether the organization still represented what they had signed up for. Given the events that had preceded the Executive Orders—the visible reactions in the United States to organizations that had reduced their DEI investments in response to shareholder activist pressure during 2024, before the orders were signed—leaders were acutely aware of the risk of employee pushback: disengagement, loss of trust, and in some cases the departure of individuals whose decision to join had been directly shaped by the organization's inclusion narrative. For organizations in rapidly growing sectors competing for scarce specialist talent, leaders treated this as a long-term structural risk to talent access and workforce capability, not a short-term communications issue.

Leaders whose organizations had built their consumer brand around a narrative of diversity, equality, and inclusion as a leadership position understood that a visible course change would have consequences for that brand proposition. The concern was raised most sharply by leaders in consumer-facing sectors, where words like *"diversity"* and *"equality"* had been woven explicitly into the promise being made to customers. Some US organizations that had reduced their DEI commitments in 2024 had faced consumer boycotts, and leaders monitoring those developments understood that reduced consumer loyalty was a cost that would compound over time. The same logic applied to supplier diversity: numerous leaders had recently built

supplier diversity programs to strengthen supply chains and create additional access for previously excluded suppliers. Pulling back from those programs would not only unwind recent investment—it would signal to supplier communities and partner networks that the commitment had been transactional rather than structural.

For some leaders, particularly those in Japan and the Asia–Pacific region, a further dimension was explicit: the capital streams available to their organizations were connected, in part, to their DEI commitments. Institutional investors, Environmental, Social, and Governance (ESG)-focused capital allocators, and governance frameworks in those markets had made diversity performance a factor in investment and stewardship decisions. "*Our investors are not American*," one leader in the region told me. "*They are not moving because Washington moved. If we move, we answer to them*." Leaders in those markets treated the investor dimension not as a future risk but as a present constraint—one that shaped the range of options actually available to them before any strategic choice was made.

Taken together, what emerged was not panic but structured analysis. Leaders understood that no available response removed all of the costs. The question each of them faced was which costs their legal obligations, their stakeholder relationships, and their institutional environment required them to absorb—and which they were in a position to manage. It was that question, more than any single regulatory requirement, that made the decisions of early 2025 difficult.

Leadership Dilemma: As CEO, What Trade-offs Would You Make?

Imagine you lead a multinational organization headquartered in the Netherlands. You employ 30,000 people globally, including 9,000 in the United States, and you hold US federal contracts.

Under EO 14173, you must certify that your DEI programs do not constitute illegal discrimination under US federal law. The certification form does not define "illegal." A false certification can trigger False Claims Act exposure, including treble damages and

penalties. Your US workforce also places your US-based programs within potential Track 2 enforcement.

At the same time, your domestic legal environment points in the opposite direction.

Dutch and European rules restrict racial and ethnic workforce data collection, while Dutch corporate governance expectations require diversity and inclusion disclosure. Your programs are built around gender and age, not race.

Your investors, employees, and suppliers expect continuity.

The question is not whether you value diversity. The question is which legal and strategic cost structure you are prepared to defend.

Option 1—Full compliance with the Executive Orders globally. Remove all DEI programs, targets, and governance mechanisms that could be construed as group-based treatment. Apply consistently across all operations, including markets where such removal conflicts with domestic law or corporate governance codes.

This option eliminates US compliance risk and forfeits the legal standing, talent positioning, and governance commitments built in every other jurisdiction you operate in.

Option 2—Jurisdictional ring-fence. Apply EO-compliant standards to US operations only. Maintain domestic programs in the Netherlands and all other markets under their respective legal obligations. Communicate the distinction publicly.

This option preserves the global architecture at the cost of a divided organization, an exposed US compliance boundary, and a public message that will require careful, consistent explanation to employees, investors, and regulators across multiple jurisdictions.

Option 3—Defend the existing architecture. Assess that your DEI programs—built around gender and age under Dutch and EU law, not around race—do not constitute illegal discrimination under US federal law. Make the minimum US-specific adaptations required to address legal uncertainty while maintaining the global structure intact.

This option requires a legally defensible architecture, a robust legal opinion capable of withstanding challenge, and the organizational discipline to distinguish precisely between what is legally required in each jurisdiction and what is added voluntarily beyond that.

There is no risk-free option. The question is which cost structure your organization can absorb—and which commitments your legal obligations require you to maintain regardless of what Washington signals.

Chapter 4 documents how 171 organizations navigated this dilemma: 551 Net DEI Actions classified into response categories that correspond to these strategic positions, and a separate category for actions legally compelled by the Executive Orders rather than chosen independently.

Of the 171 organizations in the Census, 57 were headquartered outside the United States—30 in Europe, 16 in Canada, 8 in Africa, and 3 in Asia–Pacific. What the research documented was not a uniform compliance pressure but a set of structurally different situations, each shaped by the domestic legal framework in which the organization operated and the institutional signals it received. South America is in scope with zero reported actions in the Research Period; the regulatory context of Brazil and Argentina is examined in Sect. 3.2 as analytically significant comparative material. The 57 organizations based outside the United States are listed in Chap. 11, Table 11.4.

Four threshold questions shaped what each jurisdiction's legal terrain looked like when the Executive Orders arrived, and how structurally costly different responses would be. Is diversity constitutionally protected, or merely a matter of policy? Does the law require organizations to collect racial and ethnic workforce data, or does it prohibit such collection? Are gender representation targets voluntary aspirations or legally enforceable obligations? And is the country's affirmative action framework embedded in statute—removable only through legislative repeal—or built on executive

authority revocable by a single signature? These four questions explain why the same Executive Orders produced different organizational responses in different jurisdictions, and why government and institutional responses outside the United States ranged from diplomatic silence to public condemnation—not because these countries disagreed about inclusion, but because the orders required certification against a framework that contradicted their own domestic legal obligations.

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3.1 What Was at Stake: Federal Contract Exposure and Operational Reach

Of the 57 organizations outside the United States, the most direct exposure fell on the 20 confirmed as US federal contractors, identified in Table 11.4. As described in Chap. 2, EO 14173 required federal contractors—regardless of nationality or listing—to certify compliance with US federal anti-discrimination law, with False Claims Act liability carrying treble damages and penalties of US$14,308 to 28,619 per violation [1].

Novo Nordisk, a Danish pharmaceutical federal contractor reported on by Reuters and the Financial Times [2] for its DEI actions in the context of the Executive Orders, had supplied the US Department of Veterans Affairs (VA) with insulin since approximately 2000 [3] and employed over 10,000 workers in the United States, deriving approximately half its global revenue from the US market. GSK, a UK pharmaceutical federal contractor reported on by Reuters [4], held contracts valued at approximately $945 million for Sotrovimab and over $44.5 million for influenza vaccines with US defense and biomedical research agencies. Novartis, a Swiss pharmaceutical federal contractor reported on by Reuters [5], held a VA sole-source award for Pluvicto. Roche, a Swiss pharmaceutical federal contractor reported on by Reuters [6], held COVID-19 contracts with a ceiling value of $598 million through its Genentech subsidiary. SAP, a German technology

federal contractor reported on by the Financial Times [7], had built a three-decade federal partnership formalized through a GSA agreement. ASML, a Dutch technology federal contractor reported on by Reuters [8], held NIST contracts through its US subsidiary.

For these federal contractors, the contract relationships were not peripheral. They represented material revenue exposure, and the embassy letter campaign documented in Chap. 2 converted that exposure into a concrete compliance demand. For the remaining non-federal-contractor organizations, the reach operated differently: through US subsidiaries, workforces, consumer markets, capital market exposure, and the visibility of US-based DEI programs.

For the non-federal-contractor organizations in the research reported on for their DEI actions—such as TD Bank, a Canadian financial services organization reported on by the Globe and Mail [9], with approximately 28% of its workforce based in the United States; LUSH, a UK consumer goods organization reported on by Deutsche Welle [10], with approximately 25% of its workforce and 36% of its revenue in the US market; UBS, a Swiss financial services organization reported on by Reuters [11], with approximately 23% of its workforce in the United States; and Toyota, a Japanese automotive organization reported on by Bloomberg [12], deriving approximately 40% of its global revenue from the US market—the compliance reach also extended through US subsidiaries, workforces, and capital market exposure. Any US employee, any diversity program visible to a US regulator, represented potential exposure under the broadest reading of the Executive Orders.

3.2 The Four DEI Regulatory Contrasts: How Regions Differed from the United States

In evaluating how organizations headquartered outside the United States navigated the Executive Orders, four contrasts with the US regulatory framework proved consistently significant. Each shaped the scope of what was legally permitted, what was legally required, and

what a response to the Executive Orders would actually cost an organization. In each of these four contrasts, the US framework serves as the baseline—the starting point against which the differences in other jurisdictions are measured.

3.2.1 Constitutional Protections: The Foundation the United States Did Not Build

In contrast to the US DEI framework—built on executive authority rather than constitutional mandate, as described in Chap. 2—the fourteen countries examined in the research can be arranged into three tiers of constitutional protection, each with fundamentally different implications for the structural cost of retreating from diversity commitments. Table 3.1 sets out the three tiers.

Table 3.1 Constitutional protection of diversity and equality: cross-country comparison

The practical significance of these tiers became visible when compliance letters arrived. A Canadian organization confronting EO 14173 faced the fact that retreating from diversity commitments would place it in direct tension with the constitutional value of multiculturalism embedded in the Charter of Rights and Freedoms [13]. BMO and RBC—Canadian financial services organizations reported on by the Globe and Mail [14]—operated within a framework where diversity is constitutionally protected and cannot be removed by executive action. A French organization encountered the specific paradox that the racial categories the Executive Orders sought to dismantle had not existed in French corporate law, because French universalisme prohibits the collection of racial data entirely [15]. The Executive Orders were, in effect, demanding that organizations in these jurisdictions certify the absence of something they had not been legally permitted to build.

Two countries with the most extensive constitutional protection for diversity stand apart: South Africa and Brazil, but through different constitutional mechanisms. In South Africa, Section 9 of the

Constitution explicitly mandates affirmative action to protect persons disadvantaged by unfair discrimination—interpreted by the Constitutional Court as requiring employers to take active steps, not merely refrain from discrimination. The eight South African retail organizations reported on by the Daily Maverick [16] for their DEI actions—Clicks, Dis-Chem, Pepkor, Pick n Pay, Shoprite, Spar, The Foschini Group, and Woolworths—operated within a statutory and constitutional mandate where retreating from race-based diversity commitments would create legal exposure, not reduce it. In Brazil, the Federal Constitution 1988 criminalizes racism as a non-bailable offense and establishes racial equity as a foundational state objective—a different constitutional mechanism, but pointing in the same direction. What a single Executive Order removed in Washington in January 2025 would require constitutional amendment to reverse in Johannesburg or Brasília.

Where the constitution placed the law on the side of diversity commitments, the Executive Orders had no direct transmission mechanism through which compliance pressure could reach organizations.

3.2.2 The Measurement Gap: What Organizations Are Required—or Forbidden—to Report

The second DEI regulatory contrast concerns what organizations are legally permitted—or required—to measure and report about their workforce. In the United States, as described in Chap. 2, the EEO-1 requirement mandates workforce data broken down by race, ethnicity, sex, and job category for employers with 100 or more employees—the data infrastructure that made race-centered DEI programs possible, visible, and targetable. The United States is one of only three countries in the research that mandates this racial and ethnic workforce data collection. When EO 14173 required federal contractors to certify that they did not operate "programs promoting DEI that violate any applicable Federal anti-discrimination laws," the term "illegal DEI" was undefined at signing. The order's revocation of EO 11246 had a

concrete operational consequence for the measurement infrastructure: the EEO-1 workforce data that EO 11246 had compelled federal contractors to collect and act upon since 1965 remained in place under Title VII, but the corrective placement actions that data had supported were now within the scope of prohibited workforce balancing.

Federal contractors headquartered outside the United States nonetheless recognized that the order reached their operations, with notice arriving through two parallel channels. US Embassy compliance letters were transmitted on 28–29 March 2025 to organizations in ten European jurisdictions, demanding DEI certification within five days. Coverage across the Credible Source Panel, and other outlets signaled to the wider non-US federal contractor population that the certification regime extended to them. The 90-day compliance window expired on 21 April 2025.

Operational content for the undefined term arrived only after that window had closed. The Attorney General Bondi Memorandum of 29 July 2025—non-binding enforcement guidance—arrived 99 days after the deadline. A contractor-specific operational definition came nearly a year later: Executive Order 14398, signed on 26 March 2026 after the Research Period closed, defined "racially discriminatory DEI activities" as "disparate treatment based on race or ethnicity" and directed its incorporation into federal contracting requirements. For most organizations headquartered outside the United States, that clarification arrived long after the response decision had been made. It did not define the regulatory environment they had faced. Its later specificity does, however, mark the distance between the broad terminology to which organizations responded and the narrower category subsequently articulated for federal contracting.

Table 3.2 maps mandatory diversity reporting requirements across the fourteen countries in the research, measured against the US baseline across four dimensions. The pattern that emerges is as analytically significant as the data itself: the dimension most actively regulated outside the United States—gender pay equity—is the dimension the Executive Orders did not directly target.

Table 3.2 Mandatory diversity reporting requirements: cross-country comparison

Racial data collection is mandated in few jurisdictions. Only the United States, Canada, and Brazil mandate racial or ethnic workforce data collection. Across much of Europe, racial and ethnic data are classified as sensitive personal information under the EU General Data Protection Regulation. France goes further: the 1978 Loi Informatique et Libertés prohibits the collection of personal data based on race, ethnicity, or religion—a framework shaped in part by the historical memory of racial categorization under the Vichy regime [17]. This is not a technical compliance question. It is a constitutional commitment rooted in universalisme—the conviction that the Republic recognizes citizens as individuals, not as members of racial or ethnic groups.

The certification problem this created was not abstract—it was immediate and specific.

In March 2025, a general counsel at a large Dutch multinational described the certification problem directly. The organization held no racial or ethnic workforce data—the EU data-protection framework did not permit its collection in the circumstances—and its diversity programs were built entirely around gender and age. She had received the embassy letter requiring certification that the organization did not operate programs "promoting DEI" but could not determine whether programs designed under Dutch corporate governance requirements fell within that definition. "What they are asking me to certify," she said, "is the absence of something I cannot define. I do not know what I am being asked to say I do not have."

Even where EU-level data protection patterns hold, national legal systems differ in constitutional doctrine, enforcement, and governance requirements. Each organization faced its specific national framework when the compliance question arrived.

3.2.3 Corporate Quotas and Enforcement: Hard Law Versus Soft Targets

The third DEI regulatory contrast concerns whether diversity targets are voluntary aspirations or legally enforceable obligations with direct corporate governance consequences. Table 3.3 sets out the enforcement spectrum across the fourteen countries in the research.

Table 3.3 Corporate gender quota enforcement spectrum

Germany's FüPoG II renders executive board appointments void if the gender minimum is not met, with fines up to €10 million or 5% of annual turnover [18]. France's Copé-Zimmermann Act mandates 40% board representation—the SBF 120 averages 46.4% [19]—with the Rixain Act requiring 30% women on executive committees by 2026 and 40% by 2029 [20]. In the Netherlands, listed organizations' supervisory board appointments are voided if they breach the one-third growth quota [21]. For the nine German organizations and ASML in the Netherlands, removing gender targets in response to the Executive Orders would have created domestic governance liability. The compliance dilemma was not whether to maintain diversity commitments—it was with which jurisdiction's law to comply. For a multinational operating across these markets, the decision was not strategic. It was legal.

3.2.4 The Architecture of Affirmative Action: Statute Versus Executive Authority

The fourth DEI regulatory contrast concerns the legal foundation on which affirmative action was built. As described in Chap. 2, EO 14173 revoked Executive Order 11246—the sixty-year affirmative action framework for federal contractors—by a single executive action. The United States was the only country in the research where the entire affirmative action framework was architecturally vulnerable in this way.

In the other jurisdictions represented in the research, comparable equality mechanisms rest on a different legal footing. Brazil's affirmative action framework is embedded in federal law through the

Statute of Racial Equality, enforced through the Ministry of Racial Equality and upheld unanimously by the Supreme Court as constitutionally required [22]. Canada's Employment Equity Act was being expanded during the Research Period—moving in the opposite direction to the United States at the same moment [23]. France's gender board quotas are legislative, as is the Gender Equality Index requiring mandatory corrective action when scores fall below 75 out of 100, and both were in force throughout the Research Period [24]. In each case, the equality mechanism rested on a statutory or constitutional foundation that could not be removed by executive action alone.

At the sharpest end of the statutory contrast stands South Africa. The Employment Equity Amendment Act came into force on 1 January 2025—three weeks before the DEI Executive Orders were signed—introducing sectoral numerical targets and expanding ministerial enforcement powers. At the moment the United States was dismantling its sixty-year affirmative action framework, South Africa was legislatively strengthening its own.

The United Kingdom did not embed the concept of affirmative action in its legislation. Under the Equality Act 2010, positive discrimination is unlawful. Only narrow positive action is permitted: a tie-break provision allowing preference for the candidate from a minority background where two applicants are genuinely equal in merit. In this respect, the Executive Orders moved the United States toward a position the United Kingdom had long occupied on affirmative action—while the UK simultaneously moved in the opposite direction on mandatory reporting.

3.3 The Institutional Ecosystem: Government, Business, and Investor Signals

Legal architecture established the cost structure of different responses. Institutional signals shaped whether organizations had support when they chose to hold. Between the Executive Orders and the boardroom stood governments, employer federations, legal bodies, governance

code authors, and investor institutions—whose responses shaped whether maintaining domestic DEI commitments was politically supported, legally reinforced, and commercially protected. These signals operated through three distinct channels.

3.3.1 How Governments Signaled Support

The first form of government signal was to reframe the compliance demand as a trade and national sovereignty issue rather than a DEI policy question. France and Denmark were the most explicit. The French Ministry of Foreign Trade denounced "unacceptable American interference in the inclusion policies of French organizations", drawing an explicit parallel with trade tariff threats, and Minister of the Economy Éric Lombard stated: "This practice reflects the values of the new American government. They are not ours" [25]. Denmark's Industry Minister Morten Bødskov characterized the US demands as "yet another attempt at an American trade barrier" (author's translation) and called for a coordinated EU response, invoking the Women on Boards Directive as evidence that European diversity commitments were matters of supranational law, not voluntary programs [26].

The reframing made maintaining domestic DEI commitments an act of national regulatory compliance rather than a voluntary policy choice.

A Chief Executive of a large Austrian financial services organization, after the government and EU institutions reaffirmed domestic obligations, put it directly: "Our governance framework requires us to disclose our diversity policy. I had no legal basis to remove what the law requires me to maintain."

The second channel was legislative action. The UK government communicated its position through policy expansion rather than rhetoric. On 18 March 2025, it launched a formal consultation on mandatory ethnicity and disability pay gap reporting under the Equality (Race and Disability) Bill—expanding diversity transparency obligations at the moment the United States was contracting its own [27]. A survey of 605 UK business leaders conducted in March 2025

found that 71% did not plan to alter their approach to diversity and inclusion in response to US developments; only 11% expected to scale down [28].

The third channel was institutional governance. In the Netherlands, the Dutch Corporate Governance Code, updated in March 2025 and co-published with the Confederation of Netherlands Industry and Employers (VNO-NCW) representing over 115,000 businesses, explicitly required large listed Dutch organizations to set "appropriate and ambitious targets" for gender diversity and to adopt and disclose a diversity and inclusion policy [29]. The code update was published the same month as the embassy letters: for Dutch organizations in the research, the two institutional signals pointed in opposite directions. Minister Klever simultaneously described the US pressure as "ongewenst en ongepast" (unwanted and uncalled for), telling Parliament: "I find the reports about the American request to European organizations to stop their diversity programs if they want to keep their contracts with the American government worrying" [30].

In Australia—examined as regulatory context rather than as a country with organizations in the research sample—the government signaled that Commonwealth procurement required sustained diversity commitment. Finance Minister Katy Gallagher stated that "people need to follow Australian law" and the government would not "be seeking to exempt people from those requirements" [31]. Australian Securities and Investments Commission chair Joe Longo stated: "If you're doing business with the Commonwealth then the Commonwealth won't want to be doing business with an entity that doesn't subscribe to those values and principles" [32]. A bill before the Senate proposed making DEI target-setting a formal condition of federal contract eligibility for employers with 500 or more employees [33].

A board member of a large Australian organization with Commonwealth contracts summarized the position: "We have obligations under Australian law and obligations arising from US contracting relationships. We are not resolving that tension by abandoning one of them."

3.3.2 Business Associations, Legal Bodies, and Governance Institutions

Government signals were reinforced—and in several cases preceded—by the institutional voices of business itself.

In Germany, the Federation of German Industries (BDI), representing Germany's largest industrial firms, issued a public statement before the government had made any formal response: "The BDI views with great skepticism the efforts of the US government to enforce political ideas with regard to corporate guidelines beyond its own national borders. Corporate principles apply regardless of which government is in power in which country. We therefore encourage companies to stick to their principles" (author's translation) [34]. This was not an advocacy group but the principal representative body of German industry—and its statement provided industry-level endorsement to the nine German organizations in the research at the moment they were assessing their position.

In France, the employer federation signal was equally direct. The Mouvement des entreprises de France (MEDEF)—France's principal employer federation—described the embassy letters as "inefficacious, inadmissible and contrary to French and European law" (author's translation), providing explicit institutional cover to French organizations maintaining their diversity commitments [35].

In the United Kingdom, the Employment Lawyers Association issued an open letter stating it would be *"legally incoherent"* for UK organizations to reduce their equality, diversity and inclusion commitments in response to US developments, as doing so would *"increase the risk of adverse findings of discrimination"* in employment tribunal proceedings [36]. For the UK organizations in the research, retreat from DEI commitments carried domestic litigation exposure, not merely reputational risk.

In Switzerland, the institutional signal came through parliament rather than government. MP Min Li Marti of the Social Democratic Party stated that "Swiss organizations have to comply with our law, not US regulations, especially since equality targets are enshrined in

Switzerland's law" [37]. The parliamentary signal provided institutional reference for the three Swiss organizations in the research, even where Switzerland's comply-or-explain governance approach offered less hard legal cover than Germany's.

The 19 Canadian organizations in the research, all reported on by the Globe and Mail [38], operated within an institutional environment —employer federation, government, and legal—that pointed consistently toward the maintenance of domestic diversity obligations rather than alignment with the US direction.

3.3.3 Investor Institutions and Governance Signals

A third category of signal operated through commercial incentive rather than political statement.

In Japan, a Reuters survey published on 20 March 2025 documented that 77% of Japanese organizations planned to press ahead with their DEI commitments [39]. Bloomberg reported in April 2025 that the US DEI rollback was drawing ESG investment flows toward Japanese organizations, with an MSCI index weighted toward Japanese firms committed to gender equality outperforming the Nikkei average by over 10 percentage points in the preceding two years [40]. Toyota, a Japanese automotive organization reported on by Bloomberg [41], and Nissan, a Japanese automotive federal contractor reported on by Bloomberg [42], operated within a business environment where international capital markets were signaling the direct commercial value of maintained DEI commitment.

In 'Three Angry Men Cannot Derail DEI in Asia,' an opinion piece published in Nikkei Asia on 9 February 2025, Ishani Roy observed that unlike the US policy direction, Asian businesses were treating DEI as a business imperative—a position reinforced by the capital market signals and governance expectations operating across the region [43].

A Human Resources Director at a large Japanese manufacturing organization described the internal discussion in January 2025, in the weeks immediately following the Executive Orders. "We are watching carefully," she said, "to make sure that what is happening in the United

States does not become a reason for anyone here to slow down. We are already behind on gender advancement. We will not use Washington as an excuse."

Norges Bank Investment Management—the Government Pension Fund Global, managing over US$1.9 trillion in assets [44] and reported on by Reuters [45] for its DEI commitments—continued its active diversity program throughout 2025, exercising active shareholder voting at over 10,000 company meetings per year on governance standards that include diversity [44]. An institution holding 1.5% of all global listed equity [44] and maintaining explicit DEI commitments sent a clear signal about the direction of international governance expectations. Erste Group in Austria and Intesa Sanpaolo in Italy—both reported on by the Financial Times [46]—operated within the EU regulatory framework that mandated continued diversity obligations through the Women on Boards Directive and the Pay Transparency Directive.

3.3.4 The United States: The Absence of an Institutional Floor

The signals documented above collectively constituted an institutional floor beneath DEI commitments in each jurisdiction. That floor took different forms, but in each case it gave organizations a supported basis for maintaining their commitments that extended beyond individual conviction.

The regulatory and institutional environment within the United States was fundamentally different. As described in Chap. 2, EO 14173 revoked the longstanding affirmative action framework that had governed federal contractors since 1965, and new compliance obligations were applied in its place. The pre-existing DEI architecture within the United States had not rested on constitutional or statutory protections of the kind examined in this chapter—it had been built on executive authority and voluntary corporate programs, both of which were directly in scope of the new orders. Alongside this regulatory shift, the United States was also experiencing a marked political and

social backlash to DEI that had no equivalent in the other jurisdictions examined here. Where organizations in Europe, Canada, South Africa, and Japan operated within a surrounding environment of government affirmation, legal body guidance, governance code requirements, and investor signals pointing toward maintaining diversity commitments, US-based organizations faced a regulatory and institutional environment pointing in the opposite direction. The room available to leaders of US-based organizations when the Executive Orders arrived was structurally different from the room available to their counterparts elsewhere—a distinction against which the response patterns documented in Chap. 4 must be understood.

In the advisory work that followed across multiple jurisdictions, a pattern emerged. What had initially appeared to be a question of organizational values increasingly revealed itself as a question of legal architecture. Leaders navigated the dilemma most clearly when they understood precisely what their domestic systems required, what the US orders demanded, and where strategic choice remained. The strongest protection was not conviction alone. It was conviction operating inside a legal and institutional structure strong enough to withstand pressure from a different jurisdiction.

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3.4 Conclusion

This chapter established the regulatory terrain on which 57 organizations outside the United States stood when the DEI Executive Orders arrived. The central observation was a structural inversion: workforce balancing actions the United States had required of federal contractors since 1965, and diversity practices other jurisdictions variously required, permitted, or expected, were recast under US federal contractor obligations as potential discrimination.

Four regulatory differences shaped the cost of response: constitutional equality protections, workforce measurement obligations, corporate gender quota requirements, and the legal

architecture of affirmative action. These costs were not only legal. They extended into talent access, consumer brand, supplier relationships, investor expectations, and the governance commitments organizations had built over the preceding decade.

In several European markets, in South Africa, and in Brazil, the practices the Executive Orders targeted were legally required under domestic law. Where governments, employer federations, legal bodies, and governance institutions affirmed that maintaining domestic diversity commitments was both lawful and expected—across Europe, Canada, Japan, and Australia, and through statutory reinforcement in South Africa—organizations operated within an institutional environment that supported maintaining those commitments. Where those signals were absent, organizations navigated the tension between two incompatible legal regimes without institutional cover.

Chapter 4 documents what those 171 organizations actually did within these conditions: 551 Net DEI Actions classified across five response categories and tested against ten book propositions. The regulatory frameworks, constitutional protections, and institutional signals this chapter establishes provide the evidential context for understanding why organizations in comparable structural positions made different choices—and what the terrain they stood on made possible, legally required, or structurally costly.

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Part II
The Evidence

Part II presents the primary research evidence. Chapter 4 documents what 171 organizations did during the Research Period—596 Total DEI Actions, of which 551 Net DEI Actions were classified across the five response categories of Required Retreat, Voluntary Retreat, Reframe, Remain, and Re-architect. Chapter 5 examines why some architectures held under pressure and others did not, examining the relationship between pre-existing DIEPL maturity and the response category an organization was assigned. The two chapters together establish the empirical base on which the capability resets of Part III, the enterprise architecture of Part IV, and the methodology of Part V all rest.

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4. The Scorecard: How Global Organizations Responded When Diversity Was Put on Trial

Kay Formanek[1] ✉
(1) Diversity and Performance BV, Loosdrecht, Noord-Holland, The Netherlands

✉ **Kay Formanek**
Email: kay@diversityandperformance.com

Keywords Organizational resilience – DEI architecture – DIEPL maturity model – DEI response taxonomy – 2025 executive orders – Voluntary retreat

During 2024 and 2025, the business press carried a consistent message: organizations were retreating from diversity, equity, and inclusion. Headlines reported the closure of DEI teams, the removal of diversity targets, and the elimination of supplier-diversity programs. For the clients I advised across Europe, North America, Asia–Pacific, and South America—most of them multinationals with US subsidiaries—this accumulation of reported retreats created significant pressure. The emerging perception was that DEI retreat had become a global corporate requirement wherever organizations maintained American operations. In some leadership teams, the instinctive response was speed: reduce exposure, withdraw quietly, and reassess later.

What I observed inside those organizations did not fully match that picture. A substantial number held their positions—neither retreating nor publicly signaling continuity. Something was happening that press coverage was not designed to capture because business journalism reports what changes rather than what persists.

Existing research reinforced the gap. Most studies examining organizational DEI responses during this period relied on self-reported disclosures, proxy statements, and annual report language, both concentrated in the United States and structurally oriented toward documenting withdrawal. No independently sourced, multi-region record of what organizations actually did existed. That was the starting point for this research.

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That gap between what was being reported and what was happening across a broader range of organizations is not only a practitioner observation—it is a structural feature of any dataset built from business press sources, and one that directly shapes how the findings in this chapter must be read. This chapter documents the DEI responses of 171 organizations across six regions, coding every action reported by the Credible Source Panel between 1 January 2024 and 31 December 2025. The findings are examined through a series of strategic propositions designed to distinguish legal necessity from Voluntary Retreat, structural change from reputational signaling, and observable organizational behavior from amplified public narrative.

To move beyond narrative and examine what organizations were actually doing, a structured empirical record was required. The research that follows was designed to create that record: documenting observable organizational actions, distinguishing legally required responses from voluntary choices, and testing the strategic propositions that emerged repeatedly in executive advisory conversations during the post-EO period.

4.1 The Research

In the absence of existing data on organizational DEI responses to the Executive Orders, original research was conducted with three objectives: to identify and classify the DEI actions taken by organizations during the Research Period; to evaluate the organizational and legal conditions shaping those responses; and to derive evidence-based insights relevant to leaders, policy makers, and scholars.

The study covers 1 January 2024–31 December 2025—a two-year window that captures both the voluntary repositioning that preceded the Executive Orders (EO) and the responses that followed their signing on 20 and 21 January 2025.

Eight English-language international business news sources formed the foundation for data collection: Bloomberg, Reuters, the Financial Times, the Globe and Mail, the Wall Street Journal, Deutsche Welle, the Associated Press and the Daily Maverick. The complete Credible Source Panel and selection rationale are detailed in Chap. 11.

Every article reporting on an organization's DEI response in the context of the Executive Orders was reviewed, and each qualifying action was coded. The sources were selected for three reasons: they operate to professional editorial standards, they maintain international reach, and they are legally accountable for the accuracy of what they publish. In total, 204 unique articles were reviewed, yielding 596 Total DEI Actions. This is not a comprehensive account of everything organizations did during the Research Period. It is a rigorously constructed record of what these sources independently reported. The full methodology is set out in Chap. 11.

One important characteristic of this dataset needs to be understood before the findings are presented: business media structurally favors reporting change over continuity. An organization that maintains its DEI program without adjustment is unlikely to generate a headline. One that eliminates a diversity team or withdraws from a benchmark almost certainly will. This creates a structural bias in the dataset toward reporting retreat over continuity—and its implications are examined directly in Strategic Proposition 1 below.

4.2 The Census

The Census comprises 171 organizations operating across six regions. South America was within the regional scope of the primary research, but no DEI actions by South American organizations were reported in the Credible Source Panel during the Research Period. The region remains included for transparency of scope.

Organizations are classified geographically in two ways to ensure a clear understanding of different regional contexts and counts. First, Region identifies where the entity is based for the research, using its primary stock-market listing or, where it is not publicly listed, its headquarters or principal place of business. Second, US/ROW identifies where its workforce is predominantly located, using workforce headcount as the primary metric and US revenue share as a secondary check where workforce data is unavailable. These distinctions matter because an organization may be based in one regulatory context while employing most of its people elsewhere; full rules are set out in Chap. 11.

These metrics directly shape the data presented in this chapter. The United States and Rest-of-World (ROW) distinction matters because the Executive Orders imposed materially different legal obligations on different organization types. Chapter 2 mapped the legal scope of the Executive Orders across four EO Organization Types: federal agencies, federal contractors, Grantees, and Other Institutional Organizations—with Grantees deliberately excluded by design. The methodological reasoning for this exclusion is documented in Chap. 11.

Of the 171 organizations in the Census, approximately 161 are commercial entities and approximately 10 are non-commercial in character, including public and quasi-governmental bodies, public sector and sovereign funds, and non-profit associations. The three Research Organization Types are presented across five table rows in this chapter; federal contractors and Other Organizations are each split by workforce predominance into United States (US) and Rest-of-World

(ROW) categories, while federal agencies are not split because all in the Census are US-based.

Table 4.1 reports the regional composition of the Census across the six in-scope regions, illustrating the strong weighting toward US organizations while preserving visibility of the broader international scope. Table 4.2 reports the US/ROW split across the organization types to which the Executive Order provisions applied. Region and US/ROW therefore answer different questions and need not be the same.

Table 4.1 Census by region

Of the 171 Census organizations, 63 reached the three-action threshold required for response classification and are named in the analytical chapters; the remaining 108 appear in aggregate analysis only. The Census represents the visible organizational response to the DEI Backlash, not a comprehensive record of organizational behavior globally.

Eighteen sectors, as named and reported by the Credible Source Panel, are represented across the 171 organizations. The three largest are Financial Services (32 organizations), Technology (24), and Retail (22). This classification provides a more granular view of the organizational landscape than standard industrial codes, reflecting how these entities are identified in public and commercial discourse.

4.3 Organization Types

Tables in this chapter use one of three units of analysis: organization-level (Census $N = 171$ or Threshold Census $n = 63$) or action-level (Net DEI Actions $n = 551$ or relevant subset). Each table's unit and scope are stated in its Note.

In this analysis, organizations are categorized by their jurisdictional relationship to the US federal government. The three Research Organization Types are: federal agencies (US government institutions directly bound by EO 14151 and EO 14168); federal contractors (FC),

organizations holding active federal contract registration via SAM.gov, bound by EO 14173 and, from 26 March 2026, by EO 14398; and Other Organizations, entities that are neither federal agencies nor federal contractors. Federal contractors and Other Organizations are each further split by workforce placement (US workforce-predominant or Rest-of-World workforce-predominant) according to headcount and revenue, producing five table rows. Table 4.2 maps the Census composition across these five rows together with the legal exposure of each under the Executive Orders, identifying which Orders apply to which type of organization and the nature of the obligation.

Table 4.2 Census by organization type

The distribution across these five table rows reflects the sampling logic described in Sect. 4.1. Federal contractors account for 96 of the 171 organizations—56% of the Census. This means that organizations most directly exposed to EO 14173 are well represented. Federal agencies and Other Organizations are retained to provide analytical contrast, enabling the study to assess whether legal exposure under the Executive Orders is a meaningful predictor of response type, or whether reputational, investor, and stakeholder pressures produced convergence even across legally distinct organization categories.

4.4 How Actions Were Coded

596 Total DEI Actions were identified and coded across the 171 named organizations during the Research Period 1 January 2024–31 December 2025. Actions originating from external stakeholders—including shareholder resolutions and activist campaigns directed at organizations—were excluded. Where the same organizational decision was reported by more than one credible source, it was counted once. Where a sub-entity's action was attributable to the parent organization, it was recorded under the parent. After applying these rules, 551 Net DEI Actions were carried forward to analysis. Unless otherwise

specified action counts and percentages throughout this chapter refer to these 551 actions. Where figures are reported for the 63 organizations with three or more DEI actions—the Threshold Census (n = 63)—this is explicitly highlighted. The action-level subset belonging to these 63 organizations is the Net DEI Actions from the Threshold Census, which totals 431 actions. The full derivation is set out in Chap. 11. Each action was drawn from a named credible source and recorded with the exact reported text, publication date, and source URL.

Each action was then evaluated against the specific provisions of the four Executive Orders. Where a retreat action by a federal agency or federal contractor could be directly linked to a named EO provision—for example, a federal agency closing its diversity office in direct response to EO 14151's requirement to terminate "all DEI, Diversity, Equity, Inclusion and Accessibility (DEIA), and environmental justice offices and positions, cancel all DEI-related grants or contracts, and terminate all DEI-related training programs"—that action was designated Required Retreat. Where a federal agency or federal contractor took a retreat action with no direct EO linkage, it was coded as Voluntary Retreat. For Other Organizations, all retreat actions are voluntary by definition—they carry no legal obligation under any Executive Order.

Every Non-Retreat action was evaluated and classified against the response categories described in Sect. 4.5. Action-level tables are based on the 551 Net DEI Actions reported in Table 4.3, except where a subset is identified—for example, EO-anchored actions only, or dated actions only—in which case the table's scope is stated in its Note.

Table 4.3 Response distribution across the Net DEI Actions

For federal contractors with more than 50 percent of employees outside the United States, one further coding test applied. Some contractors restricted changes to their US federal contracting scope. They maintained their DEI architecture in all other regions. These

actions were classified as Required Retreat. Where the same contractor applied changes globally, those actions were classified as Voluntary Retreat, because extending the change beyond legal obligation was a choice. This regional restriction—referred to throughout this chapter as ring-fencing—is the operative distinction between Required and Voluntary Retreat for internationally headquartered contractors. It is examined in full in Chap. 11. This distinction between legally required change and discretionary organizational choice became one of the central analytical dividing lines throughout the chapter.

4.5 The Response Categories

Five categories capture how organizations responded. Four reflect voluntary organizational choice; one reflects legal obligation. The actions listed below are illustrative examples drawn from the coded dataset; named company examples appear in the analysis of strategic propositions that follows.

4.5.1 Required Retreat

Required Retreat—DEI actions that terminate, eliminate, remove, or reduce a DEI instrument, program, function, or commitment—or that communicate to regulators, investors, or the public a commitment to comply with those obligations—taken by US federal contractors under EO 14173 or US federal agencies under EO 14151 and EO 14168, where the action falls within the direct scope of those Executive Order obligations for that organization type, and the change is ring-fenced to US federal contracting operations. A federal contractor with more than 50 percent of employees in the United States satisfies this condition by default. Where changes are applied globally, those actions are classified as Voluntary Retreat. Required Retreat reflects legal obligation, not organizational choice, and is distinguished from Voluntary Retreat throughout this analysis. Classification is based on the prevailing legal opinion during the Research Period, 1 January 2024–31 December 2025, and prior to EO 14398 of 26 March 2026.

Illustrative actions: ending DEI investments within US federal contracting scope only while maintaining them in Rest of World operations; closing a federal agency Office of Diversity, Equity and Inclusion; removing diversity certification language scoped to US operations; writing to a regulator confirming termination of DEI programs within contracting scope.

4.5.2 Voluntary Retreat

Voluntary Retreat—DEI actions that sunset, eliminate, reduce, disband, curtail, or discontinue a DEI program, commitment, role, target, or external engagement—or that communicate through annual filings, public statements, leadership memoranda, or website removals the reduction or withdrawal of DEI commitments—where the action was not directly mandated by the Executive Orders for that organization type, or where a federal contractor applied changes beyond its US federal contracting scope without ring-fencing. Voluntary Retreat applies to all organization types. For federal contractors, it specifically covers EO 14173-domain changes applied globally rather than ring-fenced to US contracting scope, and any changes outside EO 14173 provisions regardless of the employee split. Classification is based on the prevailing legal opinion during the Research Period, 1 January 2024–31 December 2025, and prior to EO 14398 of 26 March 2026.

Illustrative actions: removing DEI targets from global annual reports; eliminating the Chief Diversity Officer role globally if not federal agency; withdrawing from external diversity benchmarks across all regions; reducing global diversity goals in response to the US political environment rather than restricting changes to US operations; closing supplier-diversity programs in all territories.

4.5.3 Reframe

Reframe—DEI actions that rename, reposition, or adapt the language, title, or external presentation of a DEI program, function, or commitment, while retaining the structural substance of the underlying work. Reframe applies to all organization types. The diagnostic test is

whether functional DEI capability continues beneath the new presentation.

Illustrative actions: renaming a DEI team to “People, Engagement and Inclusion” while retaining its mandate; replacing a “Global Diversity, Equity and Inclusion” Vice President title with “Inclusive Experiences and Culture”; replacing “DEI” with “inclusion and belonging” across annual reporting while maintaining all program descriptions; renaming employee resource groups as “*Belonging Groups.”*

4.5.4 Remain

Remain—DEI actions that maintain, continue, reaffirm, or uphold an existing DEI program, commitment, governance position, or external engagement without material change in substance or positioning. Remain applies to all organizations that continue their DEI architecture and record an observable positive commitment to continue their DEI investments.

Illustrative actions: a Chief Executive Officer publicly confirming continuation of their current DEI architecture; an organization confirming the continuation of pay-equity analysis and supporting employee resource groups; organizations maintaining external diversity sponsorships while peer organizations withdraw.

4.5.5 Re-architect

Re-architect—DEI actions that enlarge, strengthen, or institutionally defend an existing DEI architecture—or that communicate through board recommendations, Chief Executive Officer statements under named pressure, or formal governance responses an active institutional commitment to hold that architecture. Distinguished from Remain by the presence of either an observable enlargement of DEI scope or a specific recorded external demand requiring an active institutional response. At organization level in the original research, organizations classified overall as Re-architect were federal contractors, both US and

ROW, that recorded zero Voluntary Retreat and zero Required Retreat across all coded actions.

Illustrative actions: a board formally recommending shareholders vote against a proposal to abolish DEI programs; a Chief Executive Officer publicly naming external pressure and setting out why DEI is a strategic competitive imperative for their organization; opening a program previously available to specific demographic groups to all employees and suppliers; stepping forward as a new sponsor of an external diversity event when others withdraw.

4.5.6 Aggregate Categories: Total Retreat and Non-Retreat

Throughout the analysis that follows, two aggregate categories are used to summarize organizational responses across the five primary categories.

Total Retreat is the aggregate of Required Retreat and Voluntary Retreat—organizations whose DEI architecture is sunset, eliminated, reduced, or withdrawn, whether by legal compulsion (Required Retreat) or voluntary choice (Voluntary Retreat).

Non-Retreat is the aggregate of Reframe, Remain, and Re-architect. Where Voluntary Retreat marks an organization's decision to dismantle DEI architecture without legal compulsion, Non-Retreat marks the alternative: rebrand it (Reframe), preserve it (Remain), or extend it (Re-architect). The three are distinct in form but share one feature—the architecture survives in some form.

4.6 From Actions to Classifications

To be reliably classified into a response pattern, an organization needed a minimum of three coded actions. A single reported action or two does not establish a pattern. This three-action threshold produces a Threshold Census of 63 organizations.

The three-action threshold applies only to actions taken by the organization itself. External actions are excluded. These include activist shareholder proposals, regulatory demands, government letters, and

court rulings. They are recorded for context but do not count toward the Threshold Census. An organization with seven coded actions, of which five were initiated by external stakeholders, holds two qualifying actions for Threshold Census purposes regardless of its total coded count.

Table 4.3 reports the response distribution across the 551 Net DEI Actions, revealing that 58% recorded Total Retreat (the aggregate of Required Retreat and Voluntary Retreat) while 42% represent Non-Retreat—actions that held the architecture, reframed it, or re-architected it. The DEI architecture survived in some form for more than 40% of all coded actions.

Each DEI action is coded as one of five response categories—Required Retreat, Voluntary Retreat, Remain, Reframe, or Re-architect, as defined in Sect. 4.5—based on the date of the action, the organization's type, and the prevailing consensus legal view, informed by the Bondi Guidance—the operational criteria extracted from the 29 July 2025 Bondi Memorandum (also referred to as the "Bondi Memo" in legal practice). The full coding rules are in Chap. 11.

Of the 254 Voluntary Retreat actions, three distinct patterns are visible. 137 actions—25% of all 551—occurred before 5 November 2024, the date of President-elect Donald Trump's election win, driven primarily by shareholder activism and the June 2023 Supreme Court ruling in *Students for Fair Admissions v. Harvard* [1]. 37 actions occurred between 5 November 2024 and 20 January 2025—organizations that anticipated the incoming regulatory environment. 80 actions were taken after 20 January 2025, the date the first DEI Executive Orders (EO 14151 and EO 14168) were signed, by organizations with no direct legal obligation to act. Taken together, 89% of all 551 documented actions were not legally compelled by the Executive Orders themselves. This figure encompasses Voluntary Retreat alongside Remain, Reframe, and Re-architect—separating actions taken under legal compulsion from those reflecting organizational choice across the full response spectrum.

Percentages in this chapter describe the Census—what these 171 organizations did. They cannot be generalized to all organizations globally. Raw counts are presented alongside percentages throughout.

Of the 317 Total Retreat actions, 63 (20%) were Required Retreat, legally compelled under a specific EO provision. The remaining 254 were voluntary. That distinction is at the heart of what this chapter examines.

4.7 The Ten Strategic Propositions

The ten Strategic Propositions tested in this chapter emerged from recurring assumptions observed in leadership, advisory, legal, policy, and business-media discussions during the Research Period. They reflect the explanations leaders, boards, advisers, and commentators used to interpret the organizational response to the 2025 Executive Orders before the underlying evidence had been systematically tested. Some propositions reflected prevailing public narratives about widespread retreat; others reflected assumptions about legal exposure, geography, sector dynamics, peer contagion, or the resilience of embedded DEI architecture. Each proposition is tested here against the observed evidence drawn from the Census.

The Strategic Propositions are intentionally sequenced to follow a narrowing analytical logic, moving from the broadest external conditions shaping organizational behavior toward the internal organizational mechanisms that ultimately differentiated resilience from retreat. The structure follows a cascading model of influence: from the information environment, to legal and geographic constraint, to organizational choice, to sector and peer dynamics, and finally to internal organizational architecture.

The opening propositions examine the external environment in which organizations operated during the Research Period. These propositions test whether the public narrative itself over-represented retreat, whether the Executive Orders constituted the inflection point, and whether the effects of the orders remained confined to the United

States or traveled globally beyond their formal jurisdiction. The analysis then turns to the legal and institutional structure surrounding organizations: the hierarchy of legal exposure created by the Executive Orders, the role of constitutional and statutory protections outside the United States, and the extent to which organizational responses tracked the specific provisions of the orders themselves.

Having established the external legal and regulatory environment, the analysis then moves from obligation to agency. The next propositions examine whether organizations confined their responses to what was legally required or instead used the Executive Orders as a broader permission structure for Voluntary Retreat. The analysis then considers whether sectoral and peer dynamics shaped organizational behavior: whether regulated sectors responded more conservatively, and whether organizations within the same sectors converged toward similar patterns of response.

Only after these external and institutional explanations are examined does the analysis turn inward to the final proposition: whether the resilience or collapse of DEI architecture was ultimately associated with what organizations had already built. The sequencing is deliberate. Organizations operating under near-identical external conditions often made materially different choices. The final proposition therefore examines whether the strongest differentiating variable lies not in the surrounding environment, but in the degree to which DEI had become structurally embedded within governance, leadership accountability, operational systems, and organizational purpose.

Taken together, the Strategic Propositions move from exogenous explanations to endogenous explanations—progressively narrowing the drivers of organizational response in order to identify which factors are most consistently associated with resilience, retreat, and architectural preservation under pressure.

This section tests each proposition against the observed data and translates the findings into implications for leaders.

4.7.1 Strategic Proposition 1: Media Coverage Would Over-Represent Retreat

The proposition. Media coverage of the 2025 DEI Executive Orders would over-represent retreat, skewing systematically toward stories of organizations dismantling DEI, with continuity, reframing, and re-architecting under-reported in proportion to their actual occurrence.

The question. Information environment: whether the visible narrative was structurally biased toward retreat stories over continuity or defense.

Why This Mattered

Every finding in this chapter is built from a dataset constructed from credible source media reporting. If media coverage systematically over-represents retreat, aggregate retreat figures may be upwardly biased relative to unreported continuity, while Non-Retreat figures may be downwardly biased. Establishing the scale of this reporting asymmetry is therefore important to interpreting the propositions that follow.

What the Evidence Shows

Supported. The scale of the bias is substantial and shapes how all other findings in this chapter should be read. Table 4.4 illustrates this imbalance by showing how the 204 articles from the Credible Source Panel were allocated across retreat, context, Non-Retreat, and mixed themes.

Table 4.4 Article tone distribution across the Credible Source Panel

Of the 204 articles analyzed, 42% carried a retreat-news framing in their headline or lead, while only 9% focused on Non-Retreat (defend, resist, or hold). When excluding context articles—those providing legal commentary or background reporting without a specific organizational-action emphasis—the disparity becomes even more pronounced. Among directional articles, retreat-news stories outnumbered Non-Retreat stories by nearly five to one.

This is not a critique of business media. It reflects a structural characteristic of journalism: change generates news; continuity does not. An organization that quietly maintains its DEI architecture through the most hostile external environment in decades rarely makes the headlines, whereas one that eliminates its diversity team almost certainly will.

This has a critical implication for the analysis. Given that 42% of all Net DEI Actions in the dataset represent Non-Retreat—actions that held the architecture, reframed it, or re-architected it—this finding runs directly against the grain of the media landscape from which the data was collected. The 42% figure may therefore understate the prevalence of Non-Retreat behavior within the broader organizational landscape; additional organizations may have maintained their DEI commitments without generating a single article.

Consequently, this reporting asymmetry makes the finding more revealing, not less. Even in a media environment that amplified retreat, nearly half of the coded actions reflect responses that held the architecture, reframed it, or re-architected it. This raises the next strategic question: did retreat follow the hierarchy of legal obligation established at the outset of the research?

4.7.2 Strategic Proposition 2: Retreat Would Begin After the Executive Orders

The proposition. Significant organizational retreat would begin only after the Executive Orders were signed, rather than before.

The question. Temporal environment: whether January 2025 was the actual inflection point, or whether retreat dynamics pre-dated the Executive Orders.

Why This Mattered

Chapter 2 established the legal architecture of the Executive Orders and their January 2025 signature date as the operative trigger for compliance obligations. Chapter 3 documented the significant

organizational DEI investments made between 2020 and 2022 following the post-2020 corporate DEI expansion—public commitments that appeared, in 2024, to still be largely intact.

What the Evidence Shows

Not supported. The evidence indicates that the retreat wave began well before the Executive Orders were signed, fundamentally reframing the timing and drivers of organizational change. Table 4.5 partitions the dated actions into Pre-EO (calendar year 2024) and Post-EO (calendar year 2025) periods, revealing that the retreat wave had already begun before the Executive Orders were signed.

Table 4.5 Action distribution by period

Table 4.6 disaggregates the annual view into calendar quarters, identifying when retreat accelerated and showing the highest single-quarter retreat rate of the Research Period.

Table 4.6 Action distribution by quarter

The data contradicts the original assumption clearly. Retreat did not begin with the Executive Orders. It was already underway throughout 2024. 227 coded actions—41% of all dated actions in the dataset—were recorded in 2024, before any Executive Order was signed. The pre-EO actions were distributed across all four quarters of 2024, with retreat rates ranging from 63% to 74%. Of those pre-EO 2024 actions, all 156 retreat actions (69% of 2024 total) were Voluntary Retreat—no Required Retreat actions existed in 2024 because no Executive Order yet existed to compel them. Most strikingly, the retreat rate was higher before the Executive Orders than after them.

The pre-EO retreat pattern was visible across multiple sectors and organizations well before January 2025. Bloomberg reported on 28 June 2024 in “Tractor Supply Ditches DEI, Climate Goals After Online Attacks” [2] that *“Tractor Supply Co. is rolling back its diversity, equity*

and inclusion programs and ending its support for the Human Rights Campaign's Corporate Equality Index after weeks of criticism from a vocal conservative activist."—attributed to a campaign of online pressure from conservative activists. On 17 July 2024, Bloomberg reported in "Deere Retreats From Diversity Measures After Online Attacks" [3] that *"Deere & Co., the world's top farm machinery maker, is pulling back from diversity measures in the face of conservative criticism, the second agriculture-related company in less than a month to bend to such pressure."* Bloomberg reported on 31 October 2024 in "Boeing Dismantles Diversity Team as Pressure Builds on New CEO" [4] that Boeing was *"making it the latest high-profile corporation to make changes to its DEI policy."* These were responses to activist shareholder pressure, the 2023 Supreme Court affirmative action ruling, conservative boycott campaigns and a shifting political temperature. The Executive Orders did not create this trend. They formalized and accelerated it.

Bloomberg reported on 19 May 2025 in "Despite Backlash From Trump, DEI Hasn't Disappeared at US Companies" [5] that *"Many programs at large US companies that have fallen under the diversity, equity and inclusion banner haven't disappeared, according to interviews with more than two dozen senior staffers from large US companies and corporate advisors."*—a sector-aggregate finding spanning retail, financial services, automotive, aerospace, technology, professional services, and food-service sectors during the immediate post-Executive Order period.

The quarterly data reveals three patterns that the annual split alone cannot show. First, Q4 2024 recorded the highest single-quarter retreat rate in the dataset at 74%—an anticipatory spike by organizations responding to the changing political environment before any Executive Order legally existed. Second, while Q1 2025 became the highest-volume quarter of the study period (266 actions), it did not produce the highest retreat rate. Retreat accounted for 52% of actions in the quarter, with resilience responses almost matching retreat in the immediate post-EO period.

Third, retreat rates declined in each quarter after Q1 2025—from 45% in Q2 to 35% in Q3–Q4. The pattern suggests that both legally mandated retreat and permission-structure-driven retreat occurred rapidly, followed by a period of organizational stabilization and, in several cases, visible recommitment.

4.7.3 Strategic Proposition 3: Legal Exposure Would Determine the Depth of Retreat

The proposition. The level of legal obligation would determine the depth of organizational retreat.

The question. Formal legal hierarchy: whether federal agencies, federal contractors, and other organizations behaved according to their degree of legal obligation.

Why This Mattered

Chapter 2 established a three-tier hierarchy of legal obligation. EO 14151 imposed direct mandatory dismantlement obligations on Federal Agencies. EO 14173 Track 1 imposed certification obligations on Federal Contractors seeking or renewing US federal contracts. Organizations outside federal contracting carried no direct legal obligation under the Executive Orders.

For federal contractors, the legal risk was substantial. Organizations were required to certify that they did not operate DEI programs constituting illegal discrimination. As established in Chap. 2, False Claims Act (FCA) exposure—including treble damages for false or reckless certification—created potentially catastrophic financial consequences for non-compliance. The central question was therefore whether organizational retreat would follow this hierarchy of legal exposure.

What the Evidence Shows

Partially supported. The legal hierarchy accounted for where retreat was mandatory with precision, but it did not explain the scale of discretionary retreat that followed. Table 4.7 compares organizational

responses across the legal hierarchy established in Chap. 2: organizations under direct mandate (federal agencies), organizations under contract-based pressure (federal contractors), and organizations with no direct legal obligation (Other Organizations).

Table 4.7 Organizational strategic responses to the Executive Orders

The evidence supports the legal hierarchy with precision at the level of Required Retreat.

All six federal agency actions were Required Retreat—a 100% compliance rate. Federal contractors and federal agencies together accounted for all 63 Required Retreat actions. Other Organizations recorded zero Required Retreat actions. The legal structure predicted where retreat was mandatory with precision.

The pattern is visible across both federal agencies and federal contractors. Bloomberg reported on 7 February 2025 in "Booz Allen Scraps DEI Programs in Reaction to Trump Orders" [6] that *"Booz Allen Hamilton Holding Corp. is the latest federal contractor to retreat from corporate diversity initiatives, citing Trump executive orders."* On 24 June 2025, Bloomberg reported in "Golden Gate Bridge Weighs DEI Retreat on Worry Over $400 Million" [7] that *"The Golden Gate Bridge District wants to scrap an anti-racism resolution and a policy promoting social equity in its contracting process, citing concerns that the measures could jeopardize $400 million in US funding."*

For federal contractors, the picture is equally clear. Reuters reported on 2 December 2025 in "AT&T Commits to Ending DEI Programs" [8] that *"AT&T said in a letter to the Federal Communications Commission that it 'does not and will not have any roles focused on DEI'."* Reuters reported on 7 February 2025 in "Amazon Cuts Reference to Diversity in Annual Report" [9] that Amazon was *"joining a growing list of US companies altering DEI language under President Donald Trump's administration."*

Yet this is where the legal explanation begins to break down. Federal contractor organizations also recorded 186 Voluntary Retreat

actions—well beyond any direct EO requirement. Other Organizations recorded Voluntary Retreat across both United States and rest-of-world operations, all without legal obligation. The legal hierarchy accounted for Required Retreat with precision. It did not account for the scale of Voluntary Retreat that accompanied it.

The clearest challenge to the legal-exposure explanation came from Other Organizations. Other Organizations recorded 68 Voluntary Retreat actions—all discretionary choices with no direct legal obligation behind it. Their Voluntary Retreat rate (51%) was actually higher than that of federal contractors (45%) and was distributed almost evenly between US (53%) and ROW (51%) operations. The Executive Orders did not compel these organizations to act; they reached far beyond the jurisdictions where they held legal force. Table 4.8 isolates Voluntary Retreat across organization types, revealing that entities with the least legal exposure recorded the highest rate of discretionary retreat.

Table 4.8 Voluntary Retreat rate as a percentage of Total DEI Actions by organization type

The legal framework explained the floor of organizational response. It did not explain the ceiling. Organizations with identical legal obligations made sharply different voluntary choices, while organizations without direct legal obligation also retreated. The next question therefore became whether geography—operating inside or outside the United States—explained the gap, or whether the Executive Orders traveled further than their formal legal perimeter suggested.

4.7.4 Strategic Proposition 4: Retreat Would Be Confined to the United States

The proposition. Organizations operating outside the United States would show limited or no response to the Executive Orders.

The question. Geographic spread: whether the backlash remained a US phenomenon or traveled globally beyond direct jurisdictional reach.

Why This Mattered

Chapter 2 established that EO 14173 Track 1 applied only to holders of US federal contracts. The formal legal perimeter stopped at the boundary of direct contractual obligation. Chapter 3 further showed that the majority of non-US organizations in the Census held federal contract exposure only through US-incorporated subsidiaries, not through their parent entities. The prevailing assumption was therefore that ROW organizations would monitor developments, assess legal exposure, and largely continue unchanged outside the United States.

What the Evidence Shows

Not supported. The evidence indicates that retreat did not remain confined to the United States. The response spread across borders with unexpected speed and intensity. Table 4.9 compares organizational responses across United States and Rest-of-World (ROW) classifications, revealing that retreat became a cross-border organizational phenomenon rather than a localized American response.

Table 4.9 Response distribution US versus Rest of World

The data show that the Executive Orders traveled far beyond their formal legal perimeter. Three patterns stand out. ROW organizations recorded 164 Retreat or Required Retreat actions—54% of all their coded actions. Retreat was not contained within the United States. The mechanism of that spread, however, was strongly shaped by the federal contract relationship.

The clearest example appeared among ROW federal contractors that ring-fenced their retreat to US federal contract scope while maintaining broader global DEI architecture. ROW federal contractors ring-fenced their response to US federal contracting scope. They retreated within US federal contract scope and held globally. Reuters reported on 9 July 2025 in "ASML Scraps Inclusion and Diversity Targets in US" [10] that ASML said *"For the Netherlands and all other markets, there are no material changes."* Financial Times reported on 6 November 2025 in

"Trump's Diversity Retreat Leaves European Companies Walking a Tightrope" [11] that *"Novo Nordisk, maker of weight-loss drugs Wegovy and Ozempic, announced at its first-quarter earnings in May that its US operation would 'no longer participate' in the company's global gender representation target 'due to evolving legal requirements'."* The same article reported, in the case of Novo Nordisk, that *"The Danish pharmaceutical group says it intends to maintain its 'global aspiration of a minimum 45 per cent representation for each gender by the end of 2025' in other regions."* The contract relationship was the conduit for legal obligation. It did not reach the global organization.

Beyond federal contractors, the same retreat pattern extended to organizations with no contract relationship at all.

The more consequential finding emerged among ROW Other Organizations—entities without federal contract relationships, comprising 54 organizations in the Census. These organizations had zero legal obligation to change anything. Yet over half of their coded actions—51%—were Voluntary Retreat. Bloomberg reported on 18 December 2024 in "Nissan Rolls Back Diversity Policies as Activist Claims Another Win" [12] that *"Nissan Motor Co. has become the latest major company to rollback key diversity initiatives amid mounting pressure from conservative activists, including online influencer Robby Starbuck, as they try to eradicate diversity, equity and inclusion policies from corporate America."*

The Executive Orders did not require these responses. Something else was driving them—and that dynamic is examined in Strategic Proposition 7.

Not only did the Executive Orders cross borders via the federal contract relationship—Voluntary Retreat crossed borders too, shaped by forces entirely separate from legal obligation. The findings therefore raise the next strategic question: within this broader ROW retreat pattern, were some jurisdictions more resistant than others? Were legal and constitutional protections operating in the opposite direction—counteracting the pressure generated by the Executive Orders?

4.7.5 Strategic Proposition 5: Local DEI Laws Abroad Would Shield Organizations from Retreat

The proposition. Legal protections within national jurisdictions would limit the extent to which organizations could dismantle their DEI architecture.

The question. Countervailing legal systems: whether constitutional and statutory equality protections outside the United States materially constrained retreat.

Why This Mattered

Chapter 3 mapped three levels of jurisdictional protection across the Census: diversity constitutionally mandated, equality constitutionally guaranteed, and statutory-only protection.

For organizations subject simultaneously to US Executive Order pressure and domestic diversity obligations, global retreat could create direct conflict with home-jurisdiction law. The proposition therefore tested whether constitutional and statutory protection created a practical Compliance Floor that limited organizational retreat.

What the Evidence Shows

Supported, with important variation across jurisdictions. Constitutional protection appears to have shaped response patterns across the Census, although several regional sub-samples are too small to support firm conclusions on their own. Table 4.10 compares response patterns across regulatory jurisdictions, revealing that constitutionally protected jurisdictions generally recorded lower retreat rates than jurisdictions relying on statutory protection alone. The unit of analysis is regulatory context: where organizations report DEI actions across multiple jurisdictions, each action is attributed to the jurisdiction in which the action's regulatory force applies. This regulatory context approach distinguishes Table 4.10 from Table 4.1, which classifies organizations by headquarters location.

Table 4.10 Response distribution by regional regulatory protection

Across the Census, the regions with constitutional protection of diversity recorded the lowest Total Retreat rates. The strongest evidence of constitutional resilience appeared in Canada. With 20 organizations and 31 reported actions, Canada recorded 61% Total Non-Retreat including a 23% Re-architect rate. Africa, represented by South Africa with eight organizations and four reported actions, recorded 100% Remain. South America (Brazil, Argentina) was within research scope per Chap. 3, Sect. 3.2.1 but produced zero reported DEI actions during the Research Period.

The European sub-samples reveal an intermediate pattern between constitutional and statutory-only protection. Europe with constitutional protection (Austria, France, Germany, Switzerland—14 organizations, 22 reported actions) recorded 41% Total Retreat. Europe with statutory protection alone (Denmark, Ireland, Italy, Netherlands, Norway, UK—17 organizations, 40 reported actions) recorded 48% Total Retreat. The United States itself (110 organizations, 449 reported actions) recorded 61% Total Retreat, the reference baseline for the Census.

Asia–Pacific (two organizations, five reported actions) recorded 100% Voluntary Retreat. The Asia–Pacific and Africa sub-samples are small and the percentages should be read as indicative rather than conclusive at this scale.

The pattern did not materially change within the United States.

Within the United States, organizations operate across a wide range of US workforce concentrations. When response is analyzed against this headcount split, the pattern is consistent: US-dominant organizations (US headcount of 50% or above) and US-headquartered global multinationals (US headcount below 50%) recorded similar Total Retreat rates of approximately 60%. The headcount distribution within the US sub-Census did not predict response. (Four organizations had no headcount disclosure; their four reported actions fell within the US baseline pattern.)

Constitutionally protected jurisdictions recorded lower retreat rates within the Census. The pattern was clearest in Canada, the largest

constitutionally protected sub-sample, where 61% of reported actions classified as Non-Retreat. South America produced zero reported DEI actions during the Research Period.

Constitutional protection did not eliminate retreat in those organizations entirely. EO 14173 applied to the US operations of any federal contractor regardless of where its parent organization was headquartered. A constitutionally protected European organization with US federal contracts was still required to comply with the Executive Order inside the United States. Constitutional protection at home preserved the home architecture. It did not extend across the US border into the contractor relationship.

Statutory-only protection seems to have provided less shielding than constitutional protection. Because statutes can be revised through ordinary legislative processes, organizations operating in statutory-only jurisdictions appeared more vulnerable to changing political environments. Across the Census, these jurisdictions recorded materially higher retreat rates than constitutionally protected jurisdictions.

4.7.6 Strategic Proposition 6: Responses Would Track EO Provisions

The proposition. Where organizational actions were directly anchored to the Executive Orders, those responses would track the specific provisions of the Orders.

The question. Policy mechanics: whether organizational responses mapped directly to the specific domains prohibited by the Executive Orders (D10, D13, and others).

Why This Mattered

Chapter 2 documented that the Executive Orders were highly specific rather than broad prohibitions. Each EO domain targeted identifiable organizational practices. D10—Workforce Balancing and Representation Targets—covered diversity goals, demographic targets and the instruments that flowed from them: diverse slates,

representation-linked compensation, workforce composition benchmarks. D13—Identity-Exclusive Program Access—covered access to Employee Resource Groups (ERGs), career development and mentorship programs restricted by identity. D12—Race/Sex Supplier Preferences—covered procurement set-asides and diverse-spend commitments. D8—Anti-DEI Certification and FCA Exposure—covered the certification mechanism itself. The Executive Orders therefore did not create a generalized anti-DEI framework. They identified specific organizational mechanisms most vulnerable to legal challenge. The Strategic Proposition was that organizations would respond to this taxonomy directly, without extending changes beyond what the Orders required.

What the Evidence Shows

Supported. The pattern is both precise and remarkably consistent. Table 4.11 maps the distribution of EO-anchored actions across the 14 Executive Order domains, revealing which legal mechanisms became the primary drivers of organizational response.

Table 4.11 Executive Order domain distribution across EO-anchored actions

The EO taxonomy accounted for organizational response with striking precision. Organizations concentrated first on the DEI mechanisms most exposed to legal contestability under the Executive Orders. D10 accounted for 46% of all EO-anchored responses—by far the most exposed category under the Executive Orders because representation targets operated as upstream mechanisms feeding multiple downstream accountability systems. D10 did not just remove targets: it cascaded. Diversity representation goals flowed downstream into executive compensation metrics, annual report disclosures, board diversity targets, diverse interview slate requirements and external benchmark participation. When D10 fell, all its downstream instruments fell with it.

On 21 April 2024, the Wall Street Journal reported in "Diversity Goals Are Disappearing from Companies' Annual Reports" [13] that *"Best Buy stopped listing its commitments to spend at least $1.2 billion with diverse businesses by 2025 and to fill one of every three nonhourly corporate positions with people of color in its 2023 proxy statement."* Reuters reported on 8 April 2025 in "Beer Maker Constellation Brands Pulls Back DEI Initiatives" [14] that *"Corona beer maker Constellation Brands scrapped its diversity, equity and inclusion programs on Tuesday, joining an increasing number of corporations curbing their DEI goals after U.S. President Donald Trump's opposition to them."*

The same pattern extended across D13 (43 actions, 19%) and D8 (35 actions, 16%). Organizations reviewed ERGs, mentorship structures, career-development pathways, and certification-sensitive policies against the evolving enforcement environment, concentrating on mechanisms most exposed to legal reinterpretation.

The EO taxonomy explained where organizations perceived legal exposure most clearly. It did not explain why organizations altered DEI architecture beyond those domains. Of the 551 coded actions in the dataset, 221 followed the EO map. The remaining 330 carried no direct EO anchor—no explicit legal mandate, contractual requirement, or named enforcement trigger.

The Executive Orders explained which forms of DEI architecture became most immediately exposed to challenge. They did not explain why organizations moved so far beyond those boundaries.

4.7.7 Strategic Proposition 7: Organizations Would Not Act Beyond the Legal Mandate

The proposition. Organizations would treat the Executive Orders as a legal floor, doing no more than the Orders required and confining their actions to those requirements.

The question. Permission structure: whether organizations would confine their actions to legally required changes, or whether Voluntary Retreat would exceed formal obligation.

Why This Mattered

Chapter 2 established that the Executive Orders defined a bounded set of legal obligations. Yet organizations were required to respond before the enforcement perimeter surrounding "illegal DEI" had been operationally clarified—the Bondi Memorandum providing that interpretive clarity only on 29 July 2025, well after most organizations had to act. Outside those provisions, organizations retained full discretion. If organizations responded proportionately, actions would be contained within those legal requirements. The Executive Orders did not require private sector organizations to eliminate their Chief Diversity Officers. They did not require companies to cease all DEI training—only content meeting the specific criteria for "divisive concepts." They did not require withdrawal from external benchmarks such as the Human Rights Campaign (HRC) Corporate Equality Index (CEI). They did not require global changes—their jurisdiction extended only to US federal contracting scope. Any action in these categories was, by definition, voluntary.

What the Evidence Shows

The evidence revealed something more significant than the original proposition anticipated. Table 4.12 compares EO-anchored and voluntary actions across the Net DEI Actions, revealing that most organizational changes—60%—occurred without direct legal mandate.

Table 4.12 EO-anchored versus voluntary actions across the Net DEI Actions

One of the chapter's most important findings is that the Executive Orders shaped far more than the actions they legally required. The Orders did not only define what organizations were required to do. They also widened the range of responses organizations perceived as defensible. This is what we refer to as a permission structure—a widening of the range of responses organizations perceived as defensible under conditions of legal uncertainty and asymmetric downside risk, a dynamic consistent with the mimetic isomorphism

described by DiMaggio and Powell [15]. The Orders established a legal requirement for a defined set of actions. They simultaneously created an environment in which organizations reduced DEI commitments that were not legally required to change. The Orders set the floor. The permission structure raised the ceiling—widening what organizations treated as defensible response under uncertainty. 60% of all coded actions—330 actions—carried no EO anchor. No legal provision required them. No contract certification mandated them. No enforcement action preceded them.

Organizations were therefore operating under asymmetrical risk conditions. The observed pattern is consistent with asymmetrical risk conditions in which the potential costs of under-compliance—litigation exposure, contract jeopardy, audit scrutiny, and reputational escalation—were greater than those of over-compliance.

Of the 330 voluntary actions, Voluntary Retreat was the dominant category. Reported actions removed DEI language from external communications, restructured or eliminated diversity functions, withdrew from voluntary benchmarks, and repositioned public commitments—in each case beyond what any Executive Order required.

The pattern appeared across sectors and jurisdictions. The Financial Times reported on 7 February 2025 in "Accenture Ditches Diversity and Inclusion Goals" [16] that *"Accenture is sunsetting its diversity goals, set in 2017 and updated in 2020, and will no longer use them to measure employees' performance."* On 28 February 2025, Bloomberg reported in "BlackRock Ends Diversity Goals, Subsumes DEI Staff into New Team" [17] that *"BlackRock Inc. has ended its diversity goals and is subsuming its DEI staff into a new team, in the latest sign of the asset manager retreating from inclusion efforts amid pressure from the Trump administration."* The Globe and Mail reported on 21 October 2025 in "Fewer Canadian Companies Disclosing DEI Records, Study Finds" [18] that *"Fewer Canadian public companies are trumpeting their records on diversity, equity and inclusion, though many are quietly pressing ahead with the initiatives despite the DEI backlash in the United*

States, a study by a national law firm has found." Across the Canadian organizations in the Census, the pattern observed was reduced public DEI disclosure rather than dismantling of underlying programs.

A further dimension of the permission structure is temporal: several of the DEI response actions in the dataset predate the Executive Orders entirely. The Financial Times reported on 17 January 2024 in "PwC Drops Some US Diversity Goals to Meet Changed Legal Landscape" [19] that PwC made the changes *"following last year's US Supreme Court ruling against affirmative action in college admissions"*—twelve months before the orders, in the wake of the Supreme Court ruling [1]. The permission structure was not created by the January 2025 Orders. The conditions of legal uncertainty had been forming through activist pressure, Supreme Court precedent, and a shifting political environment. The Orders amplified and accelerated a response pattern that was already underway.

DIEPL Maturity is scored on a 1–5 scale, where a one-point reduction represents meaningful loss of embedded organizational architecture (see Chap. 5).

The permission structure had a measurable architectural cost. Voluntary Retreat responses recorded an average maturity reduction of 1.05 points. At organization level (Threshold Census, $n = 63$), Required Retreat responses dropped 1.32 points (Required Retreat cohort drop; Table 4.13 displays Voluntary Retreat, Reframe, Remain, and Re-architect cohort drops only). The architectural loss in both groups was substantial—around a third of the maturity score. Both groups lost substantial architecture. The legally compelled cohort and the voluntary cohort recorded comparable maturity reductions. The difference was not architectural impact, but the mechanism driving the response: legal compulsion shaped one path; uncertainty-driven exposure reduction shaped the other (see Table 4.13).

Table 4.13 DIEPL Maturity resilience by response category

The permission structure finding reframes the entire analysis that precedes it. Legal exposure explained Required Retreat. Region explained the direction of travel. Constitutional protection reduced retreat where it existed. The EO domain taxonomy explained what was compelled. Each of these factors explains a portion of organizational behavior. Together they do not explain why responses to the same uncertainty diverged so sharply—why some organizations narrowed their response to formal legal compliance, while others reduced exposure across broader areas of DEI architecture. The decisive contrast was not in the external environment that all organizations faced. It was in something built—or not built—before that environment arrived.

4.7.8 Strategic Proposition 8: Regulated Sectors Would Respond Conservatively

The proposition. Highly regulated organizations—operating under layered supervisory frameworks including banking supervisors, securities regulators, fiduciary obligations, and, in several jurisdictions, mandatory diversity reporting requirements—would respond cautiously and precisely. They would comply with what was legally required, avoid voluntary overreach, and manage legal risk through minimum-necessary compliance.

The question. Regulatory culture: whether sectors shaped by supervisory and fiduciary obligations would favor precise, minimum-necessary compliance over broad Voluntary Retreat.

Why This Mattered

Chapter 3 distinguished between operating under regulatory exposure and operating under direct enforcement authority. The two are different mechanisms. Regulatory exposure imposes general compliance obligations; direct enforcement authority operates through specific levers—merger approval, license renewal, contract continuation, formal investigation, active oversight—capable of shaping institutional continuity. The proposition tested whether sectors

operating closest to direct enforcement authority would respond more cautiously than sectors with regulatory exposure alone.

What the Evidence Shows

Partially supported, with the mechanism refined. Conservative response was associated less with regulation in the abstract than with proximity to enforceable authority. The proposition holds in three of four heavily regulated sectors and breaks decisively in Pharmaceuticals.

Table 4.14 ranks the thirteen sectors with $n \geq 10$ reported actions by Total Retreat rate, showing the full breakdown across response categories.

Table 4.14 Cross-sector retreat ranking by response category

Three sectors operating under direct enforcement authority recorded the highest retreat rates. Telecommunications recorded 75% Total Retreat, the highest in the dataset, reflecting 67% Required Retreat—by far the highest in the Census—under FCC merger approval and licensing authority. Aerospace and Defense recorded 70% Total Retreat, with 60% Voluntary Retreat reflecting deep institutional dependency on federal contract continuity. Financial Services recorded 64% Total Retreat alongside the highest Re-architect rate of any major sector at 12%.

Pharmaceuticals contradicted the pattern. Despite operating under heavy regulatory exposure, Pharmaceuticals recorded 44% Total Retreat—the second-lowest in the dataset—alongside the highest Remain rate of any sector at 44%. The differentiator was the form of regulation, not its intensity. FDA and EMA clinical-trial diversity requirements embed DEI architecture into operational infrastructure, not into discretionary programs. Where regulation operates through embedded operational requirements rather than through discretionary enforcement authority, conservative response did not follow.

The differentiating mechanism was not regulatory intensity but enforcement proximity. Where regulators wrote letters, opened probes,

or conditioned merger approvals, regulated organizations responded with precise, often Required Retreat. Reuters reported on 12 February 2025 in "FCC to Open Probe into NBC-Parent Comcast over Promotion of DEI Programs" [20] that *"The Federal Communications Commission said on Wednesday it was opening an investigation into Comcast over its promotion of diversity, equity and inclusion programs."* Bloomberg Law reported on 16 May 2025 in "Verizon's Frontier Deal Gets FCC Approval After It Scraps DEI" [21] that *"Verizon told the Federal Communications Commission in a May 15 letter it was ending DEI responsibilities for employees, removing diversity references from employee training materials, and scrapping quantitative goals for supplier diversity."* The Financial Times reported on 11 February 2025 in "Goldman Sachs Abandons IPO Board Diversity Pledge" [22] that *"Goldman Sachs has dropped a four-year-old policy of refusing to take companies public unless they had at least two diverse board members, citing legal developments."* Where authority remained general or discretionary, regulated organizations more frequently held DEI architecture in place—most visibly in Pharmaceuticals.

Regulatory exposure shaped the form of response, but it did not reliably predict the depth of retreat. Organizations facing similar supervisory conditions often made materially different choices once enforcement pressure became indirect, discretionary, or absent.

Strategic Proposition 9 therefore tests a different mechanism: whether organizations within the same sector converged toward similar responses through peer observation, competitive signaling, and institutional contagion, independent of direct regulatory pressure.

4.7.9 Strategic Proposition 9: Sector Peers Would Respond Alike

The proposition. Organizations in the same sector would converge toward similar response patterns through peer observation, competitive signaling, and institutional contagion.

The question: Institutional contagion and peer effects: whether organizations within the same sector would converge toward similar

response patterns because of shared environments and competitive signaling.

Why This Mattered

Chapter 3 documents the sector composition of the Census, identifying shared talent markets, shared peer reference points, and shared competitive narratives within sectors. The Strategic Proposition was that organizations sharing these conditions would observe and imitate one another, producing visible convergence in response. The test is therefore not whether sector exposure existed—Strategic Proposition 8 examined that—but whether peer observation translated shared exposure into shared behavior.

What the Evidence Shows

Partially supported. Sector membership was associated with the form of organizational response more consistently than with the depth of retreat itself. Some sectors exhibited strong convergence around specific response types, while others showed substantial divergence despite near-identical regulatory exposure. Table 4.15 provides a cross-sector distribution of these actions, ranking thirteen major industries by their propensity to retreat and highlighting a significant spectrum of resilience across the global business landscape.

Table 4.15 Cross-sector response distribution at action level

Action-level rates capture the volume of recorded actions per sector but can be skewed by individual organizations with high action counts. Table 4.16 presents the distribution of organizational responses across the Threshold Census, applying a specific diagnostic hierarchy to identify the dominant strategic posture of 63 key organizations.

Table 4.16 Distribution of organizational response by sector

The seven sectors with at least three Threshold Census organizations are examined below to assess whether organizations operating under similar sector conditions converged toward comparable response patterns. Re-architect organizations are named within Pattern C citations; retreat actions are reported anonymously.

4.7.9.1 Within Automotive: In-sector Similarity Supported

Automotive showed the clearest in-sector convergence—and it occurred before any formal EO structure existed. The five Threshold Census organizations—Ford, Harley-Davidson, Nissan, Tesla, and Toyota—recorded all 26 reported actions between January 2024 and December 2024, ahead of the January 2025 Executive Orders. Despite variation in headquarters and federal contractor status, the five converged on the same visible, external-facing withdrawal patterns. When looking across the automotive sector, credible sources reported these typical actions: exit from external assessments such as the Human Rights Campaign Corporate Equality Index; broadening of Employee Resource Groups; withdrawal of Pride sponsorship; and removal of supplier-diversity goals. The pattern in Automotive showed the clearest sector-wide convergence in the dataset, consistent with Peer contagion.

4.7.9.2 Within Professional Services: In-sector Similarity Not Supported

Professional Services produced one of the clearest tests of whether sector membership shapes organizational response. The five Threshold Census organizations—Accenture, Booz Allen Hamilton, Deloitte, McKinsey & Co, and PwC—operated under near-identical US federal contractor exposure, with one organization holding federal contracts representing more than 98% of revenue, creating a level of federal contracting dependence more closely resembling the exposure profile of a federal agency. Across the Research Period, the five recorded 43 reported actions—the highest action density of any sector under

organization-level analysis—yet distributed across three response classifications.

One organization held architecture under explicit external pressure. Bloomberg reported on 12 February 2025 in "McKinsey Strikes Defiant Tone on Diversity While Rivals Balk" [23] that *"McKinsey & Co. pledged to prioritize diversity across its workforce, despite US President Donald Trump ordering his government to push private firms to scrap diversity, equity and inclusion policies."*

Others pursued selective dismantling of DEI infrastructure. When looking across the Professional Services sector, credible sources reported these typical actions: sunsetting of previously set DEI goals, including supplier-spending targets in the hundreds of millions of dollars; removal of race-based eligibility criteria from student internship programs and scholarships; and stated rationale of remaining fully compliant with federal laws. Credible sources also reported simultaneous reaffirmation of broader commitment in the same sector, including continued investment in inclusive culture and continued pay-equity work for staff.

The coexistence of institutional defense and selective dismantling under near-identical regulatory exposure suggests that sector conditions shaped the form of response more than the depth of retreat itself.

4.7.9.3 Within Technology: In-sector Similarity Not Supported

Technology revealed a pronounced divergence between external exposure and organizational choice. The ten Threshold Census organizations—Amazon, Apple, ASML, Cisco, Google, IBM, Meta Platforms, Microsoft, Shopify, and Uber—operated under broadly similar regulatory and shareholder pressures, with seven holding direct US federal contractor registration. Across the Research Period, the ten recorded 75 reported actions—the largest action volume of any sector under organization-level analysis—and ranged from active architectural defense to selective dismantling of DEI infrastructure.

Two organizations defended architecture directly through governance mechanisms. In an article titled "Trump says Apple should eliminate diversity policies," Reuters reported on 26 February 2025 that Apple said its *"strength has always come from hiring the very best people and then providing a culture of collaboration, one where people with diverse backgrounds and perspectives come together to innovate"* [24]. On 19 November 2024, the Financial Times reported in "Cisco swims against Big Tech tide to set standard in workplace equality" [25] that Cisco's European arm topped the FT-Statista European Diversity Leaders ranking, with Jack Naidoo, Cisco's leader of people and communities for EMEA, observing that *"diverse teams are the most productive… the most innovative. There's a business case for diversity"*. As reported by Cisco's Form 8-K filing with the SEC dated 16 December 2025, shareholders voted 99% against NCPPR/FEP Proposal 5, which had requested evaluation of whether Cisco inclusion programs provide positive financial value.

Others selectively dismantled visible elements of DEI infrastructure. Across the technology sector, credible sources reported several recurring actions: removal of DEI references from SEC filings; elimination of diversity slates in recruitment; removal of supplier-diversity programs; and decoupling executive compensation from aspirational workforce diversity goals. Credible sources also reported simultaneous affirmation of continued commitment in the same sector, including ring-fencing of changes to US scope and continued reliance on best-candidate hiring policies.

Shared exposure produced markedly different strategic choices. The sector converged around visible signaling changes, but diverged in the extent to which organizations dismantled underlying DEI architecture.

4.7.9.4 Within Pharmaceuticals: In-sector Similarity Partially Supported

Pharmaceuticals produced one of the clearest within-sector contradictions: simultaneous preservation and retreat. The seven Threshold Census organizations—Bristol Myers Squibb, GSK, Johnson &

Johnson, Novartis, Novo Nordisk, Pfizer, and Roche—recorded 38 reported actions across the Research Period. Five of the seven classified as Non-Retreat (71%)—the highest preservation rate of any sector under organization-level analysis.

The dual-track was specific. When looking across the Pharmaceuticals sector, credible sources reported these typical actions: continued affirmation of clinical-trial diversity programs as a preservation track, alongside withdrawal of aspirational workforce targets as a retreat track. One organization appeared on both tracks within the same Research Period. Where the regulatory framework embedded diversity into operations—through FDA and EMA clinical-trial requirements—the architecture survived. Where diversity lived in voluntary aspirational metrics, it did not.

The sector preserved scientific diversity infrastructure while retreating from symbolic targets.

4.7.9.5 Within Retail: In-sector Similarity Not Supported

Retail showed the consumer-facing pattern: convergence around visible signaling retreat, divergence on architectural depth. Five of the seven Threshold Census organizations recorded Voluntary Retreat as their dominant classification, converging on visible exits—withdrawal from external assessments and Pride sponsorship—at within-organization rates between 69 and 100%. Two of the seven recorded zero retreat.

Among organizations needing to navigate pressure is Costco. AP News reported on 24 January 2025 in "Costco Successfully Defends Its Diversity Policies as Other US Companies Scale Theirs Back" [26] that *"Costco shareholders rejected a proposal urging the wholesale club operator to evaluate any risks posed by its diversity, equity and inclusion practices."* The same article reported that *"Costco's public stance in support of diversity, equity and inclusion programs contrasts with the positions taken in recent months by other big consumer brands, including Walmart, McDonald's and John Deere."* Four days later, Reuters reported on 28 January 2025 in "Republican State Attorneys Pressure Costco to Drop Diversity Policies" [27] that *"Nineteen Republican attorneys*

general have called on Costco Wholesale to abandon its diversity, equity, and inclusion policies, citing concerns about discrimination and legal risks." The consumer-facing sector converged on visible signaling retreat. It did not converge on architectural dismantling.

4.7.9.6 Within Food and Beverage: In-sector Similarity Partially Supported

Food and Beverage showed sector convergence on action type but radical divergence on intensity. The five Threshold Census organizations converged on the same retreat mechanisms—supplier-diversity withdrawal (4 of 43 reported actions) and removal of diversity goals (3 of 43)—but split sharply on retreat depth. Two recorded within-organization Total Retreat rates of 78 and 80%, while three recorded retreat rates between 36 and 43%.

Same headquarters region, same federal contractor exposure, same recurring action types—yet retreat intensities ranged across more than a 40-percentage-point gap. The same retreat mechanisms appeared across the sector, but at markedly different intensities.

4.7.9.7 Within Financial Services: In-sector Similarity Not Supported

If peer contagion were decisive, Financial Services should have converged. It did not.

The 16 Threshold Census organizations operated under shared regulatory exposure, shared headquarters region, and shared federal contractor status—and recorded within-organization retreat rates ranging from zero percent to 100%. Five organizations recorded 100% within-organization Total Retreat. Two recorded zero. The intermediate nine distributed across the spectrum at rates between 33 and 89%. Banks did not move as a bloc: some substantially retreated, others actively defended embedded DEI architecture, and intermediate positions were rare. The bimodal pattern produced the highest Re-architect rate of any major sector—five of 105 reported sector actions broadened identity-restricted programs to merit-based or eligibility-

neutral framing, with four of those five classified Re-architect rather than Voluntary Retreat—the highest concentration of broadening-as-architecture in the dataset.

The sector with the strongest peer-observation infrastructure showed the weakest peer convergence.

Across sectors, institutional contagion operated more strongly at the level of signaling than at the level of organizational depth. Organizations within the same sector frequently adopted similar visible actions—withdrawal from external benchmarks, removal of diversity targets, or broadening of eligibility criteria—but diverged sharply in how extensively they dismantled underlying DEI architecture. Sector therefore shaped how organizations signaled response to the external environment more reliably than it accounted for the depth of organizational retreat itself.

For leaders, the implication is that peer behavior provides a weak guide to strategic resilience. Organizations operating in the same sector, under similar regulatory and competitive conditions, often made radically different choices about how much DEI architecture to preserve. Sector pressure shaped signaling behavior. It did not determine organizational destiny.

4.7.10 Strategic Proposition 10: Embedded DEI Architecture Would Deliver Resilience

The proposition. Organizations that had integrated DEI into their core systems and practices would sustain their approach under pressure.

The question. Internal organizational architecture: whether the depth and maturity of DEI integration explained why organizations under similar external pressure behaved differently.

Why This Mattered

Chapter 1 introduced the distinction between DEI as a program and DEI as embedded architecture—diversity built into how organizations make decisions and hold themselves accountable. Chapter 5 showed

that organizations in the higher DIEPL Maturity bands had operationalized DEI through governance mechanisms, accountability systems, and infrastructure that could survive the removal of any single target or program. The Strategic Proposition was that this depth would predict resilience under pressure.

What the Evidence Shows

Supported with methodological caution. Organizations with more deeply embedded DEI architecture consistently showed greater resilience under pressure.

The Re-architect response—the most architecturally demanding outcome in the classification—appeared 46 times across the dataset, concentrated in organizations with established DEI governance infrastructure. Three patterns emerged.

First, governance-level defense. Reuters reported on 12 January 2025 in "Apple's Board Recommends Shareholders Vote Against Proposal to Eliminate Diversity Programs" [28] that *"Apple's board of directors recommended investors vote against a shareholder proposal to abolish the company's Diversity, Equity, and Inclusion (DEI) programs, according to a proxy filing from the company."* The same governance-defense pattern was reported at Costco. AP News reported on 24 January 2025 in "Costco Successfully Defends Its Diversity Policies as Other US Companies Scale Theirs Back" [26] that *"But Costco's board of directors voted unanimously to ask shareholders to reject the motion. The board said it believes 'our commitment to an enterprise rooted in respect and inclusion is appropriate and necessary. The report requested by this proposal would not provide meaningful additional information.'"* The same article also reported that *"According to preliminary results shared by Costco executives at its annual meeting Thursday, more than 98% of shares voted against the proposal."* Four days later, Reuters reported on 28 January 2025 in "Republican State Attorneys Pressure Costco to Drop Diversity Policies" [27] that *"Nineteen Republican attorneys general have called on Costco Wholesale to abandon its diversity, equity, and inclusion policies, citing concerns about discrimination and legal*

risks." On 26 February 2025, Reuters reported in "Apple Shareholders Reject Proposal to Scrap DEI Program" [24] that *"Apple shareholders on Tuesday rejected a proposal to end the iPhone maker's diversity, equity and inclusion program."*

Second, creative compliance—meeting legal obligations while preserving the architecture beneath them. Reuters reported on 20 February 2025 in "PepsiCo Joins Major US Companies in Tweaking DEI Policies" [29] that *"PepsiCo is also expanding its supplier base by broadening opportunities for all small businesses to be a part of the company, according to the memo."*

Third, explicit substantive defense—articulated either as values-based commitment to organizational identity, or as competitive-capability framing. Deutsche Welle reported on 27 May 2025 in "How Trump's Anti-woke Push Affects German Firms' DEI Policy" [30] that, in the case of Lush, "*'Lush is not bowing to this pressure — in fact, the opposite. We see it as motivation to make our position even more visible,' the company said when asked by DW for comment. 'DEI is at the core of our corporate identity.'"* The Financial Times reported on 6 November 2025 in "Trump's Diversity Retreat Leaves European Companies Walking a Tightrope" [11] that *"This has prompted some groups, such as BMW, to defend their practices. In March, after the German carmaker was sent a letter questioning its DEI policy by the US embassy in Bulgaria, it said in a statement to Reuters that it did 'not follow short-term trends' because 'diverse perspectives and talents strengthen our company'."*

At DIEPL Maturity Stages 4–5, organizations recorded a Voluntary Retreat rate of 35%—compared to 67% at Stages 1–2. The 32-percentage-point gap is the largest observed gap in the dataset: larger than the constitutional protection gap, the region gap, and the pre/post-EO period shift.

Non-Retreat—defined in Sect. 4.5.6 as the aggregate of Reframe, Remain, and Re-architect—captures the cases where architecture survived in some form. Table 4.17 examines Non-Retreat rates against Pre-Backlash DIEPL Maturity.

Table 4.17 Voluntary Retreat versus Non-Retreat by pre-backlash DIEPL Maturity

At Stages 4–5, DEI actions were nearly twice as likely to result in Non-Retreat (65%) than at Stages 1–2 (33%), and twelve times more likely to result in Re-architect (24% vs 2%). The cliff sits between Stage 3 and Stage 4–5: organizations at the level of 'embedded into governance, compensation, and strategy' recorded substantially lower Voluntary Retreat (35% versus 61%) and a more than tenfold higher Re-architect rate than organizations at Stage 3. This marks the clearest observed pivot point in resilience.

Even at Stages 4–5, however, 35% of actions were Voluntary Retreat. The high-maturity DEI response actions in the dataset tell their own architectural story. All organizations connected to those actions had an overall DIEPL Maturity at Stage 4 with the Leadership (L) element and/or the Purpose (P) element below Stage 4. High-maturity Diversity, Inclusion, or Equity infrastructure was less likely to hold where high-maturity Leadership and Purpose were absent. The Leadership and Purpose elements are not optional—they are load-bearing.

Which Architectural Dimension Survived—and Which Collapsed

Leadership-embedded DEI was twice as resilient as Purpose-dependent or Diversity-metric-heavy DEI under the same external pressure. Leadership (L)—board-level accountability, executive performance frameworks, governance mechanisms—produced a Re-architect rate of 17%, more than double the dataset average of 8%. Purpose (P)—strategic narrative and organizational intent—recorded 54 Voluntary Retreat actions against only 5 Re-architect actions. Diversity (D)—representation targets and workforce composition goals—showed the highest Voluntary Retreat count of any dimension. Organizations were withdrawing diversity targets and representation metrics before any legal provision required it. Table 4.18 isolates these variables across the Threshold Census.

Table 4.18 Voluntary Retreat by Leadership and Purpose maturity

Three findings emerge.

The first concerns Purpose. Where Purpose maturity reached Stage 4 or above—strategic narrative tied to an articulated business case, with board-level oversight—Voluntary Retreat occurred in 5% of actions. Below Stage 4, the rate rose to 56%. A tenfold increase as Purpose maturity moves from Stage 4 to Stage 3.

The second concerns Leadership. Where Leadership maturity sat below Stage 3—limited board accountability, no executive performance frameworks tying DEI to organizational direction—Voluntary Retreat reached 76%. Above Stage 3, the rate dropped sharply. Leadership operates differently to Purpose: Leadership maturity above Stage 3 marks the floor of resilience in the observed pattern; Stage 4 Purpose maturity marks the ceiling.

The third concerns the combined effect. Where at least one element reached Stage 4, Voluntary Retreat ran at 46%. Where the higher element sat at Stage 3, it ran at 53%. Where neither reached Stage 3, it reached 67%. At pressure points, the architecture either holds—or it begins to fail.

At organization level (Threshold Census, $n = 63$), only four organizations classified as Re-architect overall. Each recorded zero Voluntary Retreat action during the Research Period. All four entered the period with overall DIEPL Maturity at Stage 3.40 or above. The two cases in which both Leadership and Purpose elements were scored in the dataset entered the period at Stage 4 or above, with Purpose at Stage 4. The architecture in these four cases was not developed under pressure; it had been built earlier.

For leaders, the lesson is structural rather than symbolic. Organizations that embedded DEI into governance, accountability systems, and strategic purpose were materially more resilient in the Census than organizations where DEI remained concentrated in programs, targets, or external commitments. What mattered was not the volume of DEI activity an organization had built—but whether the

architecture itself had become operationally and strategically embedded before the pressure arrived.

The evidence consistently pointed toward the same conclusion: resilience was associated less with the existence of DEI programs than with how deeply governance, leadership, and strategic purpose had been embedded.

4.8 The Synthesis

External explanations carried part of the analytical weight. The Executive Orders traveled through the federal contract relationship; jurisdictions with stronger domestic equality protections recorded materially lower retreat rates than the US baseline; legal exposure accounted for Required Retreat with precision. But these patterns explained the mandatory zone, not the much larger voluntary terrain beyond it. Sixty percent of all coded actions were voluntary, with no EO anchor: the observed pattern is consistent with the Orders functioning as a permission structure under conditions of legal uncertainty, widening the range of exposure-reduction responses organizations treated as defensible beyond the legal mandate.

The voluntary terrain itself contradicted the theory of homogeneous external pressure. Within Financial Services, organizations sharing regulatory exposure, headquarters region, and federal contractor status recorded within-organization retreat rates ranging from zero percent to 100%. Same conditions. Different choices. External exposure alone could not explain the scale of divergence.

Sector and peer effects shaped what organizations did, but not how deeply they did it. Pharmaceuticals showed the pattern most clearly: 44% Total Retreat alongside 44% Remain—the same sector simultaneously withdrawing public targets and preserving clinical-trial diversity infrastructure. Across the dataset, organizations within shared sector environments adopted similar visible actions but diverged sharply in how extensively they dismantled underlying architecture. The sector with the most explicit peer-observation

infrastructure showed the least peer convergence. Institutional contagion operated on signaling, not substance.

As each external explanation narrowed, the explanatory weight shifted inward. Organizations at DIEPL Maturity Stages 4–5 before the backlash recorded a Voluntary Retreat rate of 35%. Organizations at Stages 1–2 recorded 67%—a 32-percentage-point gap, the largest effect size in the dataset. The pattern held across regions, sectors, and federal contractor status. The implication is structural. As each external explanation narrowed, architecture remained the strongest internal signal in the Census. What survived was not what organizations said. It was what they had built.

The Scorecard below records where each Strategic Proposition held, failed, or required refinement.

4.9 The Scorecard

The table below records the verdict for each Strategic Proposition. Findings are categorized as Supported, Partially supported (where the finding required qualification or refinement), or Not supported (where the evidence contradicted the initial proposition). Two Strategic Propositions sit outside this framework: one represents a finding that was entirely unanticipated, and the other is supported by qualitative evidence but cannot be demonstrated statistically within this dataset. Table 4.19 provides the definitive "Scorecard" for these Strategic Propositions, testing each against the 551 Net DEI Actions to reveal where the conventional wisdom held—and, crucially, where it was contradicted by the reality of the organizational response.

Table 4.19 The Proposition Scorecard: expected versus reality

4.10 What the Scorecard Tells Us

Three propositions were supported outright (Strategic Propositions 1, 5, and 6). Two were supported with qualification—the architecture

Strategic Proposition is supported by qualitative evidence but cannot be statistically demonstrated within this dataset (Strategic Proposition 10), and the regulated-sectors Strategic Proposition was supported with an important refinement (Strategic Proposition 8). Two were partially supported, with the apparent pattern requiring substantial qualification (Strategic Propositions 3 and 9). Three were not supported by the evidence (Strategic Propositions 2, 4, and 7). Strategic Proposition 7 surfaced one of the chapter's most important findings—one that was not anticipated at all. Together, the verdicts tell a coherent story about what most consistently explained variation within the Census.

4.10.1 What Was Supported

Strategic Proposition 1 was supported—and its confirmation is the lens through which every other finding should be read. Within the Credible Source Panel, business journalism represented retreat over continuity at a nearly five-to-one ratio. The 42% of coded actions that held the architecture, reframed it, or re-architected it is almost certainly an undercount.

Strategic Proposition 5 was supported. Where domestic law required diversity, DEI architecture survived at a measurably higher rate—a 21 percentage-point difference in retreat rates between constitutionally protected jurisdictions and the US baseline. Legal obligation running in the opposite direction to the EO pressure was the most reliable structural protection in the dataset.

Strategic Proposition 6 was supported. The EO taxonomy accounted for the pattern of required responses accurately. D10—workforce balancing and representation targets—generated 46% of all EO-anchored actions and cascaded into downstream instruments: compensation, reporting, governance, and procurement. The domain map was the map of required organizational responses.

Strategic Proposition 8 was supported with refinement. The evidence did not show that regulation in the abstract produced conservative response. It showed that organizations responded most

conservatively where external authorities possessed direct leverage over institutional continuity—through investigation, approval, licensing, contracting, or transaction review. Pharmaceuticals provided the counter-case: heavy regulatory exposure did not produce broad retreat where diversity infrastructure was embedded into clinical and scientific requirements.

4.10.2 What Was Not Supported

Strategic Proposition 4 was not supported—and its contradiction matters. Rest-of-World organizations had been expected to be largely insulated from the EO pressure. They were not. ROW companies recorded a 54% combined retreat rate. ROW federal contractors ring-fenced precisely along the US federal contract boundary, as anticipated. But 49 Voluntary Retreat actions were recorded in ROW Other Organizations with no legal obligation whatsoever. The EOs created a legal mandate for their US scope. They created a cultural pressure dynamic with global reach.

Strategic Proposition 2 was not supported—and its contradiction reframes the entire chapter. January 2025 had been expected to be the inflection point. The data shows 41% of all dated actions occurring in 2024, before the orders were signed, with a higher retreat rate than the post-EO period. The Executive Orders did not create the organizational DEI retreat. They accelerated and legitimized a trend already in motion —shaped by activist shareholder pressure, the 2023 Supreme Court affirmative action ruling, and a shifting political environment [1] that the orders formalized rather than originated.

4.10.3 What Was Partially Supported

Strategic Proposition 3 was partially supported. The hierarchy held with precision for Required Retreat: federal agencies at 100%, federal contractors and federal agencies together accounting for all 63 Required Retreat actions, Other Organizations at zero. But the hierarchy did not account for the depth of Voluntary Retreat. Federal contractors recorded 186 Voluntary Retreat actions beyond their legal

mandate. Other Organizations recorded 19 Voluntary Retreat actions in the US and 49 in ROW—all without legal obligation. Legal exposure explained the floor of organizational response. It did not explain the ceiling.

Strategic Proposition 9 was partially supported. Sector membership was associated with visible response patterns more reliably than the depth of retreat. Automotive showed genuine convergence; Pharmaceuticals showed dual-track preservation and retreat; Financial Services showed the strongest contradiction of peer convergence. Across the Census, sector peers often adopted similar public-facing adjustments, but diverged sharply in how much underlying DEI architecture they preserved.

4.10.4 What Was Not Anticipated

The refined permission-structure finding was not the Strategic Proposition originally held. It emerged from the data. 60% of all coded actions—330 actions—carried no EO anchor. No legal provision required them. The Executive Orders created a legal mandate for 40% of observed responses. For the remaining 60%, they functioned as a permission structure under conditions of legal uncertainty and asymmetric downside risk, widening the range of exposure-reduction responses organizations appeared to treat as defensible beyond the Orders' formal requirements.

This is among the chapter's most important findings. It shifts the central question for leaders from "what did the Executive Orders require?" to "why did some organizations contain their response to what was legally required, while others reduced exposure across broader areas of their DEI architecture?" The legal hierarchy does not answer that question. Region answers part of it. Constitutional protection answers another part. But neither explains the full variation within the Census. What most consistently explains it emerges from the Strategic Proposition that sits outside the confirmed/contradicted framework.

4.10.5 The Finding That Holds the Chapter Together

The architecture Strategic Proposition is supported by the evidence but cannot be statistically demonstrated from this dataset. Sub-sample sizes for Re-architect responses are insufficient for population-level conclusions. But the pattern is consistent across every dimension of the analysis. Organizations with DEI embedded in governance—in board accountability, executive performance frameworks, supplier infrastructure, and workforce design—found paths through compliance that preserved their architecture. They met their legal obligations where those obligations existed. They held where they did not. They redesigned where they could.

Organizations whose DEI resided primarily in targets, programs and external benchmarks found fewer such paths. This dynamic gave organizations a rationale to remove what they had not deeply embedded. The retreat was real. But it was not uniform. And the factor most consistently associated with the difference between responses reflecting minimal retreat and those reflecting broad retreat was not location, sector, or regulatory exposure. It was the depth of architecture already embedded in governance, accountability, and organizational purpose.

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4.11 Conclusion

Within this Census, the 2025 Executive Orders did not produce a uniform organizational retreat from DEI. The backlash did not create organizational character. It revealed it.

No single external variable explained the pattern of organizational response. Law, geography, sector, and peer dynamics each carried part of the analytical weight. The residual—the variance that none of them explained—was not external. The remaining explanatory weight shifted inward.

The strongest internal signal was architecture: the organizations that held were those that had embedded DEI into governance, decision-

making, and accountability frameworks, rather than relying primarily on targets, programs, or external signaling. A substantial proportion of non-compelled organizations held their architecture, with the true floor likely higher given the media's tilt toward retreat coverage.

Within the Census, DEI resilience appeared less a communications problem than a governance problem. Architectural depth is built over long cycles of organizational design—governance, accountability, and operational integration—not in the moment of crisis.

The chapters that follow turn from external pressure to internal design. The question is no longer whether the backlash arrived. The question is now which forms of architecture appeared most resilient—and why.

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5. Architecture Under Pressure: Why Some Organizations Held While Others Did Not

Kay Formanek[1] ✉
(1) Diversity and Performance BV, Loosdrecht, Noord-Holland, The Netherlands

✉ **Kay Formanek**
Email: kay@diversityandperformance.com

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During the 2025 backlash, I was advising two multinational organizations in the same sector—comparable US revenue exposure, comparable federal contractor classification, operating under the same legal jurisdiction for their American subsidiaries. On paper, their compliance risk profiles were interchangeable.

Their responses were not.

One announced a Voluntary Retreat during the immediate post-EO period, removing programs that fell outside the direct obligations of any of the three Executive Orders. The other restructured only what the law explicitly required and held the rest—without announcement, without removing what had been built.

I had seen this pattern before. Watching it happen simultaneously, in the same sector, under closely comparable conditions, made the explanation unavoidable. The difference was not outside the organizations—it was inside them. For the first, Diversity, Equity, and Inclusion (DEI) existed as a collection of separate programs, each one removable in isolation. For the second, it was embedded in governance, accountability, and how decisions were made and performance was governed.

That is the question this chapter answers. Chapter 4 showed what organizations did under pressure. This chapter explains why they did it. External pressure created the conditions. Architecture shaped the response. External pressure creates the test. Architecture shapes the outcome.

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The pattern the two organizations illustrated is consistent across the dataset. Among organizations facing the same external pressure—similar legal exposure, equivalent US revenue profiles, operating within the same regional jurisdictions—the divergence in voluntary response is not marginal. It is systematic. The strongest internal distinction lay in architecture depth. Chapter 4 established that more deeply embedded DEI architecture was associated with greater preservation of DEI capability during the backlash period. The question now becomes how that resilience functioned internally. This chapter examines that question through DEI architecture—the way in which diversity, inclusion, equity, purpose, and leadership are structured within governance, accountability, and decision-making systems, rather than existing as a collection of separate programs. Using the IDM, the chapter examines five Architectural Resilience Propositions—one for each architectural element—across the 551 Net DEI Actions documented in the Census of 171 organizations. Two elements stood out as differentiating capabilities. Leadership recorded a Re-architect rate of 17%—more than double the dataset average of 8%. Across the four organizations in the Threshold Census who met the Re-architect response category—no retreats, no reframes, and only Remain and Re-

architect coded actions—Leadership or Purpose (or both) was the element deepened. Where Chap. 4 established what happened, this chapter explains how.

5.1 Why Architecture Matters

In this chapter, DEI is treated as organizational architecture: the way in which diversity, inclusion, and equity are structured within governance, accountability, and decision-making systems—not as a set of programs, targets, or public statements, but as the systems through which decisions are made and performance is governed. That architecture was first described in *Beyond D&I* (Formanek 2021) as the Integrated Diversity Model (IDM)—comprising five interdependent elements: Diversity, Inclusion, Equity, Purpose, and Leadership. The degree to which these elements are embedded in governance, accountability, and decision-making constitutes DEI Maturity. This book tests the IDM against primary research evidence from the Census of 171 organizations and subsequently transforms it into the DEI Resilience Enterprise Architecture, introduced in Chap. 10.

The central question is which capabilities most clearly differentiated organizations facing the same external pressure. The analysis examines this across the five elements of the IDM—identifying which components of DEI architecture appeared vulnerable, which adapted, and which held. The strongest differentiating signal within the Census was internal: what organizations had built shaped what they could defend. This chapter examines that through five Architectural Resilience Propositions—one for each element.

Within the IDM, Purpose refers to the organizational rationale for DEI—expressed operationally through the Strategic Narrative Capability developed in Chap. 9.

5.2 The Virtuous Circle: Why the Five Elements Must Work Together

The five elements operate as a system. Each depends on the others to function. Chapter 4 found that more deeply embedded DEI architecture was associated with greater preservation of DEI capability. Not all five elements were equally consequential within the Census; some were the activating capabilities on which the others depended. This section explains why.

The starting point is diversity of perspective. When an organization brings together people with genuinely different backgrounds, experiences, and cognitive frames, it creates the conditions for a 360-degree view of the problems, projects, and decisions it faces. This is the business case for diversity: not representation as an end in itself, but the quality of thinking that emerges when different perspectives are in the room and contributing fully.

But diverse perspectives do not automatically translate into better decisions. They do so only when people feel safe enough to speak, heard enough to influence, and included enough to stay. Inclusion is the mechanism through which diverse perspectives are expressed and valued. Without it, diversity of composition produces diversity of presence but not diversity of contribution. The single largest determinant of whether an environment feels inclusive is the behavior of the immediate leader: research indicates that leadership behavior accounts for 70% of an individual's assessment of whether their environment is inclusive [1].

This places Leadership at the center of the model. Leadership commitment that is embedded in governance and accountability makes DEI organizationally sustainable rather than individually dependent. Where it is absent, the other four elements become vulnerable.

Even where perspective, inclusion, and commitment are present, structural barriers can prevent individuals from contributing fully. Equity—the system of access mechanisms, fairness structures, and removal of discriminatory barriers—supports the conditions in which individuals can perform fully. Without equity, the other elements operate on an uneven foundation.

Together, these five elements form a self-reinforcing system. Each strengthens the others. When one is absent, the system becomes unstable—energy leaves the architecture that previously held it together. This interdependency was described in *Beyond D&I* as the Virtuous Circle [2]. The data in this chapter provides direct evidence of how this system operates under pressure. The corollary is equally important. Organizations that invested heavily in Diversity and Inclusion, but without Leadership accountability or strategic Purpose, built an architecture that was externally anchored. When those incentives reversed in 2025, little remained internally to hold the architecture together. The elements do not weaken independently. They weaken together.

Figure 5.1 presents the Virtuous Circle as the operational DIEPL architectural model, illustrating how the five elements function as an interdependent system rather than as isolated initiatives.

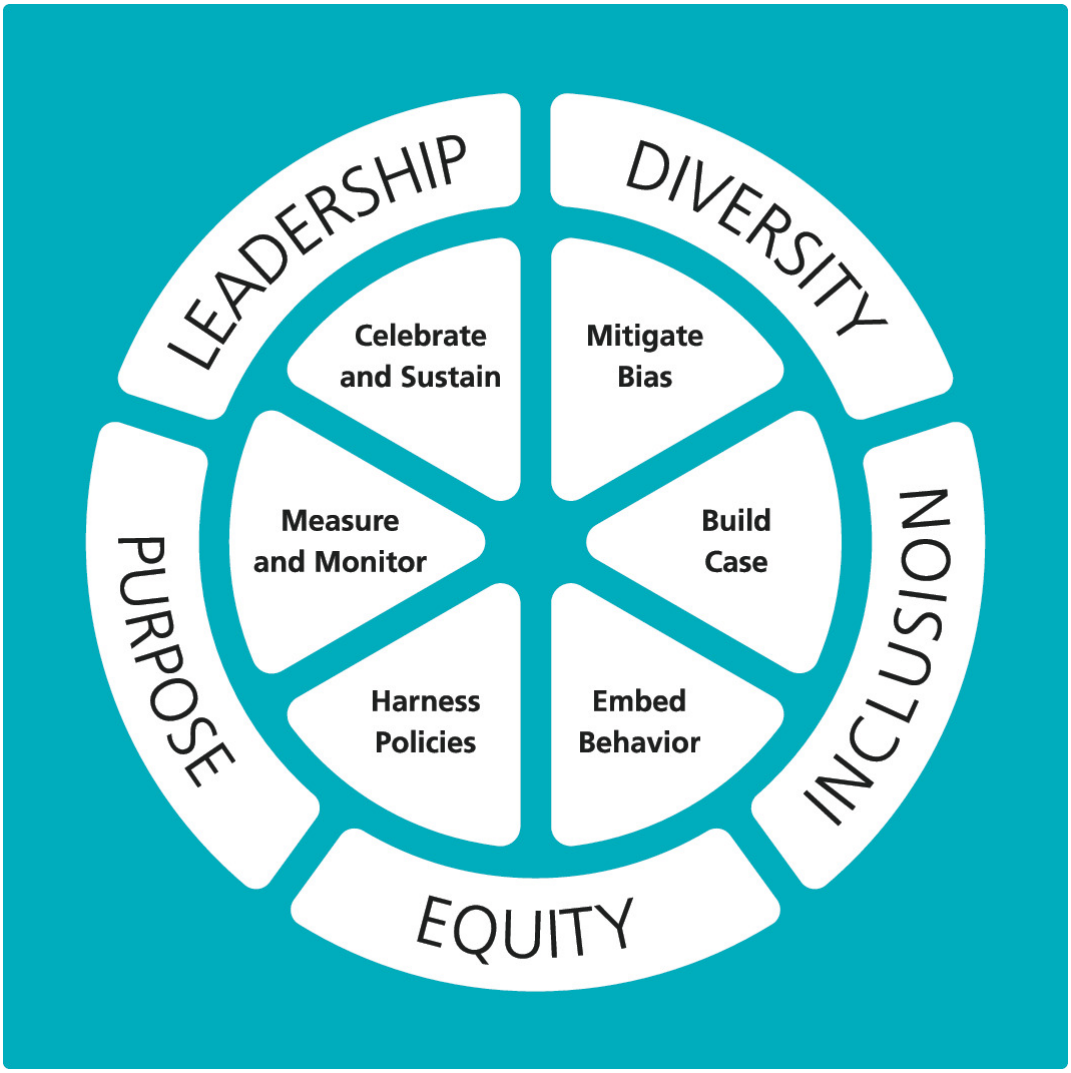


Fig. 5.1 The Virtuous Circle integrates the five reinforcing elements of Diversity, Inclusion, Equity, Purpose, and Leadership. Six recurring activities sit at the center—Mitigate Bias, Build Case, Embed Behavior, Celebrate and Sustain, Measure and Monitor, and Harness Policies—operating as the engine through which the five elements are continuously reinforced (*Source* Formanek (2021) [2])

In *Beyond D&I*, the Virtuous Circle was introduced as a conceptual model of interdependent DEI performance. The evidence in this book tests that model under conditions of institutional pressure and develops it into the DEI Resilience Enterprise Architecture presented in Chap. 10.

The Virtuous Circle explains how the five DIEPL elements operate as an interdependent system. The next question is developmental rather than structural: how does that architecture mature over time? In

Beyond D&I [2], organizations were positioned across the Five Stages of DEI Maturity, ranging from fragmented compliance activity through to strategically embedded enterprise capability. The evidence in this book allows those maturity stages to be examined under conditions of institutional pressure, revealing substantial differences in Architectural Resilience between organizations operating at different levels of maturity. Figure 5.2 maps the Five Stages of DEI Maturity across the architectural elements.

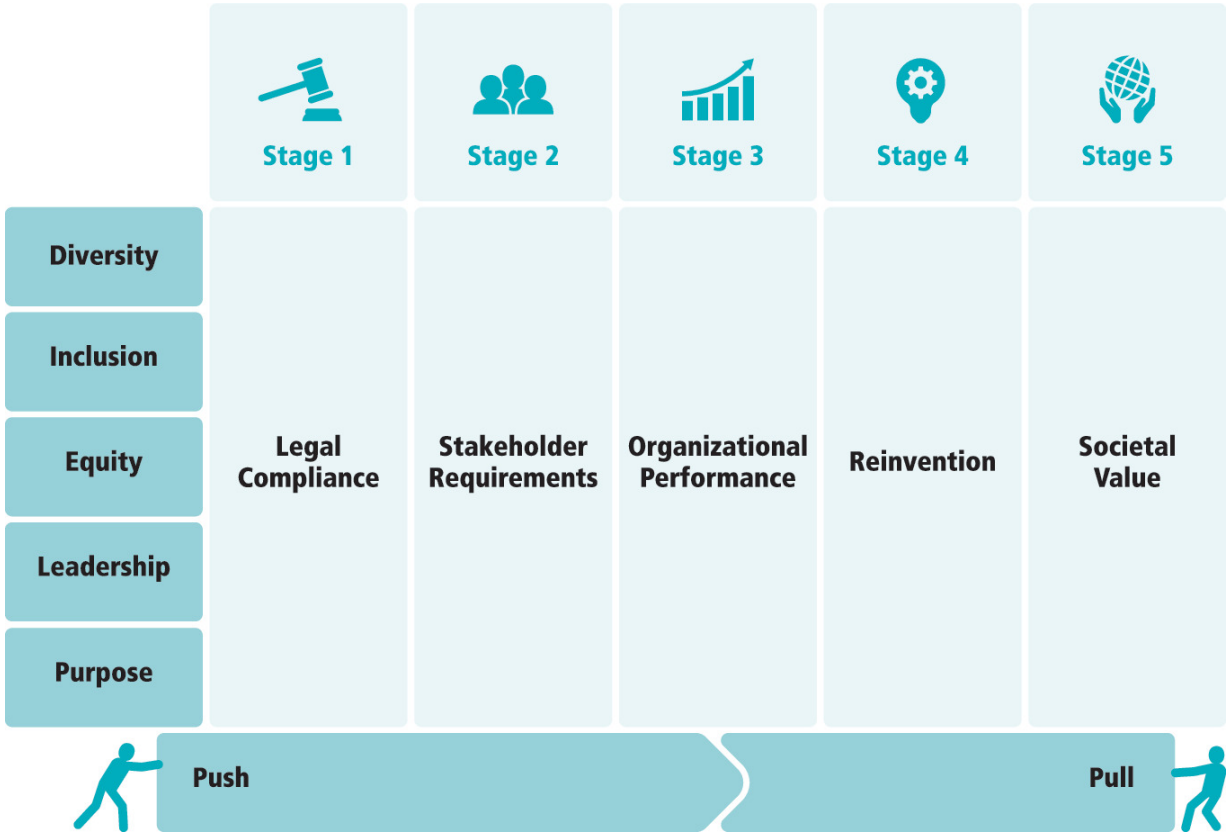


Fig. 5.2 The Five Stages of DEI Maturity illustrate how organizations progress from fragmented compliance activity toward strategically embedded enterprise capability—the Push/Pull transition from externally driven (Stages 1–2) to internally driven (Stages 3–5)—across the DIEPL elements

(*Source* Formanek (2021) [2])

The maturity model is cumulative rather than linear. Organizations do not simply add new DEI activities as they progress through the stages; they embed Diversity, Inclusion, Equity, Purpose, and Leadership more deeply into governance, accountability, operational

systems, and strategic decision-making. This distinction became critical during the 2025 backlash. Organizations operating at lower maturity levels were more vulnerable to architectural erosion because DEI remained concentrated in programs, targets, and externally visible commitments. Organizations operating at higher maturity levels had embedded DEI more deeply into the enterprise architecture itself.

5.3 From Elements to Maturity: The Five Stages of DEI Maturity

Having all five elements present is necessary. It is not sufficient. In *Beyond D&I* [2], tracking the manner in which organizations implement each DIEPL element and integrate it with the others revealed a consistent pattern of progression—Five Stages of DEI Maturity that describe how deeply each element is embedded within organizational systems.

Stage 1: Legal Compliance. Diversity tends to be defined primarily by legally mandated traits; individuals are more commonly admitted to the organization than genuinely included; equity is typically managed through affirmative action plans; Legal and Compliance functions generally hold primary responsibility; the organizational rationale for DEI centers on meeting regulatory requirements.

Stage 2: Stakeholder Requirements. The focus broadens to satisfying employee and external stakeholder expectations; programs tend to emphasize welcoming and equality; Human Resources commonly leads the DEI function; the rationale centers on stakeholder satisfaction and avoiding reputational or employee penalties.

Stage 3: Organizational Performance. Greater emphasis is typically placed on inclusion, community, and belonging; talent processes are progressively debiased to support access; Leadership assumes broader responsibility for DEI alongside HR; the rationale centers on delivering measurable performance outcomes and business case returns.

Stage 4: Reinvention. Diversity tends to be defined as diversity of perspectives required for innovation and competitive decision-making; focus shifts toward psychological safety, conditions for meritocracy, and structural fairness; senior leaders including the Chief Executive Officer (CEO) and Board are actively engaged; the rationale centers on reinvention, innovation, sustainable growth, and competitiveness. This is the resilience threshold: the primary research found that organizations at Stage 4 or 5 before the 2025 DEI Executive Orders held or deepened at notably higher rates than those at Stages 1–3.

Stage 5: Societal Value. Diversity of perspectives increasingly extends beyond organizational boundaries into the supply chain, client relationships, and ecosystem partnerships; inclusion considerations reach beyond the organization's own workforce; the rationale centers on contributing to ecosystem-wide innovation and sustainability.

In *Beyond D&I* (Formanek 2021), each of the five elements was described in full across all five stages, producing the Virtuous Circle Five Stages (5VC) Framework. Table 5.1 maps the five stages of progression for each DIEPL element as established in *Beyond D&I* [2], from initial legal compliance through to societal value creation. The stages are cumulative: an organization cannot move from Stage 2 to Stage 4 without the capability foundations of Stage 3. Chapters 6–9 of this book provide primary research evidence for each element across these stages.

Table 5.1 Integrating the Virtuous Circle with the Five Stages of DEI Maturity

The relevance to 2025 is direct. As organizations progress through the Stages of DEI Maturity, the architecture becomes less dependent on external incentives and more integrated into the organization's operating logic. An organization at Stage 1 or 2, when the compliance incentive reverses, has limited internal mechanism to sustain its DEI programs. An organization at Stage 4 or 5 has embedded DEI into systems that are difficult to remove without disrupting how the

organization operates. The external pressure of 2025 revealed this difference.

5.4 The Data in Context

Global organizations' DEI responses were gathered through primary research. A Census of 171 organizations was identified from articles published by the Credible Source Panel during the Research Period from 1 January 2024 to 31 December 2025 (see Chap. 11), recording 596 Total DEI Actions. This was refined to 551 Net DEI Actions by deduplicating identical reports across sources and excluding external events—such as shareholder-led motions, court rulings, regulatory letters, and journalist observations—to focus exclusively on actions taken by the organizations themselves. To ensure a robust basis for organization-level categorization, a Threshold Census of 63 organizations was established, comprising those that met the evidentiary requirement of three or more documented DEI actions, aggregated at parent name. The percentages and action counts reported in this chapter describe what these organizations did; they are not designed to represent, and should not be read as representing, the behavior of the wider corporate population globally. The dataset captures organizations whose actions were visible and reported; less visible or internally managed responses may not be represented. All organization-level classification findings in this chapter are drawn from the Threshold Census of 63 organizations; action-level findings and percentages are drawn from the 551 Net DEI Actions across the Census of 171 organizations.

Table 5.2 disaggregates the 204 articles in the Credible Source Panel by calendar period and retreat focus; over half of all coverage was published in Q1 2025 alone.

Table 5.2 Article volume by period: 204 articles, January 2024–December 2025

The primary research revealed that many organizations made DEI changes in advance of the publication of the first three DEI Executive Orders on 20 and 21 January 2025. On 17 January 2024, the Financial Times reported in "PwC drops some US diversity goals to meet changed legal landscape" [3] that *"PwC has dropped some of its US diversity targets."* By mid-2024, the language of retreat had moved into the mainstream: on 28 June 2024, Bloomberg reported in "Tractor Supply Ditches DEI, Climate Goals After Online Attacks" [4] that Tractor Supply Co. said *"it will eliminate DEI programs and remove related positions"*; on 31 October 2024, Bloomberg reported in "Boeing Dismantles DEI Team as Pressure Builds on New CEO" [5] that *"Boeing Co. has dismantled its global diversity, equity and inclusion department"*; and on 26 November 2024, the Financial Times reported in "Walmart to curb diversity efforts in face of pressure campaign" [6] that Walmart would *"stop considering race and gender when granting supplier contracts."* On 19 February 2025, the Financial Times reported in "KPMG's US business removes diversity reports from its website after Trump onslaught" [7] that *"KPMG US has pulled years of reports on its diversity, equity and inclusion programmes"* as the firm wound down its Accelerate 2025 program. Table 5.2 records that 54% of all coverage appeared in the three months of Q1 2025 alone. February 2025 produced 60 articles—more than the entire preceding year—as the corporate response wave peaked in the weeks immediately following the signing of the Executive Orders on 20 and 21 January 2025.

The organizations examined in this chapter were not responding to slow, sustained attrition. They were responding to sudden, concentrated pressure—a stress test measured in weeks, not quarters. This matters. If the pressure was acute, then the structural elements that protected some organizations and left others exposed had to be in place before the crisis arrived. There was little time to build architecture during the shock. What held, held because it had been built. What did not, had not.

5.5 Five Architectural Resilience Propositions

The propositions tested in this chapter are explanatory rather than predictive: they assess whether consistent patterns of organizational resilience align with the architectural logic proposed by the IDM.

The pattern suggests a clear proposition: organizations with more complete and more mature DEI architecture should show greater resilience during the backlash than those with less complete or less deeply embedded architecture. Five Architectural Resilience propositions are examined—one for each element of the IDM. Each proposition follows the same structure: the proposition is stated, the reasoning behind it is explained, the evidence is presented, and the finding is stated. Raw counts are presented alongside percentages throughout.

5.5.1 Architectural Proposition 1: Leadership Is the Decisive Differentiator of DEI Resilience

The Proposition

Organizations where DEI was embedded in leadership accountability—at board and executive level, in governance structures, and in executive performance frameworks—would show materially greater resilience under conditions of legal pressure than those where leadership engagement with DEI was shallow or externally motivated.

The question. Leadership: whether DEI embedded in board and executive accountability was associated with greater resilience under legal pressure.

Why This Mattered

Leadership is the integrating element of the IDM. The Virtuous Circle can contain all five elements, but Leadership is central to whether those elements are governed, defended, and sustained when conditions change. As Sect. 5.2 noted, leadership behavior accounts for 70% of an individual's assessment of whether their environment is inclusive [1].

The corollary is structural: if leadership withdraws from DEI, the entire architecture becomes vulnerable regardless of how well the other elements have been developed.

When DEI exists as a strategic priority at board and CEO level—with accountability mechanisms, public positioning, and governance structures to support it—it becomes structurally embedded rather than managerially dependent. The 2025 Executive Orders created an explicit decision point at the leadership level: retain DEI governance structures, Reframe them, or dismantle them. That decision was, almost without exception, made by senior leaders—and the quality of their pre-existing commitment was directly observable in the pattern of their response.

What the Evidence Shows

Leadership-coded actions across the Research Period number 142—the second largest element in the dataset. They produced the highest Re-architect rate of any DIEPL element: 24 actions (17%), compared to a dataset average of 8%. Leadership responses include changes to executive compensation, Chief Diversity Officer (CDO) governance, and federal contractor obligations. Table 5.3 reports the response distribution across the 142 Leadership-coded actions, recording the highest Re-architect rate of any DIEPL element at 17%—more than double the dataset average.

Table 5.3 Response distribution: Leadership (L) element, 142 DEI actions

Reuters reported on 26 February 2025 in "Trump asks Apple to end diversity policies after shareholders vote in favor" [8] that Apple CEO Tim Cook said *"as the legal landscape around these issues evolves, we may need to make some changes to comply, but our North Star of dignity and respect for everyone and our work to that end will never waver."* Reuters confirmed on 25 February 2025 in "Apple shareholders vote to keep its diversity policies" [9] that the proposal was defeated, with 210.45 million votes for it and 8.84 billion votes against it. Reuters reported on 20 February 2025 in "Citigroup Joins Corporate Retreat

from Diversity Initiatives" [10] that *"Citigroup will no longer require a diverse slate of candidates for job interviews, its CEO said in a memo on Thursday"* and that the bank *"will not have 'aspirational representation goals' except as required by local law."* The Financial Times reported on 17 February 2025 in "How Trump's war on DEI is changing corporate culture" [11] that *"in the US, retailer Costco pushed back against an activist petition questioning its DEI programmes, and was backed by over 98 per cent of shareholder votes at its annual meeting last month."*

The Financial Times reported on 6 November 2025 in "Investors Back European Resistance to Trump's Attack on DEI" [12] that most European businesses had *"yet to alter their policies in any meaningful way — with shareholders largely supportive of the stance."* Bloomberg reported on 22 January 2025 in "JPMorgan, Goldman CEOs Resist Calls to Roll Back DEI Programs" [13] that *"JPMorgan Chase & Co. and Goldman Sachs Group Inc. are pushing back on demands to roll back their diversity initiatives"* and that JPMorgan CEO Jamie Dimon said *"bring them on"* in a CNBC interview at the World Economic Forum in Davos. The Financial Times reported on 21 June 2024 in "Rescuing Diversity from the DEI Backlash" [14] that JPMorgan Chase chief executive Jamie Dimon, in his annual letter to shareholders, said the bank's DEI efforts *"make us a more inclusive company and lead to more innovation, smarter decisions and better financial results for us and for the economy overall."*

On the other side, Bloomberg reported on 31 October 2024 in "Boeing Dismantles DEI Team as Pressure Builds on New CEO" [5] that at Boeing *"staff from Boeing's DEI office will be combined with another human resources team focused on talent and employee experience,"* with the change overseen as *"Boeing's new Chief Executive Officer Kelly Ortberg is streamlining the planemaker's operations and trimming its executive ranks."* Bloomberg reported on 7 February 2025 in "Booz Allen Scraps DEI Programs in Reaction to Trump Orders" [15] that at Booz Allen *"the strategic objective to drive diversity, equity, and inclusion has been dropped from priorities."* Reuters reported on 2 December 2025 in "AT&T commits to ending DEI programs" [16] that *"AT&T's*

commitment came as the company sought regulatory approval for its purchase of wireless spectrum licenses from UScellular."

The mean Leadership maturity score dropped from 3.39 Pre-Backlash to 2.29 Post-Backlash—a mean decline of 1.10 points, the largest maturity drop of any DIEPL element. Every Re-architect-pattern response had governance-level commitment activated before the crisis arrived. The Re-architect-pattern behavior does not require the highest possible maturity level, but does require that Leadership accountability has been structurally embedded.

This proposition is supported. Leadership stability was consistently associated with stronger Architectural Resilience within the Census.

5.5.2 Architectural Proposition 2: DEI Defense Would Be Coupled to a Strong DEI Narrative

The Proposition

Organizations that maintained or deepened their DEI architecture under pressure would not do so on the basis of stated values alone. They would do so because their leaders could articulate—publicly and specifically—why diversity of perspective generates competitive advantage, innovation, and business performance. The proposition was clear: what distinguished organizations that held their Purpose architecture from those that retreated would not be the presence of a DEI narrative, but its quality. Organizations anchored in a performance and innovation rationale would resist differently from those whose narrative was compliance-driven.

The question. Purpose: whether leaders who could articulate a performance and value-creation case for diversity sustained their architecture more than those whose rationale was compliance-driven.

Why This Mattered

Purpose is the most externally visible element of the IDM. It is what organizations say about DEI—in annual reports, on websites, in CEO statements, in external commitments. Because it sits at the surface of

the architecture rather than embedded in operational systems, Purpose is paradoxically both the first line of defense and the first line of retreat: a clear strategic narrative gives leaders a business reason to hold their position when challenged; but language is easy to change, and a website can be updated overnight.

What the Evidence Shows

The Purpose element produced 132 coded actions. It produced the highest resilience rate of any DIEPL element: 73 actions (55%) classified as Remain, Reframe, or Re-architect. The dominant pattern in Purpose resilience was Remain. Table 5.4 reports the response distribution across the 132 Purpose-coded actions, recording the highest resilience rate of any DIEPL element at 55%.

Table 5.4 Response distribution: Purpose (P) element, 132 DEI actions

Apple's response to direct presidential pressure was anchored in performance and innovation rather than quotas—see Pattern C lift in Sect. 5.5.1 [8/9]. Reuters reported on 31 March 2025 in "US Embassies Globally Tell Suppliers to Comply With Trump Ban on Diversity Policies" [17] that BMW said *"we do not follow short-term trends in these areas either, but pursue a clear plan of moderation and balance."* Bloomberg reported on 20 February 2025 in "Coca-Cola Warns of Potential Negative Impact From DEI Changes" [18] that *"Coca-Cola Co. warned that policies that could lead to a less diverse global workforce pose a potential risk to its business going forward,"* with the company stating in its annual filing that *"if we are unable to attract or retain specialized talent or top talent with diverse perspectives, experiences and backgrounds that reflect the broad range of consumers and markets we serve around the world, our business could be negatively affected."*

"Amazon.com has cut some references to diversity and inclusion from its annual report" and *"the company's latest 10-K filing, released this week, removed earlier language about 'inclusion and diversity' as a focus area,"* as Reuters reported on 7 February 2025 in "Amazon Cuts

Reference to Diversity in Annual Report" [19]. Bloomberg reported on 13 February 2025 in "Bristol Removes DEI Pledges From Its Latest Annual Report" [20] that *"Bristol's 2024 report, issued Wednesday, deleted a paragraph spelling out its goals to diversify clinical trials and invest in minority-owned businesses"* and that the company *"also excised a reference to its 'longstanding commitment to elevate inclusion, diversity and health equity'."* The Wall Street Journal reported on 25 February 2025 in "BlackRock, a Diversity Pioneer, Distances Itself from DEI" [21] that *"BlackRock cut references to its diversity, equity and inclusion strategy in its latest annual report."* The Wall Street Journal reported on 16 May 2025 in "Verizon Rolls Back DEI Policies to Secure $10 Billion Deal" [22] that *"Verizon Communications won federal clearance for its nearly $10 billion buyout of broadband provider Frontier Communications after pledging to step up internet investments and yielding to Trump administration demands to curb its diversity policies."*

The mean Purpose maturity score dropped from 2.83 Pre-Backlash to 2.16 Post-Backlash—a mean decline of 0.67 points. Organizations at External Maturity Level 4 showed the highest resilience rate: 75% of their Purpose actions were resilient, compared to 53% at Level 3. The Maturity Level 5 resilience rate (54%) is lower—at the highest maturity, DEI Purpose is so externally visible that it becomes a specific target for pressure.

This proposition is partially supported—Purpose was the most resilient DIEPL element, but narrative without architecture does not hold.

5.5.3 Architectural Proposition 3: Equity Would Have the Highest Total Retreat Rate

The Proposition

Equity mechanisms—supplier diversity commitments, access programs, training, and pay equity structures—sit most directly in the line of fire of the Executive Orders. The proposition was that Total Retreat in the Equity element would be the highest of any DIEPL

element. The proposition on Re-architect responses was more specific: organizations with mature Equity architecture would comply by expanding programs—converting identity-specific access mechanisms into universal ones, thereby preserving the underlying function while removing the legal exposure.

The question. Equity: whether the Equity element recorded the highest Total Retreat rate of the five elements.

Why This Exposure Was Different

EO 14173 Domain D9 revoked Executive Order 11246, which had for sixty years required federal contractors to maintain formal Affirmative Action Plans (AAPs) and report workforce demographic data to the Office of Federal Contract Compliance Programs (OFCCP). EO 14173 Domain D11 prohibited training programs characterized as "divisive"—targeting bias training, allyship training, and DEI-specific development curricula. EO 14173 Domain D12 prohibited race- or sex-based preferences in procurement and contracting, directly targeting Minority-and-Women-owned Business Enterprise (MWBE) programs, procurement spending targets, and purchasing preferences based on supplier ownership characteristics. EO 14173 Domain D13 prohibited access to programs, fellowships, or development opportunities restricted to individuals on the basis of a protected characteristic. The combination of D9, D11, D12, and D13 meant that an organization with a complete equity architecture faced mandatory dismantlement across every dimension simultaneously. No other DIEPL element faced this density of concurrent legal targeting.

What the Evidence Shows

The Equity element produced 62 coded actions—the fewest of any DIEPL element. It produced the highest Total Retreat rate of any element: 46 actions, or 74% of all Equity-coded responses. Equity responses span affirmative action Plan (AAP) cessations, supplier diversity targets, and Human Rights Campaign (HRC) benchmark withdrawal. Table 5.5 reports the response distribution across the 62

Equity-coded actions, showing the highest Total Retreat rate of any DIEPL element at 74%.

Table 5.5 Response distribution: Equity (E) element, 62 DEI actions

The Financial Times reported on 11 February 2025 in "Deloitte Asks Consultants to US Government to Remove Gender Pronouns from Emails" [23] that Deloitte UK chief executive Richard Houston told staff in a memo that the firm's commitment to inclusion *"remains a priority for the firm and we will continue to invest in the experience of our people"*—maintaining the reporting infrastructure that the US entity had just dismantled, and making visible the jurisdictional divergence within a single firm. Reuters reported on 5 February 2025 in "Harley-Davidson Forecasts 2025 Motorcycle Revenue Flat to Down 5%" [24] that Harley-Davidson said *"we do not have hiring quotas and we no longer have supplier diversity spend goals"* and that the company *"does not have a DEI function and has not operated one since April 2024."* Bloomberg reported on 19 September 2024 in "Caterpillar Joins Ford, Lowe's in Diversity Rethink as Backlash Grows" [25] that *"Caterpillar Inc. is introducing new guidelines on external sponsorships and donations as part of a review of some of its DEI initiatives."*

Bloomberg reported on 22 August 2024 in "Jack Daniel's Maker Says It Will Cancel Its DEI Goals" [26] that *"Jack Daniel's whiskey maker Brown-Forman Corp. became the latest company to scrap corporate diversity, equity and inclusion programs"* and that the Kentucky-based business *"will also scrap plans to push for more suppliers from a minority background"*—eight months before the Executive Orders arrived. The Financial Times reported on 26 November 2024 in "Walmart to curb diversity efforts in face of pressure campaign" [6] that *"Walmart, the largest US retailer, is curbing some of its diversity, equity and inclusion initiatives following a pressure campaign by conservative activists"* and that the retailer *"will also wind down a five-year-old racial equity centre and stop using the term 'DEI' in official communications."* Reuters reported on 7 January 2025 in "McDonald's rolls back some diversity

practices in head office" [27] that *"McDonald's is also ending its requirement that suppliers make a DEI commitment, and said its diversity team will now be called its 'Global Inclusion Team'."*

These three Equity-element actions used the same structural logic: preserve the program by broadening its eligibility criteria. Reuters reported on 14 March 2025 in "Kohl's changes DEI officer title, broadens supplier diversity program" [28] that Kohl's *"changed the title of its chief DEI officer and broadened its supplier diversity program"* and was *"adding qualified small businesses, including diverse small businesses."* Reuters reported on 20 February 2025 in "PepsiCo Joins Major US Companies in Tweaking DEI Policies" [29] that PepsiCo would *"transition its chief DEI officer to a broader role looking into associate engagement and leadership development."* The Globe and Mail reported on 23 April 2025 in "DEI Hard" [30] that *"the beer company Sleeman has removed criminal background checks from most of its hiring requirements"*—expanding access without triggering any EO categorical prohibition.

The mean Equity maturity score dropped from 3.11 Pre-Backlash to 2.35 Post-Backlash—a mean decline of 0.76 points.

This proposition is supported—Equity recorded the highest Total Retreat rate of any DIEPL element, at 74%. Where exposure was legal, response was mandatory.

5.5.4 Architectural Proposition 4: Diversity Targets Would Be the Primary Casualty of the Executive Orders

The Proposition

Where Equity faced the highest Total Retreat rate of any DIEPL element (74%) driven primarily by voluntary withdrawal, Diversity produced the largest absolute volume of retreat: 104 actions—the most concentrated element-level dismantlement in the dataset. The Executive Orders placed Diversity—the measurement and targeting of workforce representation—directly in their crosshairs. EO 14173 Domain D10 prohibited all non-binding workforce representation goals

or aspirational targets based on race, sex, or national origin; the use of diverse slates in candidate review; interview panel composition requirements designed to ensure demographic representation; and any workforce balancing using protected characteristics as a factor. The proposition was that Required Retreat would be very high and broadly distributed. The proposition further held that federal contractors operating globally would ring-fence the US: removing legally prohibited elements from their US operations while preserving diversity targets in jurisdictions where local law required them. And the proposition was that Re-architect responses would emerge from organizations that had already moved beyond narrow group-based metrics to track diversity of thought and experience, finding themselves less legally exposed because what the EOs prohibit is categorical preference, not diversity of perspective as a business capability.

The question. Diversity: whether a narrow definition of diversity—restricted to representation targets and workforce measurement—produced the highest rate of retreat.

Why This Mattered

Representation targets were the most common expression of organizational diversity commitment across the Census. Diverse slate requirements for hiring were the structural mechanism most frequently used to ensure consideration of candidates who face structural barriers in the hiring process. Both were explicitly named by D10. Historically Black Colleges and Universities (HBCU)-exclusive scholarship programs and identity-specific fellowship schemes fell under D13. Organizations whose Diversity architecture relied on these mechanisms had no legally compliant path to retention without redesign.

What the Evidence Shows

The Diversity element produced 146 coded actions—the largest element in the dataset. Its retreat rate of 71% (104 actions) is the second highest of any DIEPL element, just behind Equity at 74%, but its

absolute volume of 104 retreat actions is the largest in the dataset. Table 5.6 reports the response distribution across the 146 Diversity-coded actions, where the retreat rate of 71%—the second highest of any DIEPL element—represents the largest absolute volume of retreat in the dataset.

Table 5.6 Response distribution: Diversity (D) element, 146 DEI actions

The Financial Times reported on 7 February 2025 in "Accenture Ditches Diversity and Inclusion Goals" [31] that Accenture told staff the change was a result of its *"continued evaluation of our internal policies and practices and the evolving landscape in the United States, including recent Executive Orders with which we must comply."* Reuters reported on 25 February 2025 in "BofA scraps diversity goals in hiring, interviewing candidates" [32] that *"Bank of America has scrapped some of its diversity initiatives as it navigates a new business climate"* and that the bank *"dropped references to its diversity hiring goals and a rule requiring hiring managers to consider a diverse group of candidates."* Reuters reported on 20 February 2025 in "Citigroup Joins Corporate Retreat from Diversity Initiatives" [10] that Citigroup *"will also change the name of the 'Diversity, Equity and Inclusion and Talent Management' team to 'Talent Management and Engagement'."*

Three credible source accounts illustrate the ring-fencing pattern. Reuters reported on 9 July 2025 in "ASML scraps inclusion and diversity targets in the US" [33] that *"ASML said its diversity and key performance targets would not apply to U.S. employees to the extent that its inclusion and diversity policies conflict with U.S. laws and regulations, but would continue in all other regions"*. The Financial Times reported on 6 November 2025 in "Investors Back European Resistance to Trump's Attack on DEI" [12] that *"Others, such as German carmaker Volkswagen, have excluded US subsidiaries from their global diversity targets"*. Reuters reported on 8 April 2025 in "Barclays scraps diversity targets in US following Trump's stance" [34] that *"Barclays is scrapping its diversity and inclusivity targets across the United States, the bank said on*

Tuesday, becoming the latest British company to abandon its inclusivity goals following the U.S. President's opposition to them."

The expansion strategy mirrors the Equity element. Bloomberg reported on 4 March 2024 in "Goldman, JPMorgan Cut DEI Efforts Over Lawsuit Threats" [35] that *"Goldman Sachs Group Inc. has made a surprising change to its 'Possibilities Summit' for Black college students: It's opened the program to White students"* and that *"certain internal programs that used to focus on women and minorities have been broadened to include everyone."* The Wall Street Journal reported on 17 March 2025 in "Morgan Stanley Went Big on DEI, and No One Is Happy About It" [36] that the bank *"has been revising references to underrepresented groups that some of its diversity efforts were geared toward and broadening their eligibility criteria"* and that *"Morgan Stanley recently decided it will no longer dole out bonuses to some managers that were based on numbers of women and minorities they hired and their performances."* The Financial Times reported on 6 November 2025 in "GSK's retreat on diversity targets felt by employees" [37] that GSK *"continues to invest in new programmes and policies designed to reinforce fairness, belonging and opportunity"*—a UK-headquartered pharmaceutical firm publicly restating its commitment to inclusion architecture even while adjusting its US-facing target structure for compliance reasons, and preserving its clinical-trial diversity programs intact.

Of 146 Diversity-coded actions, 85 were voluntary—made without legal compulsion. Reuters reported on 27 February 2025 in "GSK abandons diversity targets following Trump pressure" [38] that GSK announced changes *"including no longer setting aspirational targets for our leadership and supplier programmes"* and stated *"we have paused, and in some cases, stopped certain initiatives to ensure we remain compliant with the law in the countries in which we operate, including the United States"*—removing goals from a UK-headquartered Rest of the World (ROW) federal contractor when the ring-fencing strategy would have contained the legal exposure to the US only.

The mean Diversity maturity score dropped from 3.44 Pre-Backlash to 2.48 Post-Backlash—a mean decline of 0.96 points.

This proposition is partially supported—the second highest retreat rate (71%) but the largest absolute volume of retreat (104 actions)—with ring-fencing and expansion both evidenced.

5.5.5 Architectural Proposition 5: Inclusion Would Be the Safe Harbor

The Proposition

Of all five DIEPL elements, Inclusion should have been the most legally protected. The Executive Orders targeted what organizations measure, what they require of contractors, how they structure access, and what training they deliver. They did not prohibit organizations from running employee resource groups, sponsoring cultural events, or maintaining inclusive leadership programs. More fundamentally, Title VII of the Civil Rights Act of 1964—and the protections flowing from it—remained explicitly in force. The proposition was that Inclusion would emerge as the most stable and resilient DIEPL element. If organizations retreated everywhere else, Inclusion would be what remained.

The question. Inclusion: whether the element least exposed to the Executive Orders proved the most durable.

Why This Mattered

Inclusion mechanisms—Employee Resource Groups (ERGs), cultural events, mentorship programs, and engagement initiatives—are distributed across organizational behavior rather than centralized in programs, making them structurally harder to dismantle without broader disruption. Unlike diversity targets, they are not easily regulatable by external mandate. Unlike equity mechanisms, they do not carry specific procurement or access criteria that fall within the EO prohibitions. Inclusion is what organizations do internally for their own people—and the legal protection of employees' right to a non-discriminatory environment provided an additional floor.

What the Evidence Shows

The Inclusion element recorded 69 coded actions. Its resilience rate of 51%—35 actions classified as Remain, Reframe, or Re-architect—makes it the second most resilient element after Purpose. Table 5.7 reports the response distribution across the 69 Inclusion-coded actions, recording a 51% resilience rate—the second highest in the DIEPL framework after Purpose.

Table 5.7 Response distribution: Inclusion (I) element, 69 DEI actions

The resilience rate appears to support the proposition. But two features of the data contradict it. First, the maturity drop: the mean Inclusion maturity score dropped from 2.94 Pre-Backlash to 2.22 Post-Backlash—a mean decline of 0.72 points. Second, the volume of retreat: of 69 Inclusion-coded actions, 34 retreated—almost half of all Inclusion actions retreated, despite the proposition that Inclusion would be a safe harbor.

Bloomberg reported on 3 October 2024 in "Toyota Curbs DEI Policy After Activist Attack Over LGBTQ Support" [39] that *"Toyota Motor Corp. will refocus DEI programs and halt sponsorship of LGBTQ events, citing 'a highly politicized discussion' around corporate commitments to diversity, equity and inclusion"* and that the company would *"narrow our community activities to align with STEM education and workforce readiness"*—all voluntary decisions, all taken before the Executive Orders arrived. Bloomberg reported on 28 June 2024 in "Tractor Supply Ditches DEI, Climate Goals After Online Attacks" [4] that Tractor Supply *"eliminated DEI roles, dropped out of HRC ranking and shifted funds away from DEI groups"* without any legal compulsion.

The most durable inclusion mechanism across the dataset was the ERG, specifically ERGs broadened to open access. Bloomberg reported on 7 February 2025 in "Accenture Abandons Diversity Targets, Citing Trump's Orders" [40] that *"Accenture will continue to support employee resource groups and networks and it will continue its work on pay equity for staffers"*—maintaining its inclusion infrastructure intact even while

removing its diversity goals. The Financial Times reported on 28 August 2024 in "Ford changes DEI policies as conservative pressure campaign grows" [41] that the carmaker *"had 'evolved' its employee resource groups to open them to all employees and had decided to no longer participate in a high-profile workplace ranking by gay rights advocacy group Human Rights Campaign."* Bloomberg reported on 28 August 2024 in "Ford Joins Harley in Scaling Back DEI Policies Amid Backlash" [42] that *"Ford said it will no longer engage with the Human Rights Campaign's Corporate Equality Index and various 'best places to work' lists"* and that the carmaker *"refocused employee resource groups and opened them to all its workers".*

For 12 organizations in the dataset, Inclusion became the only element still held after retreat across all others. These organizations maintained ERGs and some inclusion programming while losing Diversity targets, Equity mechanisms, and Leadership commitment entirely. This is precisely the condition the Virtuous Circle predicts will lead to system decay: Inclusion without the elements that give it structural force. Without Leadership activating it, without Purpose framing it, without Equity removing structural barriers, Inclusion functions as atmosphere rather than architecture.

This proposition is partially supported—with the maturity collapse as the critical qualification. Inclusion did not function as a foundation but as a residue.

5.6 The Architecture After: What the Data Shows

At company level, a consistent pattern emerges. The data allows a direct assessment of how each organization's full DEI architecture held, adapted, or collapsed under pressure. Using the rule that an element is classified as lost only when all coded actions for that element are Retreat or Required Retreat, and as held when at least one action is classified as Remain, Reframe, or Re-architect, Table 5.8 partitions the 171 Census organizations by the depth of DIEPL element retention,

with 12% classified Full Re-architect and 2% Near-complete Retreat at the two ends of the distribution.

Table 5.8 Architecture outcomes distribution across the 171 Census organizations

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Twenty-one organizations (12% of the full research sample) held every tracked element and deepened at least one. Within this group, the dominant pattern is the defense of Leadership and Purpose—in 18 of 21 cases, at least one of these two elements was the site of the Re-architect action. No organization in the Full Re-architect cohort Re-architected only Diversity or only Equity without also holding Leadership or Purpose.

Within the Census, two capabilities stood out as load-bearing. Leadership and Purpose are not two elements among five. They were most consistently associated with whether the other three held. They are the two elements most consistently associated with the Re-architect response across the full Census. The Re-architect rate for Leadership-coded actions was 17%—more than double the dataset average of 8%. Purpose produced the highest resilience rate of any element at 55%. Each of those cases deepened by moving from Remain to Re-architect rather than retreating. No organization in that group deepened only Diversity or only Equity without also holding Leadership or Purpose. The reason is structural. Leadership is the element that activates the others: it is where governance accountability, personal executive commitment, and institutional signaling converge. Purpose is the element that holds the narrative—the strategic rationale that determines what an organization is willing to defend publicly and under scrutiny. Together they constitute what this book defines as Diversity Performance Conviction: a prior, governed certainty that the organization's diversity of perspectives is essential to its capacity to perform. Where that conviction had been embedded, the architecture held. Where it was absent, the architecture did not hold.

Fifty-four organizations lost only one element. The most common single-element loss was Diversity—representation targets removed, diverse slate requirements ended, demographic goals dropped. These organizations often preserved Inclusion, Equity, Purpose, and Leadership intact. This pattern reflects the specific targeting of D10 and D13: organizations that could ring-fence or substitute their Diversity architecture did so, while retaining the cultural and governance elements that were not legally threatened.

The pattern is clear. The evidence suggests that differences in response were more strongly associated with differences in architectural embedding than with differences in external exposure. External exposure—legal, commercial, and regional—explains the pressure organizations faced. It does not explain why, under that same pressure, some organizations removed their architecture entirely while others deepened it. The clearest pattern within the Census was internal: the completeness of the DIEPL architecture and the depth of its maturity. Organizations whose responses preserved all five elements were more likely to have embedded those elements into governance systems before the crisis arrived. Where the Virtuous Circle had been deeply embedded, the architecture proved materially more resilient under pressure. Where it had not, the pressure exposed structural fragility.

5.7 Architectural Proposition Scorecard

Table 5.9 presents the scorecard for the chapter's Architectural Resilience Propositions; internal organizational architecture—rather than external exposure—was the dominant explanatory pattern within the Census in shaping DEI resilience.

Table 5.9 The Architectural Proposition Scorecard: proposition versus reality

The evidence revealed not merely that some organizations held while others retreated. It revealed that different forms of DEI

architecture were associated with fundamentally different resilience outcomes under pressure. Architectures built primarily on demographic targets, externally visible commitments, or compliance-driven mechanisms proved structurally vulnerable once the external consensus shifted. Architectures embedded in leadership accountability, strategic narrative, decision-making systems, and operational capability proved materially more resilient.

The implication is consequential. If DEI capability is to survive future pressure cycles, it cannot be constructed primarily as a compliance architecture resting on demographic representation. It must be built as an enterprise capability architecture anchored in performance, governance, strategic purpose, and diversity of perspectives. The chapters that follow examine how that capability architecture operates across each major DIEPL element—Diversity, Inclusion and Leadership, Equity, and Purpose.

***

5.8 Conclusion

This chapter examined why organizations facing the same external pressure—similar legal exposure, regional context, and organization type—made different voluntary choices in response to the three 2025 Executive Orders. It introduced the Architecture Outcomes framework—six categories spanning Full Re-architect to Near-complete Retreat—and tested five Architectural Resilience Propositions on which DEI architectural capabilities at higher maturity stages were associated with resilience under pressure.

Five conclusions emerge from the evidence.

1. **Architecture depth, not external exposure, was the strongest differentiating signal within the Census**. Organizations facing the same legal pressure made materially different choices. What internally distinguished them was the completeness of DEI architecture and the depth of Diversity Performance Conviction. **Twenty-one organizations held every tracked element and**

2. **Twenty-one organizations held every tracked element and deepened at least one**. In 18 of those 21 cases, Leadership or Purpose was the strengthened element—the two elements most embedded in governance and most resistant to removal under pressure.
3. **Leadership recorded the highest Re-architect rate (17%), more than double the dataset average of 8%**. Purpose recorded the highest resilience rate (55%). These two elements were the strongest differentiating capabilities.
4. **The five elements function as a multiplicative system, not an additive one**. DP = D × IL × E × P. The "IL" notation denotes the inseparability of Inclusion and Leadership: Leadership is the activator associated with whether each of the other four elements deepens or substantially weakens, embedded across the architecture rather than represented as a fifth standalone variable. When any one capability is absent, the performance of the whole system is substantially reduced—regardless of how strong the remaining capabilities are.
5. **What most consistently held was not compliance alone. It was architecture**. Responses reflecting full architectural preservation were more frequently associated with organizations that had embedded all five elements, with Leadership and Purpose as the integrating convictions. Building one element without the others is structurally insufficient.

Chapter 6 examines the first capability in the formula: Diversity of Perspectives.

Chapters 6–9 examine the four capability chapters—Diversity, Inclusion, Equity, and Purpose—with Leadership embedded across all four. Chapter 10 then examines how leaders build and sustain the full DIEPL enterprise architecture over time.

The crisis did not change organizations. It revealed them.

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Part III
The Reset

The Four Reset Capabilities

Part II established what 171 organizations did under pressure and examined the patterns that distinguished different organizational responses. Part III sets out the four Reset Capabilities through which those patterns of resilience can be examined.

The Enterprise Level

The DEI Resilience Enterprise Architecture is directed toward a single outcome: Diversity Performance. Diversity Performance describes the organizational performance outcomes that diversity can contribute to when it is working effectively—including greater innovation, wider access to talent, better decision quality, and stronger competitive position.

That outcome is not produced by any one intervention or capability. The architecture brings together four closely interdependent capabilities, conceptually represented as DP = D × IL × E × P: the Diversity of Perspectives Capability (D), Inclusive Leadership Capability (IL), Fairness and Meritocracy Capability (E), and Strategic Narrative Capability (P). The multiplicative form conceptually represents the close interdependence among the four capabilities rather than a literal mathematical relationship.

The four capabilities do not constitute the enterprise architecture on their own. Leadership activates the capabilities through the Leadership Activation Platform, while the Enterprise Platform provides the organizational structures through which they are embedded and sustained. Together, the four capabilities, the Leadership Activation Platform, and the Enterprise Platform form the DEI Resilience Enterprise Architecture directed toward Diversity Performance.

Chapters 6 through 9 examine one Reset Capability each, so that each can be understood in its own right before the architecture is assembled. Chapter 10 draws the four capabilities, the Leadership Activation Platform, and the Enterprise Platform together and develops the DEI Resilience Enterprise Architecture in full. The architecture is introduced here only so far as is needed to read the four capability chapters in relation to it.

From DIEPL to the Four Reset Capabilities

The four Reset Capabilities build on the five DIEPL elements examined in Part II. Diversity is reframed as the Diversity of Perspectives Capability (D); Inclusion and Leadership are integrated in the Inclusive Leadership Capability (IL); Equity is reframed as the Fairness and Meritocracy Capability (E); and Purpose is reframed as the Strategic Narrative Capability (P). Leadership additionally operates across the enterprise architecture through the Leadership Activation Platform. This transition from five analytical elements to four organizational capabilities reflects the shift from examining organizational responses to building the capabilities through which resilience can be strengthened.

The Capability Level

Each Reset Capability is directed toward its own Capability Outcome, and those outcomes are distinct from Diversity Performance. Diversity Performance belongs to the enterprise architecture; the Capability Outcome belongs to the capability. The two levels are connected. Each Reset Capability is represented by one of the four terms in $DP = D \times IL \times E \times P$ and has a defined Capability Outcome through which it contributes to the wider architecture. The four chapters that follow each examine how one of these capabilities is developed and strengthened, before Chap. 10 examines how they operate together within the wider enterprise architecture.

How Each Capability Is Built

Each capability has its own three-layer Reset Capability Architecture through which its Capability Outcome is developed, activated, embedded, and sustained.

Layer 1: Capability Enablers

At the center of each Reset Capability Architecture is its Capability Outcome. The Capability Enablers identify the critical conditions that support the capability in achieving that outcome. The enablers are diagnostic: an organization can assess itself against each and identify where the capability may be constrained. They also direct the work by identifying what leaders need to act on and what the enterprise needs to support.

Layer 2: Leader Activation

Surrounding the Capability Outcome and its Enablers is Leader Activation: the recurring leadership actions through which leaders develop, activate, and sustain the capability in organizational practice. Across all four Reset Capabilities, this is expressed through the Five Leader Actions: Define, Build, Champion, Measure, and Renew.

Layer 3: Enterprise Platform

The outer layer is the Enterprise Platform, which institutionalizes the capability so that it does not depend on an individual leader, team, or moment of pressure. It comprises four elements: Strategic Mandate, Operational Architecture, Accountability and Audit, and Ecosystem Engagement. Enablers identify the conditions. Leaders act on them. The Enterprise Platform embeds and sustains them. Together, these three layers provide the architecture through which each capability is developed and strengthened. Weakness in any layer may constrain the extent to which the capability achieves its intended outcome.

How the Two Levels Connect

Leader Activation and the Enterprise Platform connect the individual Reset Capability Architectures to the enterprise-level architecture developed in Chap. 10. Leader Activation at the capability level is reflected in the Leadership Activation Platform at the enterprise level, while the Enterprise Platform provides the organizational foundation through which the four capabilities are embedded and sustained.

The same architectural logic therefore operates at two connected levels. At the capability level, Chaps. 6 through 9 examine how the Enablers, Leader Activation, and Enterprise Platform support each Capability Outcome. At the enterprise level, Chap. 10 brings the four capabilities together, activated through the Leadership Activation Platform and embedded and sustained through the Enterprise Platform, to form the DEI Resilience Enterprise Architecture directed toward Diversity Performance.

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6. Diversity Redefined: How Leaders Shift from Identity to Diversity of Perspectives

Kay Formanek[1] ✉
(1) Diversity and Performance BV, Loosdrecht, Noord-Holland, The Netherlands

✉ **Kay Formanek**
Email: kay@diversityandperformance.com

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When advising leadership teams on their Diversity, Equity, and Inclusion (DEI) architecture, one tenet I return to consistently is this: the performance benefits of diversity arise from diversity of perspectives, not from demographic identity alone. Many organizations understand this intuitively. Very few have built for it deliberately.

Perspectives are shaped by six distinct dimensions. Demographic Identity—the characteristics we are born with—is one. The other five are Life Circumstances, Organizational Context, Work Experience and Role, Cognitive and Psychological Profile, and Worldview and Ideology. Together, they define the full range of what individuals bring to decisions, to problems, and to the organizations they work within.

Across much of the Census, organizations built only for the first dimension because that is what the regulatory framework required.

For sixty years, the infrastructure built around diversity defined it through identity: gender, ethnicity, age, and the protected characteristics established in equal employment legislation. That definition created the measurement systems, the reporting requirements, and the accountability frameworks that organizations used to demonstrate commitment. Diversity became something you reported—not something you built into how your organization thinks, decides, and innovates.

* * *

Diversity programs retreated at 71% across 146 Diversity-coded Net DEI Actions during the Research Period (1 January 2024–31 December 2025)—the second-highest retreat rate of any DIEPL element, after Equity. The pattern distinguished Diversity from every other element: both the language and the underlying architecture retreated together. Organizations did not preserve the concept while removing its mechanisms; they removed both.

The pre-EO maturity assessment identified the strongest differentiating signal. Where Diversity was defined narrowly as demographic representation, its rationale was regulatory; when regulation was challenged, the architecture had no independent foundation. Where Diversity was defined across a broader portfolio of perspectives linked to strategic performance, the architecture held—the breadth of cluster coverage was the single strongest predictor of resilience.

This chapter is grounded in the DEI Resilience Enterprise Architecture, in which Diversity Performance is the outcome of four interdependent capabilities, conceptually represented as $DP = D \times IL \times E \times P$.[1] D (diversity of perspectives) is the first capability: the portfolio of perspectives an organization deliberately builds to reflect what its strategy requires. The Diversity Cluster Model—six clusters and thirty-seven dimensions, developed in Sect. 6.6—operationalizes this definition. This chapter develops the Reset Capability Architecture for

Diversity of Perspectives as a framework for building Diversity as a sustained strategic asset.

6.1 The Performance Case for Diversity of Perspectives

Diversity produces organizational performance through the presence of different perspectives—but only as part of an interdependent system. Inclusive leadership activates the perspectives present, Equity ensures they are not filtered out, and Purpose aligns them to strategy. Together, the four capabilities expand the range of solutions identified, reduce collective blind spots in decision-making, and generate the cognitive friction that drives innovation. Four decades of research have linked diversity of perspectives to improved innovation, stronger decision quality, and financial performance. But those effects emerge only where the diversity present reaches sufficient breadth and critical mass to influence how decisions are evaluated, challenged, and refined. Diversity that remains symbolic or narrowly constructed does not activate the same performance mechanism.

This is the distinction between diversity defined as demographic identity alone and diversity defined as a broader portfolio of perspectives. An organization can meet every gender, ethnicity, and age target in its sector while its decision-making groups still share similar educational backgrounds, functional experiences, and cognitive profiles. The demographic count is satisfied. The performance mechanism is not active. What activates it is a broader portfolio of perspectives—differences in how people think, what they have experienced, how they have built their careers, and what they believe, alongside demographic identity. The Diversity Cluster Model presented in Sect. 6.6 organizes these dimensions into a formal taxonomy that builds the breadth of perspective required for divergent thinking, challenge, and strategic adaptability inside teams.

In the DEI Resilience Enterprise Architecture, D is the first capability because the remaining capabilities multiply what is already

present. A narrow perspective base constrains the system regardless of the strength of the other capabilities. The primary research identified a pattern consistent with this relationship: organizations that held their diversity architecture had built a broader perspective portfolio that served a strategic purpose independent of regulatory compliance. Section 6.6 defines that architecture.

6.2 Why Diversity of Perspectives Was Expected to Survive

The research case for diversity was compelling. Over four decades, a substantial body of evidence had linked diversity to four areas of measurable business performance.

Financial performance—A global study of nearly 22,000 firms across 91 countries by the Peterson Institute for International Economics found that organizations moving from no female representation in senior leadership to a 30% share saw an associated 15% increase in net profit margins [1].

Decision-making—Gender-diverse boards demonstrate more effective risk management, lower incidence of fraud, and higher quality of strategic decisions.

Innovation—Of the four drivers, innovation shows the clearest evidenced relationship in the research reviewed. Organizations with above-average diversity on their leadership teams reported 19% higher innovation revenues and 9% higher EBIT margins [2].

Talent attraction and retention—Access to the broadest pool of perspectives requires employer practice that attracts and retains professionals from a broad range of backgrounds. Organizations that build diversity of perspectives as a capability signal to high-caliber candidates that difference is valued.

For a more comprehensive identification of diversity's business case levers and the leading research showing its direct and indirect correlations to performance, see *Beyond D&I* [3].

At Stage 4, organizations that had built around this performance relationship—constructing talent strategies around multiple dimensions of perspective rather than demographic compliance—had diversity architecture grounded in performance, not regulation. The research argument existed. The performance case was established. Diversity, built correctly, should have survived on its merits.

The case existed. Many organizations had not built for it. They had been managing diversity as a compliance obligation while expecting it to deliver performance outcomes that compliance architecture was not designed to produce.

6.3 The Double Collapse: Language and Architecture Together

The DEI Reset exposed what this research defines as a Double Collapse. The first collapse was visible and symbolic: organizations removed demographic targets, representation commitments, DEI language, and identity-specific initiatives at speed once the external legitimacy environment changed. The second collapse was structural: the evidence is consistent with many organizations having built their diversity architecture too narrowly around demographic representation itself rather than around the broader organizational capability diversity architecture is intended to strengthen. The distinction matters because representation alone does not automatically produce performance advantage. Organizations can increase demographic diversity and still fail to improve innovation, decision quality, adaptability, customer understanding, or strategic resilience if the architecture activating those perspectives is weak or absent. When the backlash intensified, organizations whose diversity logic depended principally on demographic legitimacy experienced the Executive Orders as an existential challenge to the architecture itself.

The organizations that held most steadily revealed a different pattern. Diversity capability had already been integrated into broader strategic narratives connected to innovation, talent quality, customer

understanding, problem-solving, operational adaptability, and enterprise performance. The capability therefore remained defensible even when identity-based DEI language became politically contested.

As reported by Reuters on 17 March 2025 [4], in an article titled "UBS drops diversity targets from annual report, emphasises meritocracy," the Swiss bank stated that "*We are committed to being a diverse and inclusive workplace based on meritocracy.*" Resilience did not depend on defending demographic representation as external obligation. Diversity capability had already been integrated into the organization's understanding of institutional performance.

The Double Collapse therefore revealed not simply that organizations retreated under pressure, but that many organizations had not yet fully transitioned from demographic diversity to diversity capability. The organizations that demonstrated the strongest resilience had already broadened the architecture before the pressure arrived.

6.4 The Evidence: Breadth, Resilience, and the Shift to Diversity of Perspectives

The resilience pattern across the Census showed that organizations defining diversity narrowly through demographic representation retreated at significantly higher rates than organizations that had broadened diversity into a wider capability architecture connected to organizational performance.

The weakest resilience occurred in mechanisms built primarily around demographic representation, identity-specific positioning, or externally exposed legitimacy signaling. Representation targets, demographic accountability mechanisms, identity-restricted programs, and externally visible DEI positioning experienced the highest retreat rates across the Diversity-coded dataset. The Wall Street Journal reported on 25 February 2025 [5], in an article titled "*BlackRock, a Diversity Pioneer, Distances Itself from DEI*," that BlackRock "*deleted statements about a diverse and inclusive workforce being a commercial imperative.*" Demographic targets retreated furthest where they had

been tied to external regulatory or reputational visibility rather than to internal operational decision logic.

The Financial Times reported on 6 November 2025 [6], in an article titled "*GSK's Retreat on Diversity Targets Felt by Employees,*" that GSK "*has tumbled down the FT-Statista European Diversity Leaders ranking this year.*" The Financial Times reported on 26 November 2024 [7], in an article titled "*Walmart to Curb Diversity Efforts in Face of Pressure Campaign,*" that Walmart announced it "*will also not renew funding for its $100 mn Center for Racial Equity.*" Bloomberg reported on 10 January 2025 [8], in an article titled "*Meta Retreats From Diversity and Inclusion, Appeasing Trump,*" on Meta's removal of diversity and inclusion priorities at the company. Reuters reported on 5 February 2025 [9], in an article titled "*Google scraps diversity-based hiring targets,*" that Google was discontinuing its representation hiring goals. In several organizations, the removal of demographic language triggered rapid contraction across the broader diversity architecture because the organization had not established an alternative strategic rationale for maintaining the capability.

The strongest resilience occurred where organizations had already expanded diversity beyond demographic composition into broader strategic capability. These organizations consistently linked diversity of perspectives to innovation, customer understanding, workforce capability, adaptability, decision quality, and long-term competitiveness. Diversity therefore remained connected to enterprise performance rather than functioning principally as external signaling. Where the response was Reframe rather than Retreat, the underlying activation persisted. The Wall Street Journal reported on 17 March 2025 [10], in an article titled "*Morgan Stanley Went Big on DEI, and No One Is Happy About It,*" that Morgan Stanley broadened eligibility for its college-freshman training programs rather than discontinuing them—preserving the underlying workforce-capability activation while adjusting the access criteria.

The Financial Times reported on 19 November 2024 [11], in an article titled "Cisco swims against Big Tech tide to set standard in

workplace equality," that Cisco's European arm—headquartered in the UK—holds top spot on the FT-Statista list of European Diversity Leaders, with structured initiatives including "*diverse talent accelerators*" embedded in hiring processes and a proximity initiative encouraging leaders to engage colleagues whose backgrounds differ from their own. Reuters reported on 23 January 2025 [12], in an article titled "*Costco shareholders reject anti-DEI proposal,*" that Costco's board argued its diversity and inclusion efforts helped the company "*attract and retain employees who will help our business succeed.*" The organizational logic in both cases extended beyond demographic representation into broader workforce and enterprise capability.

The research further identified what this chapter defines as the Breadth Advantage. Organizations operating with broader diversity definitions demonstrated materially stronger resilience than organizations whose diversity architecture remained concentrated primarily on demographic representation. The strongest resilience frequently appeared in organizations that had integrated diversity capability into multiple dimensions of enterprise strategy simultaneously: workforce capability, customer understanding, innovation, market adaptability, operational resilience, and leadership effectiveness. Bloomberg reported on 19 May 2025 [13], in an article titled "*Despite Backlash From Trump, DEI Hasn't Disappeared at US Companies,*" that "*recruiting programs, especially at historically Black colleges and universities, haven't changed*" at organizations with broader strategic embedding. The largest share of Diversity-element retreats came from the Targets, Goals, and Quotas cluster [14], where demographic accountability had been most narrowly defined.

The strategic implication is significant. Diversity resilience did not depend principally on whether organizations valued representation. It depended on whether diversity had become operationally connected to enterprise performance. Bloomberg reported on 20 February 2025 [15], in an article titled "*Coca-Cola Warns of Potential Negative Impact From DEI Changes,*" that Coca-Cola's website stated "*DEI is at the heart of our values and our growth strategy.*" Organizations whose diversity

architecture remained narrowly demographic were structurally vulnerable because the capability lacked sufficient strategic breadth once external legitimacy conditions changed. Organizations that had transitioned toward diversity of perspectives possessed a more durable rationale because the capability was connected to how the enterprise performed rather than principally to how the enterprise appeared.

This distinction establishes the transition developed in the remainder of the chapter: the shift from demographic diversity toward diversity of perspectives as an enterprise capability architecture.

6.5 The Five Stages of Diversity Maturity: Breadth, Depth, and Resilience

What shaped whether diversity held was the breadth at which it had been defined—which of the six clusters an organization had built into its talent strategy. The stages are mapped against the Diversity Cluster Model, introduced in full in Sect. 6.6, which organizes diversity dimensions into six clusters: Cognitive and Psychological Profile, Demographic Identity, Life Circumstances, Worldview and Ideology, Organizational Context, and Work Experience and Role. Each stage represents a different breadth of definition—and a different level of resilience under pressure.

6.5.1 Stage 1—Legal Inherent Traits

Organizations at this stage equate diversity with the personal protected characteristics established in legislation or quotas. Their entire diversity architecture is built on demographic identity—and within it, only those dimensions mandated by regulators.

> "*Diversity means the required representation of designated demographic categories is satisfied as mandated by law*." [3]

6.5.2 Stage 2—Stakeholder Required Traits

At this stage, the focus shifts from what is legally required to what is needed to avoid penalties from stakeholders. The definition broadens

from regulation-driven demographic differences to include other characteristics important to stakeholders, beginning to extend into life circumstances.

> "*We reflect the diversity that is important to our customers and to our employees. Both stakeholders require our organization to reflect a multicultural talent pool that is able to anticipate and support cultural differences of our clients and our employees.*" [3]

Stage 2 organizations were more likely to reframe than to retreat outright. They had enough breadth to translate, but not enough depth to defend their programs with confidence.

I was recently struck by Angela Merkel's reflection in her autobiography, Freedom, that she found it difficult to define herself as a feminist. "*Was it my unwillingness to be pigeon-holed… that held me back?*" Yet the former Chancellor's record of supporting equality legislation is outstanding, and in her own office she ensured that half of all leadership positions were occupied by women. "*For me,*" she writes, "*the struggle for greater levels of participation by women had never been a fundamental struggle against men.*" [16]

That sentence captures what identity diversity can do when it is the only definition in play: it appears to pitch one identity against another. And that is why the backlash found such fertile ground [17].

What higher-maturity organizations had done—at Stage 3 partially, and at Stages 4 and 5 comprehensively—was to disentangle diversity from fairness. Diversity and equity had become fused in the public and organizational imagination. More mature organizations see each Diversity, Inclusion, Equity, Purpose, and Leadership (DIEPL) element for what it is: Diversity is diversity of perspectives. Equity is about access and barrier removal; Inclusion is about whether diverse perspectives are heard, valued, and considered; Leadership is about activating those perspectives through inclusive behavior; and Purpose connects them to why they matter to the organization. When these elements are conflated, attacking one brings down all. When they are architecturally distinct—as the DIEPL model requires—each can be

defended on its own terms. Stage 2 architecture provided more to translate than Stage 1—but not enough to defend with confidence.

6.5.3 Stage 3—Performance Required Traits

At Stage 3, diversity is valued as a driver of shareholder value, customer congruence, improved engagement, innovation, and talent access. The organization expands its definition to encompass cognitive and psychological profile—and work experience and role.

> "*Diversity means more to us than bringing together people with different backgrounds. It is a belief that our differences enable us to be a better team—one that makes better decisions, drives innovation and delivers better business results.*" [3]

6.5.4 Stage 4—Competitive Traits

At Stage 4, diversity stops being a program and becomes a competitive capability. The definition spans all clusters except worldview and ideology—every dimension of perspective connected to innovation, decision quality, and market relevance. At this stage, diversity is no longer justified by correlation. It is managed through its direct contribution to innovation outcomes—the relationship the research identifies. Organizations at Stage 4 have moved from asking whether diversity correlates with performance to measuring how their specific perspective mix is producing it.

> "*Diversity means respect for individual difference. It means valuing and utilising the unique knowledge, skills and attributes that our people bring to their work. We maximise our capability by drawing on the diversity of our people.*" [3]

6.5.5 Stage 5—Societal Value

At Stage 5, the diversity definition spans all six clusters. Organizations connect diversity to societal purpose and global problem-solving capacity.

> "*Diversity is about your unique perspective. It's about you, your colleagues and the world we care for—all backgrounds, beliefs and the entire range of human experience—coming together.*" [3]

6.6 From Demographic Diversity to Diversity of Perspectives

The DEI Reset demonstrated that demographic representation alone does not create resilient diversity capability. Organizations can broaden representation and still fail to improve organizational performance if the architecture required to activate, integrate, and sustain diverse perspectives remains weak. The research therefore supports a broader definition of diversity capability than demographic composition alone.

Diversity of perspectives refers to the organizational capacity to assemble, integrate, and activate different ways of seeing, interpreting, solving, challenging, and adapting within enterprise systems. Demographic diversity remains important because lived experience frequently shapes perspective formation. But demographic representation is not itself the final organizational capability. The capability emerges when diverse perspectives contribute meaningfully to decision quality, innovation, adaptability, customer understanding, strategic resilience, and enterprise performance.

The organizations that demonstrated the strongest resilience during the Reset consistently framed diversity capability more broadly than demographic representation alone. Diversity was linked to innovation capacity, problem-solving breadth, customer insight, workforce adaptability, leadership effectiveness, and long-term competitiveness. This broader framing proved materially more resilient because the rationale did not depend exclusively on external legitimacy conditions surrounding identity-based DEI language.

The research further suggests that diversity capability strengthens when organizations broaden the dimensions through which perspectives are assembled. Diversity of perspectives includes demographic experience, but also functional, cognitive, experiential,

industry, generational, cultural, market, and problem-solving diversity. The broader the perspective architecture, the more adaptive the organization becomes under changing strategic conditions.

This shift also changes the strategic role of diversity itself. Diversity ceases to function primarily as representational correction and instead becomes an enterprise capability contributing directly to innovation, adaptability, resilience, and organizational performance. The strongest organizations in the Research Period did not defend diversity principally as social obligation. They defended it as organizational necessity.

The transition from demographic diversity to diversity of perspectives therefore represents more than a language adjustment. It represents a redesign of diversity as enterprise capability.

Table 6.1 sets out the Diversity Cluster Model in full—the six clusters and thirty-seven dimensions through which diversity of perspectives is operationalized—together with the scholar sources for each cluster.

Table 6.1 Research Foundation: Diversity Cluster Model

Subsequent research over the past two decades—notably Lorenzo and Voigt [21], Lorenzo et al. [2], Hewlett, Marshall and Sherbin [20], and others cited in Table 6.1—has connected specific diversity dimensions to specific performance outcomes. This research is leveraged in the Diversity Cluster Model, which builds on the four-layer diversity framework of Gardenswartz and Rowe [29, 30]—establishing that diversity layers from an inner core of personality outward through inherited identity, acquired life experience, and organizational context—extending it with the granularity required by the dimension-to-performance evidence and the practitioner experience that reveals two clusters absent from prior taxonomies.

Synthesizing the research evidence with practitioner experience across multiple organizations, an extended model of diversity emerges that groups dimensions into six mutually exclusive clusters. The

Diversity Cluster Model preserves the scholarly progression of Gardenswartz and Rowe [29, 30], extending it with the granularity required by the research summarized in Table 6.1 and the practitioner experience that reveals two clusters absent from prior taxonomies. Where the demographic frame asks who is in the room, the diversity of perspectives frame asks what perspectives are represented across cognitive, demographic, life-circumstance, worldview, organizational, and work-experience dimensions. The shift is not semantic. It is the foundational reset on which the capability architecture rests.

The Diversity Cluster Model groups diversity dimensions into six mutually exclusive clusters. Each cluster represents a distinct category of perspective—a way in which an individual's experience, background, and cognitive profile shape how they think, decide, and contribute. It is not a classification tool. It is a decision tool—enabling leaders to define which perspectives their strategy requires and to assess where the gaps lie. Figure 6.1 shows the complete taxonomy with all six clusters and thirty-seven dimensions.

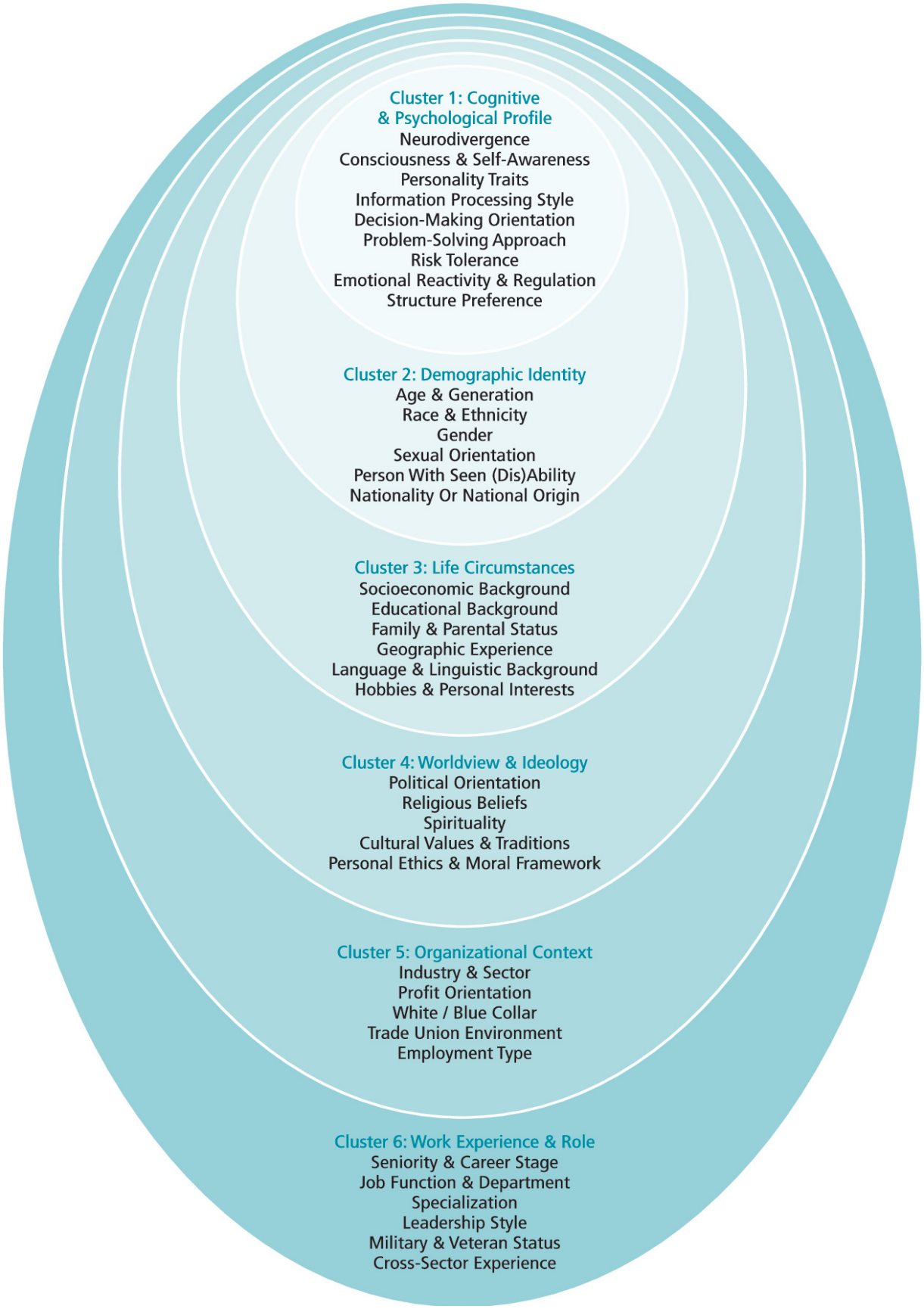

Cluster 1: Cognitive & Psychological Profile
Neurodivergence
Consciousness & Self-Awareness
Personality Traits
Information Processing Style
Decision-Making Orientation
Problem-Solving Approach
Risk Tolerance
Emotional Reactivity & Regulation
Structure Preference
Cluster 2: Demographic Identity
Age & Generation
Race & Ethnicity
Gender
Sexual Orientation
Person With Seen (Dis)Ability
Nationality Or National Origin
Cluster 3: Life Circumstances
Socioeconomic Background
Educational Background
Family & Parental Status
Geographic Experience
Language & Linguistic Background
Hobbies & Personal Interests
Cluster 4: Worldview & Ideology
Political Orientation
Religious Beliefs
Spirituality
Cultural Values & Traditions
Personal Ethics & Moral Framework
Cluster 5: Organizational Context
Industry & Sector
Profit Orientation
White / Blue Collar
Trade Union Environment
Employment Type
Cluster 6: Work Experience & Role
Seniority & Career Stage
Job Function & Department
Specialization
Leadership Style
Military & Veteran Status
Cross-Sector Experience

Fig. 6.1 The Diversity Cluster Model. Six-cluster taxonomy organizing the thirty-seven dimensions that constitute diversity of perspectives: Cognitive and Psychological Profile, Demographic Identity, Life Circumstances, Worldview and Ideology, Organizational Context, and Work Experience and Role

(*Source* Author, Kay Formanek, 2026)

6.7 The Diversity Reset: Building Diversity of Perspectives Capability

The evidence in this chapter identifies a consistent structural pattern: where retreat occurred, diversity had been built as a compliance obligation, not a capability. When the compliance requirement changed, the architecture had nothing to stand on.

The performance case for the reset is direct. Of the four established links between diversity and business outcomes—financial performance, decision quality, innovation, and talent attraction—innovation shows the clearest demonstrated causal relationship in the research reviewed. Organizations with above-average diversity on their leadership teams reported 19% higher innovation revenues [2]. That outcome is not achieved by managing demographic representation. It is achieved by building and sustaining a defined perspective profile—across the six clusters established in Sect. 6.6—that the organization's strategy specifically requires.

6.7.1 Research Foundation for the Reset Capability

With the Diversity Cluster Model established in Sect. 6.6 as the taxonomy of dimensions, the next requirement is the architecture that builds and sustains those dimensions as a performance capability. The Diversity of Perspectives Capability is a research-based model. Its objective is to provide leaders with an architecture for building and sustaining diversity as a performance capability—one that holds under external pressure. The model draws on the body of evidence summarized in Table 6.2 below, covering research on the conditions—psychologically safe environment and effective leader behavior—that determine whether diverse perspectives translate into outcomes, and

research on accountability structures and governance that sustain leader behavior over time.

Table 6.2 Research Foundation: Reset Capability Architecture for Diversity of Perspectives

The architectural model itself—the three-layer Reset Capability Architecture introduced in Sect. 6.7.2—draws on a second body of scholarship that grounds each layer of the architecture.

6.7.2 Three-Layer Architecture: Design and Operation

The Diversity of Perspectives Capability applies the Reset Capability Architecture to organizational decision quality and strategic performance. The center is diversity of perspectives. Layer 1 names three Capability Enablers: Strategic Alignment, Multi-Cluster Representation, Critical Mass. Layer 2 takes the form of Five Leader Actions; Layer 3 takes the form of four enterprise pillars.

Diversity resilience depends on the interaction of all three layers. The perspective portfolio fails when strategic alignment weakens, when leaders stop activating diverse contribution, or when enterprise systems no longer sustain representation consistently under pressure. Figure 6.2 presents the complete Reset Capability Architecture for Diversity of Perspectives.

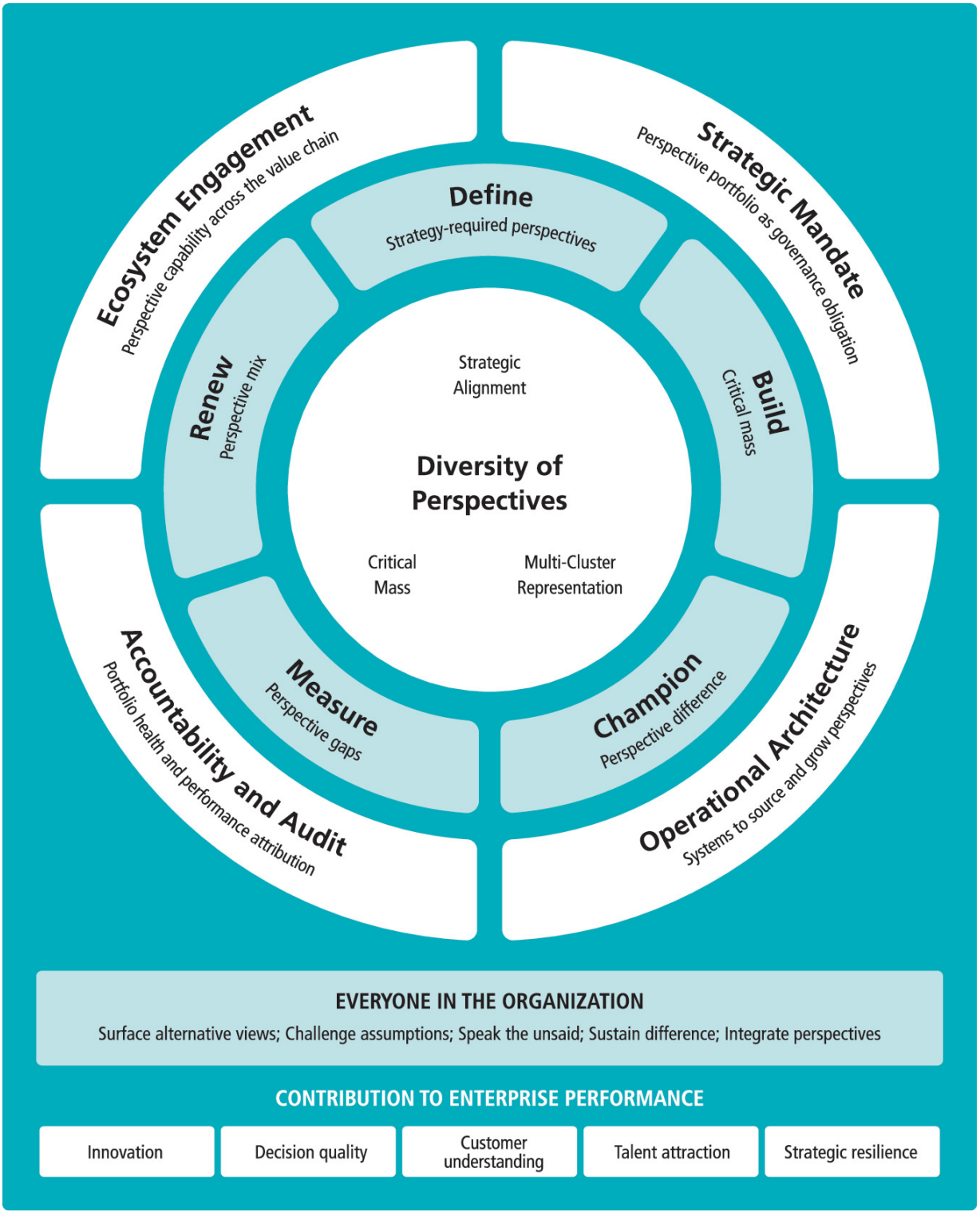


Fig. 6.2 The Reset Capability Architecture for Diversity of Perspectives. Center: Diversity of Perspectives with three Capability Enablers (Strategic Alignment, Multi-Cluster Representation, Critical Mass). Inner ring: Five Leader Actions (Define, Build, Champion, Measure, Renew). Outer ring: four enterprise pillars (Strategic Mandate, Operational Architecture, Accountability and Audit, Ecosystem Engagement). Everyone in the organization: surface alternative views; challenge

assumptions; speak the unsaid; sustain difference; integrate perspectives. Contribution to enterprise performance: innovation; decision quality; customer understanding; talent attraction; strategic resilience

(*Source* Author, Kay Formanek, 2026)

6.7.3 Layer 1—The Three Capability Enablers

At the center of the architecture is the capability outcome: diversity of perspectives. This is the ultimate goal of the chapter's framework—a portfolio of perspectives capable of delivering performance outcomes such as innovation, decision quality, and customer alignment, as established in Sect. 6.2 and Table 6.1. Diversity of perspectives is surrounded by three Capability Enablers that together support the capability goal to be achieved.

Strategic Alignment determines which perspectives the organization actually requires. The Cluster Model does not call for representation across all thirty-seven dimensions distributed within the six clusters—no organization can pursue maximization across that surface, and attempting to do so produces incoherence rather than performance. The organization must decide which perspectives its strategy actually depends on—and whether those perspectives are present in the decisions that shape execution.

The Strategic Alignment enabler asks: across the six clusters and thirty-seven dimensions, which five or six are critical for this organization to execute its strategy, in which forums, and where are the gaps? The analytical method by which leaders make this derivation is set out in Sect. 6.7.4 as the Define action of leader activation.

Multi-Cluster Representation asks whether the strategically critical clusters and dimensions identified by Strategic Alignment are actually present in the rooms where decisions are made, or whether the forum has defaulted to a single cluster.

The performance research connects outcomes to perspectives across all six clusters: Cognitive and Psychological Profile, Demographic Identity, Life Circumstances, Worldview and Ideology, Organizational Context, and Work Experience and Role. An organization that meets demographic targets while its strategy-critical decision groups share

identical cognitive profiles, life experiences, and professional pathways has built one cluster and missed the others its strategy required.

The Multi-Cluster enabler asks: are the strategy-critical clusters identified through Strategic Alignment actually present in the forums where the strategy is decided, and where are the gaps?

Critical Mass is the threshold requirement. Representation alone does not activate performance—the represented clusters must be present at sufficient density at the levels where strategic choices are made. Kanter's [39] foundational research demonstrated how very small minorities within groups can experience heightened visibility and constraints on influence, providing an important foundation for considering critical mass in organizational settings.

Where any one enabler is absent or weak, the Diversity of Perspectives Capability is weakened at its source, which may constrain its contribution to the wider DEI Resilience Enterprise Architecture.

6.7.4 Layer 2—Leader Activation: The Five Leader Actions

Layer 2 of the architecture is leader activation: how leaders build, sustain, and protect the diversity of perspectives capability through five sequential actions. The actions move from definition to construction to defense to verification to renewal. Each action operates on the three Capability Enablers established in Layer 1, and each is supported by the organizational systems described in Layer 3.

Define: Diversity of Perspectives Required

The Define action specifies which perspectives the strategic context requires before the team begins its work and identifies where the current portfolio is incomplete against that requirement.

The scholarly grounding for the Define action rests on the work of Lorenzo and Voigt [21] and Lorenzo et al. [2], whose research across 171 and 1,700 companies identified associations between innovation performance and specific, measurable diversity dimensions—reinforcing the importance of leaders identifying the right mix for their strategic context. Where the Define action is absent, organizations

default to representation targets that may have no connection to what their strategy actually requires. The Diversity Cluster Model introduced in Sect. 6.6—six clusters across thirty-seven dimensions—provides the diagnostic framework that makes the Define action operational.

In practice, the leader can identify the diversity of perspectives required before a project is launched or a major decision is taken; invite a diverse perspective to challenge the team when critical decisions are being made; refresh the diversity of perspectives in a team that has been together for some time, to guard against the silent narrowing that produces groupthink; and consider how perspectives can be refreshed from within the organization as well as externally—across the supply chain, customer base, and partner network—recognizing that supplier and customer perspectives can supplement breakthrough thinking.

A CEO leading a major market entry paused her own strategy session when she recognized that the team around the table represented a restricted set of diversity of perspectives. Her words were direct: "When I look around this table, I observe that we are putting in a budget request for a global customer innovation project, and I observe that the planned team is missing the customer perspective and also has limited regional perspectives. Let's get this right before I approve the budget request."

Build: The Portfolio of Perspectives

The Build action constructs the portfolio of perspectives identified through the Define action, operating through two mechanics—Source (acquiring perspectives by looking beyond established networks) and Grow (developing perspective breadth in current team members through deliberate exposure).

The scholarly grounding for the Build action rests on Lorenzo and Voigt's [21] finding that innovation performance requires building diversity to critical mass and embedding it in talent management. The Build action, within the Diversity element, is the work of constructing what the Define action has specified, with discipline against the gravitational pull of familiar pipelines and homogeneous networks.

In practice, the leader can reject shortlists that replicate the existing portfolio rather than expanding it; source candidates from outside the firm's traditional recruitment channels—adjacent industries, different geographies, alternative career paths—when those perspectives are required by the strategy; build perspective breadth into career development through structured rotation, international exposure, and cross-sector assignments; and protect against attrition that disproportionately removes specific perspectives, recognizing that an unsourced or ungrown portfolio narrows imperceptibly over time.

A managing partner reviewing a shortlist for a senior hire reacted with visible frustration. His words were direct: "Every one of these candidates has the same profile — same organizational background, same specialization, same tenure. We are not hiring talent — we are paying for repetition. I want this search reopened with a brief that explicitly seeks the perspectives we don't currently have for this business unit, even if it means needing to get new recruitment agencies on board."

Champion: The Value of Perspectives in Performance

The Champion action publicly defends the value of the perspective portfolio in strategic terms, particularly when external pressure offers leaders permission to retreat from a position previously held.

The primary research in this book identified the Champion action as the decisive distinguishing behavior between organizations that held their Diversity architecture through 2024 and 2025 and those that retreated. Where the Champion action was absent, the architecture had no narrative defense when external pressure increased. Denning's [32] work on narrative leadership describes the mechanism: capability does not survive in organizations unless leaders use their voice and standing to make it strategically defensible. Kalev, Dobbin and Kelly [34] provide the structural complement—that managerial accountability for outcomes is the most effective intervention, but the accountability must be visibly championed by leaders, not merely formalized on paper.

In practice, the leader can articulate the strategic case for diversity of perspectives at major business forums—connecting the portfolio to specific performance outcomes the organization needs to deliver; defend the portfolio publicly when external pressure suggests retreat, naming what the organization would lose in business terms; make the contribution of diverse perspectives visible in strategic reviews and post-decision narratives; and refuse to allow the strategic capability to be conflated with the compliance baseline, holding the separation firmly so that one can adjust without affecting the other.

At a board meeting, a CFO addressed the shift in political environment with these words: "Our last three product launches succeeded because we had operational, customer, and regional perspectives in the room together. If we now retreat from our conviction that diversity of perspectives drives performance because external rhetoric has changed, we are not protecting the organization—we are weakening it. I will adjust how we describe this work in our public communications. I will not retreat from the work itself."

Measure: Return on Diversity of Perspectives

The Measure action verifies that the portfolio of perspectives is delivering the performance outcomes for which it was built—shifting attention from representation counts to return on the perspective portfolio.

Lorenzo et al. [2] indicated at scale that organizations in the top quartile for diversity at decision-making levels reported 19% higher innovation revenues, with the effect consistent across the sample. Hewlett, Marshall and Sherbin's [20] research connected leader behavior explicitly to performance attribution. The Measure action requires a fundamental shift: away from compliance metrics that count groups represented, toward business metrics that attribute innovation outcomes, decision quality, and customer alignment to the perspective profile of the team that produced them.

This focus on objective performance attribution is distinct from Bourke and Titus' data [40], which indicates that inclusive leadership

behaviors are associated with up to 70% of an employee's perception of workplace inclusion.

In practice, the leader can ask, after each significant strategic decision, which perspectives shaped the outcome and which were absent; track whether innovations, new market entries, and breakthrough decisions are attributable to multi-perspective input rather than narrow groupings; surface perspective absence as a measurable risk when high-stakes decisions are being prepared without specific perspectives represented; and connect the team's perspective profile explicitly to business outcomes in reviews—not as soft commentary but as substantive performance attribution.

A divisional president reviewing a failed product launch put the Measure action into the team's language: "We had every metric in green except one—and we ignored it because we had no one in the room that defended that perspective. We did not lose this product to a competitor. We lost it to our own portfolio gap."

Renew: Adapting the Portfolio as the Market Shifts

The Renew action refreshes the perspective portfolio as the strategic context evolves, recognizing that the perspectives required three years ago may no longer match what the next strategic phase demands.

Capability lifecycle theory—as developed in the Capability Maturity Model Integration [33] tradition—posits that capabilities decay without active refresh against shifting strategic priorities. The discipline of Renew applies the same logic to the perspective portfolio: changes in market context, technological environment, customer expectations, and competitive positioning each shift what the strategy now requires. Where Renew is absent, the portfolio that delivered the previous strategy becomes the constraint on delivering the next one.

In practice, the leader can conduct a perspective review against the next strategic horizon, asking which perspectives the next phase requires that are not currently strong in the team; track silent erosion, identifying perspectives lost through attrition over time and assessing whether those losses are systematic or incidental; refresh succession

planning to build the perspectives the next strategy demands, not the perspectives the previous one needed; and conduct post-decision reviews after major strategic outcomes—successful or otherwise—asking which perspectives the team needed but lacked.

A board chair following a strategic refresh addressed her executive team: "The team that delivered our last five years was extraordinary. The team that delivers our next five must be different. We are not replacing anyone — but we are deliberately bringing in perspectives this room currently does not have, and we are investing in our existing leaders to grow into perspectives the new strategy demands."

6.7.5 Layer 3—The Enterprise Platform: Four Pillars

Layer 3 is the enterprise platform: the four pillars that ensure leaders are supported, equipped, and held accountable for executing the five actions in Layer 2. Where leader activation depends on individual capability, the enterprise platform embeds the capability so that it persists beyond any single leader. The four pillars map directly to the corporate governance principles of Responsibility, Fairness, Accountability, and Transparency. Strategic Mandate (Responsibility) provides the license to lead. Operational Architecture (Fairness) provides the systems and processes that make leader action possible. Accountability and Audit (Accountability) provides the independent verification that the capability is delivering. Ecosystem Engagement (Transparency) extends the capability beyond the firm into the value chain.

Strategic Mandate

The Strategic Mandate pillar codifies diversity of perspectives as a fiduciary asset of the enterprise, embedding the requirement for specific perspectives at board and executive levels and shifting it from optional initiative to governance obligation.

The scholarly grounding rests on Kaplan's [36] research on framing contests, which illustrates how competing strategic narratives shape organizational attention and action, supporting the importance of

anchoring a capability in the firm's primary strategic logic. Kalev, Dobbin and Kelly [34] provide the structural complement: managerial responsibility for outcomes must be formally codified to drive sustained behavioral change. Without a board-level mandate, the requirement for diversity of perspectives remains disconnected from the strategic operating model and becomes the first commitment to be cut under pressure.

In practice, the enterprise establishes a board-level declaration that names the specific perspectives required to deliver the long-term strategy; integrates the portfolio review into the standard board agenda alongside financial performance; links a portion of CEO and senior executive variable compensation to the health of the perspective portfolio; and formally separates the strategic capability requirements from the regulatory Compliance Floor, so that one can adjust without affecting the other.

At a multinational manufacturing group, the diversity work had been treated as a side project and was consistently the first item cut in budget reviews. The Board issued a formal mandate declaring that the perspective portfolio was a critical risk-management capability, and integrated portfolio health into the CEO's annual performance contract with measurable weight in the executive bonus. Within eighteen months, the conversation had shifted: portfolio reviews were on the board agenda alongside capital allocation, and the perspective requirements survived two subsequent rounds of cost reduction untouched.

Operational Architecture

The Operational Architecture pillar constructs the systems and processes that allow the organization to source and grow the perspectives the strategy requires, embedding the capability into the firm's operating model rather than leaving it to individual leader effort.

The scholarly grounding rests on Kalev, Dobbin and Kelly's [34] longitudinal research across 708 US firms, which identified greater effectiveness for organizational structures that establish managerial

responsibility and accountability than for isolated initiatives or awareness programs. Lorenzo and Voigt [21] provide complementary evidence linking diversity in organizational leadership and teams with innovation outcomes, reinforcing the importance of embedding diversity capability in organizational systems rather than relying on individual leader discretion alone.

In practice, the enterprise builds sourcing channels that reach beyond the firm's traditional networks—adjacent industries, alternative career paths, non-traditional pipelines—hardwired into recruitment contracts; structured selection processes that articulate perspective requirements alongside credentials; cross-functional and cross-geographic rotation as a prerequisite for senior progression; and succession review processes that treat perspective breadth as a formal criterion for promotion to the top three leadership tiers.

At a global technology firm whose recruitment system I observed, the automated screening software was filtering candidates by a narrow set of university affiliations. The enterprise re-engineered the recruitment architecture: it removed institutional names from initial screening and replaced them with a structured assessment of the perspective requirements the role actually needed. The firm also mandated that no manager could be promoted to director level without a six-month assignment outside their original functional expertise. The portfolio began to broaden through the system itself, not through heroic individual hiring decisions.

Accountability and Audit

The Accountability and Audit pillar provides independent verification that the perspective portfolio is delivering the strategic outcomes the mandate requires, treating diversity of perspectives with the same financial and operational rigor as any other business asset.

The scholarly grounding rests on Castilla and Benard's [35] research on the paradox of meritocracy, which revealed how emphasizing meritocracy can, under certain conditions, be associated with greater bias in managerial decisions. Kalev, Dobbin

and Kelly's [34] findings provide complementary evidence on the effectiveness of organizational structures that establish responsibility and accountability for diversity outcomes.

In practice, the enterprise implements business impact tracking that monitors how new products and strategic outcomes are produced and which team profiles contributed to them; independent talent audits on pay, promotion, and progression; integration of perspective portfolio data into standard quarterly business reviews alongside financial KPIs; and separated reporting tracks for regulatory compliance and strategic capability, so that adjustments to one do not erode the other.

In a board review I attended at a major consumer goods company, the diversity numbers looked strong on paper while new product launches consistently missed customer needs. The Board commissioned a study that linked new product revenue to the perspective profile of the teams that designed each launch. The data was unambiguous: teams with broad perspective mix outperformed narrow-profile teams by a substantial margin. The Board integrated those performance attributions into the standard company dashboard, and the conversation shifted from compliance reporting to capability protection.

Ecosystem Engagement

The Ecosystem Engagement pillar extends the perspective capability beyond the firm's boundaries into the value chain—suppliers, partners, customers, and investors—recognizing that organizational performance may also be influenced by the perspective profile of the wider system the firm operates within.

The scholarly grounding rests on Kaplan's [36] framing contest research, which illustrates how strategic narratives are shaped and reinforced through organizational framing processes, supporting the importance of coherence between internal strategic logic and external engagement. The OECD Corporate Governance Principles tradition adds the transparency requirement: external stakeholder reporting strengthens internal accountability. Together, these foundations

establish that the perspective portfolio must extend beyond the employee population into the broader environment the firm operates within—advisors, suppliers, customers, and investors.

In practice, the enterprise builds perspective requirements into procurement contracts with professional service providers—law firms, consultants, advisory partners—requiring teams that complement internal gaps; integrates perspective portfolio performance data into investor reporting alongside financial disclosures; sets explicit communication positioning for board and executive use that articulates why diversity of perspectives is a strategic asset; and extends supply chain partnerships, customer engagement, and community investments to widen the perspective base the firm draws from.

This action was brought to life through the experience of a global manufacturing firm whose internal teams had become diverse, but whose external advisors—consulting firms, legal partners, strategic advisers—all came from a narrow professional background. The enterprise updated its procurement policy to require advisors to demonstrate that their assigned teams complemented the firm's internal perspective profile. The CEO began including innovation attribution data in the annual report. Within two reporting cycles, the firm's strategic narrative had become defensible externally because the actions were visible—not only in employee numbers but in how the firm engaged with its entire ecosystem.

* * *

6.7.6 The Human Condition of Diversity Capability

The architecture governs whether perspectives can enter the system. The human condition governs whether individuals are willing to contribute them.

Diversity capability ultimately depends on human behavior occurring inside organizational systems: individuals offering challenge, surfacing alternative interpretations, questioning assumptions, contributing dissenting views, and sustaining intellectual difference

under pressure. Structural diversity alone does not guarantee those behaviors will occur.

The organizations that sustained diversity capability most effectively during the Reset were not necessarily those with the highest demographic representation alone. They were the organizations where participation patterns, decision processes, and contribution norms signaled that diverse perspectives were valued, operationally useful, and safe to contribute.

Where psychological safety weakened, participation narrowed. Individuals increasingly filtered contribution toward dominant norms, reducing the breadth advantage the organization had attempted to build. Diversity capability therefore depends not only on structural representation, but on whether individuals believe the organization wants difference to influence decision-making.

The human condition of diversity capability is therefore trust: trust that perspective difference will be heard, evaluated fairly, and integrated meaningfully into organizational outcomes.

6.7.7 Synthesis

The Reset Capability Architecture for Diversity of Perspectives resolves into a single observation: diversity becomes resilient when organizations operationalize perspective breadth as enterprise capability rather than treating demographic representation as the capability itself.

The architecture developed in this chapter identifies the conditions through which diverse perspectives can contribute to organizational performance. Layer 1 defines the capability conditions required for diversity to function strategically. Layer 2 translates those conditions into recurring leadership and organizational behaviors. Layer 3 embeds and sustains the capability through enterprise systems, reducing its dependence on individual leaders, temporary legitimacy conditions, or single political cycles.

The DEI Reset demonstrated that demographic diversity alone was insufficiently resilient under pressure. The organizations that held most

steadily showed stronger alignment between diversity and organizational outcomes including innovation, adaptability, customer understanding, workforce quality, and strategic resilience.

The next chapter examines the second Reset Capability—Inclusive Leadership. If Diversity builds the portfolio of perspectives, Inclusive Leadership determines whether those perspectives become active organizational contribution or remain structurally underutilized.

6.8 Conclusion

This chapter shows that 71% of Diversity-coded actions resulted in retreat—the second-highest rate of any DIEPL element, after Equity. The retreat was not concentrated in one domain. It occurred across language, targets, programs, and reporting simultaneously. Organizations did not preserve diversity as a concept while removing its mechanisms. They removed both.

The structural explanation is consistent. Organizations that retreated had mainly built diversity on demographic compliance—a foundation whose rationale was external and regulatory. When that rationale was challenged, the architecture often lacked an independent performance case to hold it in place.

The Diversity Cluster Model addresses this directly: it defines diversity through what a strategy requires, across six clusters and thirty-seven dimensions, rather than through what regulation permits across a single cluster of identity traits.

Diversity built on identity alone is a demographic count. Diversity built on perspectives is a performance capability. That distinction is not semantic. It strengthens the contribution of the Diversity of Perspectives Capability to an architecture designed to hold under pressure.

The Diversity of Perspectives Capability (D) is the first of the four Reset Capabilities that contribute to the DEI Resilience Enterprise Architecture developed in Chap. 10. Chapter 7 examines the second Reset Capability—Inclusive Leadership (IL)—and the leader behaviors

that activate diversity of perspectives into contribution through the Reset Capability Architecture for Inclusive Leadership. Without Inclusive Leadership, diversity of perspectives may be present in the organization but remain silent.

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Footnotes

1 DP = Diversity Performance; D = Diversity of Perspectives; IL = Inclusive Leadership; E = Fairness and Meritocracy; P = Strategic Narrative. The multiplicative form conceptually represents the close interdependence among the four capabilities rather than a literal mathematical relationship. The DEI Resilience Enterprise Architecture and the development of the model are presented in Chap. 10.

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7. Inclusive Leadership: Activating Diversity of Perspectives

Kay Formanek[1] ✉
(1) Diversity and Performance BV, Loosdrecht, Noord-Holland, The Netherlands

✉ **Kay Formanek**
Email: kay@diversityandperformance.com

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By mid-2025, leadership teams across sectors were making a distinction that revealed the structural fragility of inclusion capability. Their commitment to inclusion remained publicly unchanged, but the systems that had sustained inclusive behavior—the Chief Diversity Officer role, Employee Resource Groups, leadership targets connected to inclusive behaviors, and executive compensation links to inclusion outcomes—were being consolidated, closed, scaled back, or discontinued. In advisory discussions, the same paradox surfaced repeatedly: inclusion as language was non-negotiable; inclusion as infrastructure was disappearing.

They spoke as though inclusion itself would remain even as everything that had been built to sustain it was being withdrawn.

The evidence ultimately showed that inclusion could not be separated analytically from Leadership, because inclusion survives only when leaders continue activating contribution behaviorally after formal structures weaken.

The implication was structural rather than symbolic. Inclusion did not weaken because organizations stopped using the language of inclusion. It weakened because most of the systems and leadership practices that had previously sustained inclusive behavior were removed or deprioritized under pressure. In the architecture developed in this chapter, inclusion and Leadership do not operate as parallel concepts. Inclusion is the capability outcome: whether diverse perspectives participate, contribute, and influence decisions. Leadership is the activation mechanism that determines whether those conditions exist consistently in practice. The chapter therefore treats inclusive leadership as an integrated capability composed of both the inclusion conditions individuals experience and the leadership behaviors and governance systems that sustain those conditions at enterprise scale.

* * *

Inclusive leadership is the activating condition in an enterprise diversity architecture: without it, a diverse portfolio of perspectives remains present but silent. This chapter establishes why that condition proved unexpectedly fragile under executive pressure, what drove its retreat, and what organizational architecture is required to make it resilient. It draws on 171 organizations and 551 coded actions across the full Census, and from the Threshold Census of 63 organizations used for organization-level analysis.

Strategic organizational stability depends on how diversity, equity, and inclusion (DEI) are integrated into enterprise systems. The chapter's argument is grounded in the DEI Resilience Enterprise Architecture, expressed as[1]:

$$DP = D \times IL \times E \times P$$

where DP is Diversity Performance, D is Diversity of Perspectives, IL is Inclusive Leadership, E is Fairness and Meritocracy, and P is Strategic Narrative. The multiplicative form conceptually represents the close interdependence among the four capabilities rather than a literal mathematical relationship. Weakness in any one capability may constrain its contribution to Diversity Performance and the effectiveness of the wider architecture.

Inclusive Leadership occupies the activating position in this architecture: it activates Diversity of Perspectives into contribution. The chapter is structured around four questions:

1. What is the mechanism through which inclusive leadership activates diversity of perspectives into performance?
2. Why did inclusion language survive while inclusion practices retreated?
3. What does the evidence show about which inclusion structures held, which fell, and what determined the difference?
4. What architectural design is required to make inclusion resilient against future pressure?

The chapter develops the Inclusive Leadership Capability—the architecture through which diversity of perspectives is activated into contribution, supported by Capability Enablers, Leader Activation through the Five Leader Actions, and the Enterprise Platform.

7.1 The Mechanism of Activation

Diversity of perspectives is a function of two conditions: the presence of difference, and the activation of difference into contribution. Without inclusive leadership, the diverse perspectives present in the organization remain silent—heard but not integrated, present but not influential. Inclusive Leadership is the activating mechanism through which difference becomes performance.

The mechanism is observable. It operates in everyday interactions: which voices are sought in a meeting, which dissent is welcomed, which contributions are credited, which perspectives shape decisions. These interactions are not incidental. They are the operating units of Inclusive Leadership Capability. Across the research, a consistent pattern was that inclusion proved more resilient where inclusive leader behaviors remained active and where accountability structures continued to reinforce them.

The research produced 69 inclusion-coded actions across the Census. Of these, 49% resulted in retreat—of which 23 were Voluntary Retreat and 11 were Required Retreat under Executive Order (EO) 14168's gender identity provisions and EO 14173's anti-DEI certification requirements. What retreated was not the language of inclusion but the architecture that made it real: the accountability structures, leadership incentives, and practices that enabled participation and voice. The pre-EO maturity assessment—measuring how deeply each organization had embedded inclusion before January 2025—showed that most organizations that held their inclusion commitment had not yet built beyond Stage 2 (Acceptance) of the five-stage Inclusion Maturity Model introduced in Sect. 7.4. They retained their programs, but the pressure exposed a foundation that required strengthening. This is the gap the Inclusive Leadership Capability addresses.

Section 7.2 establishes why inclusion was expected to survive the 2025 pressure. Section 7.3 examines what fell, what held, and why. Sections 7.4 and 7.5 develop the depth and the behaviors required. Section 7.6 introduces the architecture.

7.2 Why Inclusion Was Expected to Survive Through Leadership

Inclusion entered 2025 from an unusual position. Diversity of identity had become contested in public discourse. Equity had become the lightning-rod term in the political backlash. Purpose had become

controversial when expressed through DEI lenses. But inclusion had remained, for many organizations, the less divisive concept. It was, in the language of one CEO quoted in our research, the "*bedrock value.*"

Three reasons explain this expectation. First, inclusion language is more difficult to challenge. To be against inclusion is to be against participation, voice, and respect—categories that hold across political positions. Thus, Inclusion was expected to be more publicly defensible than Diversity or Equity during the backlash.

Second, inclusion mechanisms—Employee Resource Groups, listening sessions, and leadership behavior frameworks—operate mainly inside the organization rather than in its external positioning. They are less visible to outside critics and less easily targeted by legal challenge. A substantial share of organizations expected inclusion infrastructure to remain intact even if their public DEI language softened.

Third, inclusion is often operationally distributed. Diversity targets may sit with HR; equity with legal and compliance; and purpose may sit with the strategy group. Inclusion sits with leaders across the organization, in their teams, in their meetings. Distributed practices are harder to retire because they are harder to identify and harder to remove unilaterally. Organizations expected that even if other DEI elements weakened, inclusion would continue through the daily behaviors of the leaders who had been trained to enact it.

These assumptions proved partially correct and partially wrong. The language of inclusion survived. The practices that produced it did not—at least not at the level required to sustain the capability against pressure. The next section examines what the evidence revealed.

7.3 The Evidence: What Fell, What Held, and Why

Across the Census, 211 Net DEI Actions were coded to Inclusion and Leadership combined—69 Inclusion and 142 Leadership (see Table 7.1). Unlike Chap. 6, where retreat concentrated primarily within

visible governance systems, the Inclusion and Leadership pattern sat at the activation layer: the point where leaders, managers, teams, and employee communities translated organizational intention into everyday experience. Inclusion showed one of the strongest resilience signatures in the Census, with 51% of actions classified as Remain, Reframe, or Re-architect. Leadership recorded the highest Re-architect rate of any DIEPL element, indicating that a substantial number of organizations did not simply defend inclusion mechanisms but actively repositioned them under pressure.

Table 7.1 Overview of Net DEI Actions across the Census

The exposed surface of inclusion was the visible infrastructure surrounding it: DEI departments, training systems, executive incentives, formal initiatives, and enterprise-wide program architecture. Across the Census, DEI Training retreated in 13 of 14 actions. DEI Programs and Initiatives retreated in 28 of 46 actions. Across Leadership, Executive Compensation retreated in 21 of 28 actions, removing the formal incentive systems that had previously reinforced inclusive leadership behavior.

In an article titled "Booz Allen Scraps DEI Programs in Reaction to Trump Orders," Bloomberg reported on 7 February 2025 [1] that Booz Allen Hamilton "*will close down its DEI department*" and "*remove diversity goals from employee and executive priorities*"—a federal contractor's direct inclusion-architecture response to EO 14173 Track 1 certification. In an article titled "Amazon Is Ending Some Diversity and Inclusion Programs," Reuters reported on 10 January 2025 [2] that Amazon "*wound down DEI programs as part of a broader review, with individual groups no longer responsible for building programs and initiatives*"—while retaining its Employee Resource Groups (ERGs). In an article titled "JPMorgan Makes Changes to Its Diversity Programs, Memo Shows," Reuters reported on 21 March 2025 [3] that JPMorgan Chase "*integrated some centrally managed diversity programs into*

different lines of business while reducing DEI spending"—rebranding as "*inclusion*" while reducing the operational practices that deliver it.

What these examples show is not the disappearance of inclusion language, but the weakening of the structures that had previously operationalized it. Across the Census actions coded to Department and Team Structure and to C-Suite and Officer Roles, 19 of 27 were retreats and 8 were reframed. Where the function continued, it most often appeared under a renamed scope—DEI departments absorbed into HR, talent, or culture functions.

The contradiction became especially visible in ERG redesign. In an article titled "Disney Softens Diversity Criteria Used to Determine Manager Pay," Bloomberg reported on 11 February 2025 [4], Disney renamed its employee resource groups from "*Business Employee Resource Groups*" to "*Belonging Employee Resource Groups*" and replaced diversity as a standalone metric in executive pay with a new "*talent strategy*" factor—a Reframe that preserved the ERG infrastructure and executive accountability while adjusting the language. In an article titled "Automaker Ford to Modify Diversity Policy, Internal Memo Shows," Reuters reported on 28 August 2024 [5] that Ford "*refocused its employee resource groups on networking, mentorship, professional development and community service.*" In an article titled "The Harley-Davidson Boss Caught in an 'Anti-Woke' Squall," the Financial Times reported on 19 August 2024 [6] that Harley-Davidson "*refocused employee resource groups solely on professional development.*" In an article titled "Home Improvement Retailer Lowe's Latest US Firm to End Some Diversity Policies," Reuters reported on 26 August 2024 [7] that Lowe's "*combined its diverse business resource groups for employees into one umbrella organization.*" In an article titled "DOI Is the New DEI at JPMorgan," the Wall Street Journal reported on 21 March 2025 [8] that JPMorgan Chase "*renamed its DEI organization to 'diversity, opportunity and inclusion',*" with employee groups continuing to focus on engagement, cultural celebrations, and community building.

The ERG pattern is analytically important because it shows regression rather than uniform removal. Across ERG Scope and Mandate, ERG Naming and Identity, and ERG Participation and Access, the nine actions distributed across the resilience categories: 6 Reframe, 2 Remain, and 1 Re-architect, with zero retreats. The names changed, mandates broadened, and eligibility opened, but the underlying community structures continued.

The same split appeared in public leadership defense. In an article titled "PepsiCo Joins Major US Companies Tweaking DEI Policies," Reuters reported on 20 February 2025 [9] that PepsiCo "*will introduce a new 'Inclusion for Growth' strategy,"* CEO Ramon Laguarta confirming the firm would "*continue working on its 2021 'A Space to Be You' program."* In an article titled "DEI Hard: How the Royal Bank of Canada Is Holding the Line," the Globe and Mail reported on 28 February 2025 [10] that RBC CEO Dave McKay "*told all staff: 'We must remain committed to building an inclusive workplace',*" while acknowledging the rapidly changing legal landscape.

The strongest resilience appeared where leaders defended inclusion not as a program, but as part of organizational identity. In an article titled "JPMorgan, Goldman CEOs Resist Calls to Roll Back DEI Programs," Bloomberg reported on 22 January 2025 [11] that "*'Bring them on,' JPMorgan CEO Jamie Dimon said in a CNBC interview at the World Economic Forum in Davos, Switzerland.*" In an article titled "McKinsey Strikes Defiant Tone on Diversity While Rivals Balk," Bloomberg reported on 12 February 2025 [12] that McKinsey & Co "*pledged to prioritize diversity across its workforce,*" while Global Managing Partner Bob Sternfels wrote to staff that "*our diverse meritocracy … is what makes us distinctive and has defined who we are over our nearly 100 years.*"

Organizations frequently preserved inclusion as language while simultaneously retreating from the mechanisms that operationalized it. The Inclusion and Leadership evidence therefore revealed a layered resilience pattern. The visible program surface—training systems, executive incentives, departments, and formal initiatives—retreated

fastest because these structures operated as visible institutional infrastructure under legitimacy pressure. What proved more resilient were the behavioral and relational systems carried by leaders, employee communities, and governance bodies after the formal structures weakened.

For leaders, the implication is direct: inclusion cannot be protected through language alone. It survives when the behaviors continue after the structures around them change. The resilience question was not whether the label survived, but whether the behaviors survived after the label changed.

7.4 The Five Stages of Inclusion Maturity: Depth, Architecture, and Resilience

What shaped whether inclusion held was not commitment—it was the depth at which inclusion had been built into how the organization operates. Just as Chap. 6 showed that the breadth of an organization's diversity definition shaped its response to the Executive Orders, the depth of an organization's inclusion maturity shaped its response to the same pressure. Inclusion matures through five stages [13], each reflecting that depth.

7.4.1 Stage 1—Admission

At Stage 1, inclusion exists in compliance with regulatory or stakeholder pressure. Individuals from historically disadvantaged backgrounds are admitted into the organization, and the inclusion conversation focuses on physical and contractual presence. Inclusion is operationalized through targeted recruitment and reporting on representation. The locus of inclusion is HR. Psychological safety remains at Stage 1 (Inclusion Safety) for most of the workforce—people belong, but the conditions for full contribution have not yet been built.

7.4.2 Stage 2—Acceptance

At Stage 2, inclusion is recognized as a reputational imperative. The organization's leaders speak about inclusion in external communications and conduct training programs to raise awareness of bias. ERGs are established as employee-led communities. Psychological safety advances to Stage 2 (Learner Safety) in some teams—employees feel comfortable asking questions and seeking development—but inclusion remains primarily an HR-led concern rather than an enterprise-wide responsibility.

7.4.3 Stage 3—Integration

At Stage 3, the inclusion agenda extends from the HR function into operational management. Inclusion-related metrics enter team scorecards. Managers receive inclusive leadership training. Talent processes begin to embed inclusion criteria in promotion and performance management decisions. Psychological safety advances to Stage 3 (Contributor Safety): employees contribute their work and ideas in their domains of expertise, and feedback becomes more bidirectional. Inclusion at this stage is operationally embedded, but its sustainability depends on whether the next stage is reached.

7.4.4 Stage 4—Systematic Design

At Stage 4, inclusion is no longer the responsibility of HR or individual managers alone. It is built into the organization's systems of work: meeting design, decision-making structures, governance practices, and accountability mechanisms. Inclusion is sustained through the interaction of structural design and leadership behavior. Psychological safety reaches Stage 4 (Challenger Safety) in mature teams: employees can challenge organizational decisions, including those made by senior leaders, with the expectation that the challenge will be considered on its merits. Stage 4 is where inclusion becomes embedded as an organizational capability rather than operating primarily as a program, and where the organizational capacity to derive performance from diverse perspectives meaningfully expands.

7.4.5 Stage 5—Societal Value

At Stage 5, inclusion extends beyond the organization's boundaries. The principles of psychological safety, voice, and belonging are applied not only to employees but to customers, suppliers, and communities. Challenger Safety at this stage supports the organization in questioning its own assumptions about the markets it serves and the problems it exists to solve. Inclusion at Stage 5 is inseparable from the organization's strategic purpose. At this stage, inclusion is no longer sustained primarily through formal DEI infrastructure. It becomes embedded within leadership behavior, organizational identity, and strategic decision-making itself, making the capability materially more resilient when external pressure emerges.

7.5 From Activating Behaviors to Inclusive Leadership Capability

The Eight Inclusive Leadership Behaviors

Across the organizations examined in this study, one pattern was consistent: where inclusion survived as capability rather than rhetoric, leaders demonstrated a recurring set of observable behaviors that enabled individuals to contribute, challenge, participate, and influence without disproportionate social risk. Where those behaviors weakened, inclusion contracted even when organizational language remained unchanged.

Organizations that sustained inclusion under pressure treated inclusive leadership as a measurable leadership discipline rather than as a cultural aspiration. The behaviors that sustained it are consistently linked in the research to psychological safety, learning behavior, innovation, and decision quality. Table 7.2 maps the leading scholarship across the full behavior set.

Table 7.2 Research Foundation: inclusive leadership behaviors and performance outcomes

The eight behaviors do not function as a checklist of equal items. Some support the leader's internal orientation toward diversity of perspectives. Others externalize that orientation into daily, observable inclusive practice. A final group allows the leader to support the institutionalization of that practice through organizational structures and strategy. Figure 7.1 groups these behaviors into three interdependent clusters.



Fig. 7.1 The inclusive leadership behavior taxonomy. The eight behaviors are organized into three interdependent clusters: Core Leadership Orientation (Humility, Curiosity, Courage),

Inclusive Interaction (Empathy, Bias Mitigation, Perspective Curation), Strategic Inclusion Leadership (Contextual Intelligence, Commitment)
(*Source* Author, Kay Formanek, 2026)

Core Leadership Orientation

The clusters are interdependent rather than independent, and the integrated behavior set emerges only when all three are present. Core Leadership Orientation is the foundation cluster: the internal disposition that determines whether a leader can use inclusive practices at all. Humility opens the leader to perspectives different from their own. Curiosity moves the leader to seek those perspectives actively rather than wait for them. Courage sustains both when engagement becomes costly. Without humility, curiosity is performative; without curiosity, humility is passive; without courage, neither persists when challenged. The three behaviors are therefore not independent virtues but a single internal architecture—the orientation that determines whether the practices in the next two clusters can produce inclusion or merely simulate it.

1. **Humility**

Acknowledging the incompleteness of individual perspective

Humility is the recognition that the leader's perspective is partial and that others' perspectives—particularly those shaped by different experience—are essential to decision quality. It is practiced through asking for input before stating one's view, acknowledging what one does not know, attributing credit, and accepting challenge without defensiveness. Edmondson's [15] research indicated that visible leader fallibility is a key antecedent of psychological safety.

2. **Curiosity**

Actively seeking perspectives beyond one's own assumptions

Curiosity is the active disposition to seek perspectives different from one's own—particularly perspectives shaped by experiences the leader

does not share. It is practiced through soliciting input from those who have not spoken, asking questions whose answers cannot be predicted, exploring dissent rather than closing it down, and giving disproportionate attention to perspectives that disturb the prevailing view of the room. Curiosity is the behavioral expression of treating diversity of perspectives as an input to decisions rather than as a value to be protected.

3. **Courage**

Sustaining inclusion under interpersonal or organizational pressure
Courage becomes visible when inclusion stops being easy. It is the willingness to sustain inclusive behavior when doing so becomes costly, unpopular, or strategically inconvenient. It is practiced through raising concerns about decisions that systematically exclude certain perspectives, defending dissent when it is politically uncomfortable, intervening when others are silenced, and taking positions that align with organizational principles when those principles are under attack. The 2025 backlash made courage the most discriminating behavior in this cluster: it became the behavior that most directly distinguished organizations whose inclusion held from those whose inclusion retreated.

Inclusive Interaction

Inclusive Interaction is the behavioral cluster: where Core Leadership Orientation is internal disposition, Inclusive Interaction is observable practice. Three behaviors operate together. Empathy enables the leader to read how a decision or interaction is experienced by individuals whose position differs from their own. Bias Mitigation interrupts the distortions that would otherwise shape the leader's judgment of those experiences. Perspective Curation determines which perspectives are present in the room before any interaction begins. The three behaviors compound: empathy without bias mitigation produces sympathetic but distorted judgment; bias mitigation without perspective curation

produces fair processing of an insufficiently diverse input set; perspective curation without empathy produces structurally diverse rooms in which difference is present but not understood. The cluster therefore translates the internal orientation of Core Leadership Orientation into the daily behavioral signal through which teams experience inclusion as something practiced rather than declared.

4. **Empathy**

Understanding how situations are experienced differently by others
Empathy is the leader's capacity to understand how a situation, a decision, or a setting is experienced by individuals whose position, background, or perspective differs from the leader's own. It becomes visible in the leader who anticipates who may be unable to contribute under particular conditions, who recognizes when feedback patterns reflect team composition rather than substance, and who intervenes when interpersonal dynamics filter perspectives before they reach decision.

5. **Bias Mitigation**

Interrupting distortion in judgment, evaluation, and decision-making
Bias mitigation is the active interruption of distortion in judgment, evaluation, and decision-making. The most consistently replicated finding in workplace diversity research is that structural interventions reliably reduce bias where individual-disposition interventions reliably do not [22]. Bias mitigation is therefore a learnable discipline, not an internal posture: it operates through structured evaluation criteria, reduced reliance on intuition in talent decisions, intervention when assumptions substitute for evidence, and analysis of outcome patterns that indicate systematic distortion.

6. **Perspective Curation**

Intentionally constructing the perspectives present in decision-making
Without it, the room curates itself—toward familiarity and perspectives already best represented in organizational power. Perspective curation is the corrective discipline: the intentional construction of the perspectives present in a team, decision, or strategic conversation. It is practiced through composing teams with explicit attention to the differences of perspective they bring, assigning challenging projects to individuals whose perspectives the organization has not yet leveraged, ensuring that the perspectives present in a decision are those most relevant to its outcome, and rotating composition to surface perspectives prior compositions did not. Perspective curation treats composition as a performance variable rather than a representational one.

Strategic Inclusion Leadership

Strategic Inclusion Leadership is the cluster that translates inclusive leadership from an individual practice into an organizational capability. Two behaviors carry the work. Contextual Intelligence enables the leader to read situational dynamics across the organization—how participation, contribution, and communication patterns reflect context rather than substance, and how interventions must adapt to those contexts. Commitment is the discipline through which inclusive leadership endures across time and across the cycles in which sustaining it becomes inconvenient or strategically difficult. Together, the two behaviors extend inclusive leadership beyond immediate interpersonal practice into two additional dimensions: organizational scale and temporal continuity. When leaders apply Contextual Intelligence across the organization and maintain Commitment over time, it becomes more durable. This cluster is therefore the bridge from inclusive leadership behavior to the enterprise capability examined in the remainder of the chapter.

7.

Contextual Intelligence

Interpreting behavior and decisions through contextual understanding of difference

Silence in a meeting may signal agreement, hesitation, exclusion, or accumulated history with being unheard. The leader who reads these as identical loses information critical to the decision being made. Contextual intelligence is the capacity to interpret situations through awareness of the contexts shaping contribution, participation, and communication. It is practiced through adjusting meeting structure to account for power asymmetries, reading silence as information rather than as agreement, recognizing when contribution patterns reflect background rather than substance, and adapting interventions to the particular dynamics of the team. Contextual intelligence enables leaders to derive performance from cultural diversity rather than to manage it [17].

8. **Commitment**

Sustaining inclusive leadership as discipline over time

Commitment is the sustained discipline through which inclusive leadership persists over time and under pressure. It becomes visible when leaders continue reinforcing inclusion practices, participation norms, and leadership expectations even when external conditions make them inconvenient, controversial, or strategically difficult. The 2025 backlash tested this behavior most directly. Commitment is the behavior through which inclusion becomes capability rather than aspiration.

The eight behaviors therefore form a single integrated taxonomy, not a list. As shown in Fig. 7.1, they group into three interdependent clusters. Core Leadership Orientation (Humility, Curiosity, Courage) establishes the internal foundation required for inclusive practice. Inclusive Interaction translates that disposition into the daily behavioral signal that teams experience. Strategic Inclusion Leadership institutionalizes both across the organization and across time. A leader with strong Inclusive Interaction behaviors but weak Core Leadership

Orientation produces inclusion that feels mechanical, because the practices are not grounded in internal readiness. A leader with strong Core Leadership Orientation but weak Inclusive Interaction produces inclusion that remains invisible to the team. A leader with both, but without Strategic Inclusion Leadership, produces inclusion that depends on their personal presence and dissolves when they move on. The capability is strengthened when all three clusters operate together. This is why inclusive leadership cannot be reduced to any single behavior, any single training, or any single leader: it is an architecture.

7.6 The Inclusive Leadership Reset: Building Inclusive Leadership Capability

Inclusion that depends on language alone retreats with the language. Inclusion that depends on individual goodwill retreats with the leader. What survives external pressure is inclusion built as enterprise capability—designed to operate under sustained external pressure.

This section presents the Inclusive Leadership Capability Architecture. It is built on three integrated layers—capability outcome, leader activation, enterprise platform—and a human condition that supports them. The architecture is informed both by published research and by the patterns observed across the 171-organization Census.

7.6.1 Research Foundation

The Inclusive Leadership Capability is a research-based model. Its objective is to provide leaders with an architecture for building and sustaining the conditions under which diverse perspectives are activated into performance—an architecture that holds under external pressure. The model draws on three bodies of evidence: research on the team and organizational conditions (Inclusion, psychological safety, belonging) that determine whether diverse perspectives translate into performance; research on the eight inclusive leadership behaviors introduced in Sect. 7.5 (Table 7.2) that produce and sustain those

conditions; and research on the organizational accountability structures that develop and reinforce those behaviors at scale. Table 7.3 maps the leading research across all three. The model also draws on the primary research in this book: the inclusion-coded actions across the Census revealed where inclusion held, where it retreated, and what determined the difference.

Table 7.3 Research Foundation: Reset Capability Architecture for Inclusive Leadership

7.6.2 The Three-Layer Architecture

The Inclusive Leadership Capability applies the three-layer Reset Capability Architecture introduced at the opening of Part III. Consistent with the Diversity capability developed in Chap. 6, the architecture operates across three integrated layers: the capability outcome itself, the Five Leader Actions that activate it, and the enterprise systems that sustain it under pressure.

The center of the model is Inclusive Leadership Capability—the organization's capacity to activate diverse perspectives into contribution, participation, learning, and decision quality through sustained leadership behavior. Layer 1 defines the three Capability Enablers that support the contribution of diverse perspectives to performance: Inclusion, psychological safety, and belonging. Layer 2 defines the Five Leader Actions—Define, Build, Champion, Measure, and Renew—through which leaders activate those conditions consistently in practice. Layer 3 defines the enterprise systems that reinforce, govern, measure, and sustain the capability at organizational scale.

Chapter 7 repeats the capability structure of Chap. 6. The Five Leader Actions occur, and are credible, through the eight behaviors described in Sect. 7.5. The defining resilience pattern of the chapter therefore sits primarily within Layer 2: the Five Leader Actions and the behaviors from which they are enacted, which influence whether participation remains active after formal DEI structures weaken.

Figure 7.2 applies the three-layer architecture to the Inclusive Leadership Capability.

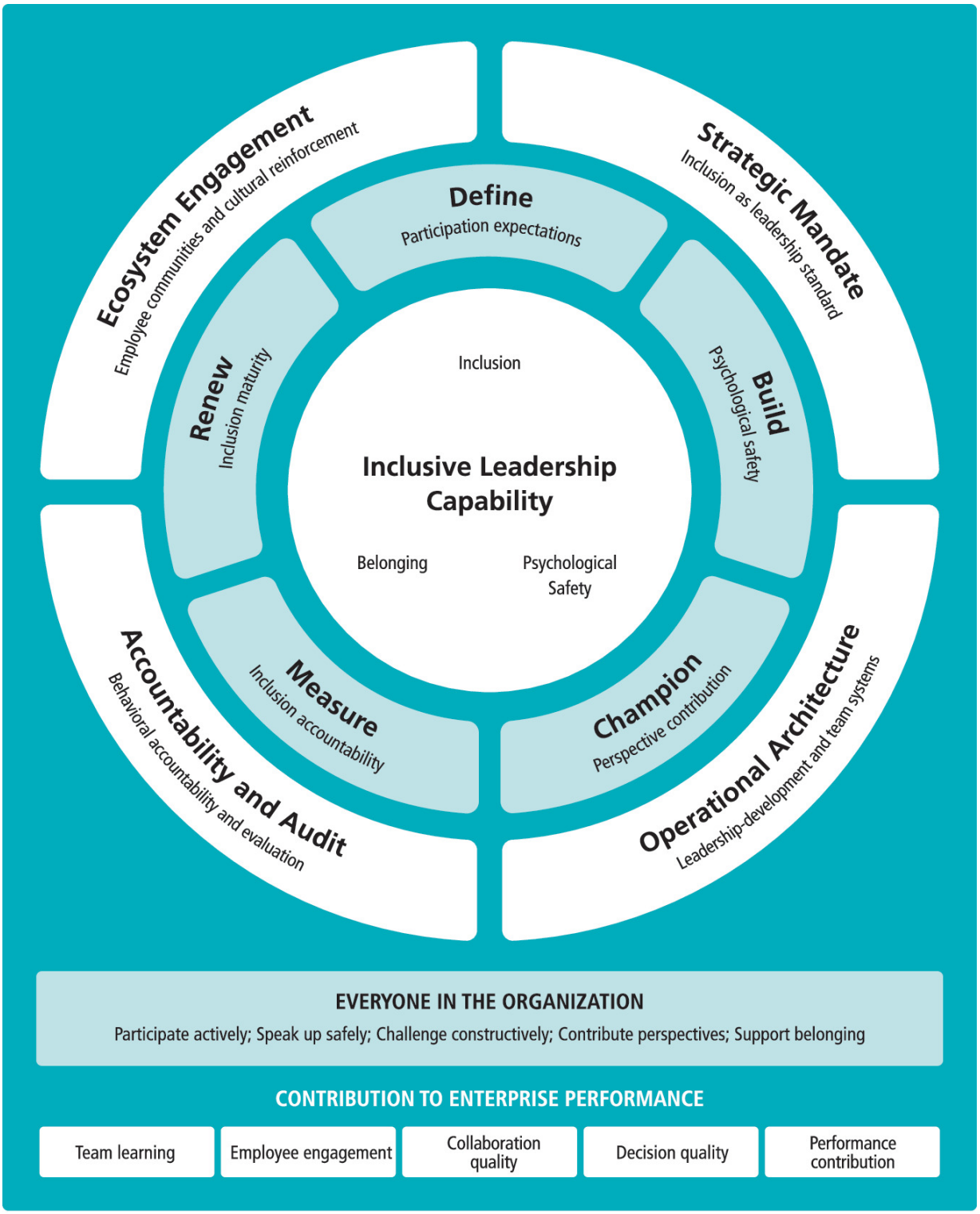


Fig. 7.2 The Reset Capability Architecture for Inclusive Leadership. Center: Inclusive Leadership Capability with three Capability Enablers (Inclusion, Psychological Safety, Belonging). Inner ring: Five Leader Actions (Define, Build, Champion, Measure, Renew). Outer ring: four enterprise pillars (Strategic Mandate, Operational Architecture, Accountability and Audit, Ecosystem Engagement). Everyone in the organization: participate actively; speak up safely; challenge constructively; contribute perspectives; support belonging. Contribution to enterprise performance: team learning; employee engagement; collaboration quality; decision quality; performance contribution (*Source* Author, Kay Formanek, 2026)

7.6.3 Layer 1—The Three Capability Enablers

Layer 1 defines the three Capability Enablers inclusive leadership must produce for diverse perspectives to contribute fully to performance. These enablers concern the lived experience of participation itself: whether individuals feel able to contribute, challenge, disagree, and influence decisions without disproportionate social or professional risk.

The three Capability Enablers in this layer are Inclusion, psychological safety, and belonging. Together, they define whether the organization has created an environment in which contribution is consistently activated across teams, leadership interactions, and enterprise systems.

Inclusion

Inclusion is the condition in which individuals experience meaningful participation in the organization's operational and decision-making environment. It is not simply presence, representation, or access. Inclusion exists when individuals believe their perspectives are genuinely invited, considered, and capable of influencing outcomes.

The condition is activated primarily through the Inclusive Interaction behaviors in Layer 2 and reinforced through the Accountability and Audit pillars in Layer 3. Where organizations removed leadership accountability systems, executive incentives, and participation mechanisms during the Research Period, inclusion frequently weakened even where diversity representation remained comparatively stable. The evidence in Sect. 7.3 showed that organizations often preserved inclusion rhetorically while retreating from the mechanisms that operationalized it in practice.

Psychological safety

Psychological safety is the condition in which individuals believe they can contribute ideas, challenge assumptions, raise concerns, and acknowledge mistakes without disproportionate fear of embarrassment, exclusion, or professional penalty. The concept draws particularly on Edmondson's [15] research demonstrating that learning behavior and contribution depend heavily on leader-created interpersonal safety.

The condition is activated primarily through the Core Leadership Orientation and Inclusive Interaction behaviors in Layer 2—especially Humility, Curiosity, Courage, and Empathy—and reinforced through the Accountability and Audit pillars in Layer 3. Psychological safety proved especially vulnerable where leadership systems retreated during the Research Period. In most organizations, formal inclusion language remained visible while the leadership practices that previously reinforced challenge, dissent, and participation weakened materially.

Belonging

Belonging is the condition in which individuals experience social acceptance and organizational connection without feeling required to suppress meaningful aspects of identity, perspective, or background in order to participate successfully. Inclusion enables participation; belonging stabilizes sustained contribution over time.

The condition is activated through the full Layer 2 behavioral set and reinforced particularly through the Operational Architecture pillar in Layer 3. The resilience findings in Sect. 7.3 demonstrated that organizations capable of sustaining belonging under pressure were typically those where inclusion had become embedded more deeply into leadership practice, community structures, and organizational identity rather than depending primarily on standalone DEI infrastructure.

Together, the three Capability Enablers define the capability outcome of inclusive leadership. Layer 1 therefore establishes not the

actions leaders take, but the organizational environment those actions are required to create and sustain.

7.6.4 Layer 2—Leader Activation: The Five Actions

If Layer 1 defines the conditions inclusive leadership must produce, Layer 2 defines the Five Leader Actions—Define, Build, Champion, Measure, and Renew—through which leaders activate those conditions consistently in practice. The Inclusive Leadership Capability is sustained not through intention alone, but through repeated behavioral signals that determine whether individuals experience participation as safe, valued, and consequential.

The five actions—Define, Build, Champion, Measure, and Renew—operate as a continuous cycle rather than a sequence. Each performance cycle passes through all five; each change in team composition or strategic direction triggers a full cycle. In this capability, the actions are behavioral rather than systemic. Leaders perform them through the eight behaviors established in Sect. 7.5. The actions supply the structure; the behaviors supply the substance through which leaders make them credible.

Define: The Participation Norms Required

The Define action establishes, before a team begins its work, what contribution the work requires from the perspectives now present, and which of those perspectives are unlikely to be offered without deliberate invitation. Without Define, the leader has assembled the diversity of perspectives and left their contribution to chance: the confident speak, the cautious withhold, and silence is read as agreement.

Leaders perform Define through Humility and Perspective Curation—treating their own reading of the problem as partial, and composing the room before the discussion rather than after it. In practice, the leader can name, before a decision begins, which perspectives it requires and who is expected to bring them; audit how the team currently talks, observing who contributes, who is interrupted, and

who is never asked; identify in advance the perspectives likely to go unvoiced—the newest member, the remote participant, the dissenting function—and state how they will be brought in; and establish explicitly that challenge is part of the task rather than a deviation from it.

Build: The Environment of Contribution

The Build action constructs the conditions Define has specified, operating through two mechanics—Acknowledge (modeling fallibility so that admitting uncertainty carries no penalty) and Scaffold (structuring discussion so that contribution does not depend on confidence or seniority). Without Build, expectations set at the outset meet a team that has learned from experience that challenge carries cost, and the expectations go unmet.

Leaders perform Build through Humility and Curiosity—acknowledging the limits of their own view, and seeking what they do not already hold. In practice, the leader can acknowledge their own uncertainty or error before asking others to expose theirs; replace unstructured meeting formats that reward interruption with round-robin contribution, written pre-reads, or anonymous input; ask the question whose answer they cannot predict, and wait through the silence that follows; and respond to challenge in the moment it is offered, since teams read the response rather than the invitation.

Champion: The Environment Under Pressure

The Champion action defends contributed perspectives when doing so is costly—when the challenge is inconvenient, the dissent unwelcome, or the person raising it exposed. Without Champion, conditions built during stable periods give way the moment a deadline compresses, and teams read what a leader defends under pressure as the organization's actual position on whether contribution is wanted.

Leaders perform Champion through Courage and Empathy—sustaining inclusive behavior when it is unpopular, and recognizing who carries the cost when it is not sustained. In practice, the leader can

redirect the conversation when a perspective is spoken over, returning the floor to the person who raised it; support an unpopular or disruptive idea in front of peers, so that the person who raised it does not absorb the cost alone; confront credit-shifting, where a contribution ignored from one person is welcomed when repeated by another; and absorb the friction that follows an uncomfortable finding, holding the discussion open against the collective pull toward early consensus.

Measure: Contribution Against Invitation

The Measure action closes the gap between what a leader has invited and what is actually contributed. Without Measure, leaders continue to believe they run open teams long after participation has narrowed, because the invitation remained in place while the response to it changed.

Leaders perform Measure through Bias Mitigation and Commitment—interrupting distortion in judgment and evaluation, and sustaining the discipline when the findings are uncomfortable. In practice, the leader can review, after each significant decision, whose perspectives shaped it and whose were absent; track whether discussion is distributed across the team or concentrated among a few, and whether contribution follows expertise or follows seniority; examine whether those who raised challenge were subsequently advanced or quietly sidelined; and check whether dissenting assessments reach the formal risk register and the executive review, or are filtered out before that point.

Renew: Adapting Inclusion as Team and Context Shift

The Renew action recalibrates participation norms as the team, the strategy, and the operating environment change. Practices that work during a stable planning phase break down when a team moves into rapid execution, or when new members change how influence is distributed. Renew disrupts familiar patterns before they harden into fixed ones.

Leaders perform Renew through Contextual Intelligence and Commitment—adapting practice to the conditions actually in front of them, and sustaining it across cycles when doing so is difficult. In practice, the leader can reset the team's working agreements when new members join, so that newcomers are not left to assimilate into unwritten rules; change the structure of discussion when the team moves from exploration to delivery, shifting from open exploration to structured, protected challenge; rotate high-visibility roles—facilitation, presentation, project leadership—so that ownership does not concentrate; and dismantle the meeting before the meeting, where decisions are settled before the people affected by them are present.

The evidence in Sect. 7.3 demonstrated that Layer 2 carried the defining resilience pattern of the chapter. Organizations frequently retained inclusion rhetorically while weakening the leadership systems that operationalized it. Executive incentives retreated, DEI leadership roles narrowed or disappeared, and several organizations repositioned ERGs away from identity-centered participation toward broader professional-development mandates. Yet the same evidence also showed that some organizations preserved the underlying behavioral mechanisms by reframing rather than removing them entirely.

This distinction proved critical. Organizations that treated inclusion primarily as visible infrastructure experienced the greatest fragility once that infrastructure came under pressure. Organizations that embedded inclusion more deeply into leadership behavior, team interaction, and managerial practice demonstrated materially greater resilience. In these organizations, inclusion remained active even when labels, reporting structures, or program terminology changed.

The Five Leader Actions—emanating from the eight behaviors—are therefore not abstract leadership traits or aspirational values statements. They are observable, repeatable, and measurable mechanisms through which organizations convert diverse perspectives into sustained participation, learning, adaptability, and decision quality. Layer 2 operationalizes the Inclusive Leadership Capability by

translating organizational intent into consistent behavioral practice across the enterprise.

7.6.5 Layer 3—The Enterprise Platform: Four Pillars

Layer 3 defines the enterprise systems that sustain inclusive leadership beyond individual leader intention. While Layer 2 activates inclusion behaviorally, Layer 3 determines whether those behaviors remain reinforced, measured, protected, and repeatable at organizational scale.

The layer operates through four integrated pillars: Strategic Mandate, Operational Architecture, Accountability and Audit, and Ecosystem Engagement. Together, the pillars determine whether inclusion survives leadership transition, organizational pressure, legal disruption, and changing external legitimacy conditions.

Strategic Mandate

The first pillar concerns the extent to which inclusive leadership is anchored within the organization's strategic direction, leadership philosophy, and enterprise priorities. Inclusive leadership becomes materially more resilient when it is treated as part of organizational effectiveness and decision quality rather than as a standalone DEI initiative or symbolic commitment.

The resilience findings in Sect. 7.3 demonstrated that organizations which defended inclusion most successfully were typically those whose leaders framed inclusion as part of organizational identity and business performance rather than as reputational positioning alone.

Operational Architecture

The second pillar concerns the organizational systems through which inclusive leadership is developed, reinforced, and operationalized consistently across the enterprise. These systems include leadership-development processes, succession pathways, managerial standards, talent systems, coaching structures, governance processes, and team-development mechanisms.

The evidence in Sect. 7.3 demonstrated that organizations which relied heavily on centralized DEI infrastructure experienced greater

fragility once that infrastructure came under pressure. Organizations that embedded inclusive leadership more deeply into operational leadership systems demonstrated materially greater continuity after formal DEI structures weakened.

Accountability and Audit

The third pillar concerns the mechanisms through which inclusive leadership behavior is measured, reinforced, and evaluated. These systems include executive compensation structures, performance assessment, promotion criteria, employee feedback systems, and leadership accountability processes.

This pillar experienced some of the highest retreat levels in the chapter. Executive Compensation retreated in 21 of 28 actions during the Research Period, weakening the formal incentive systems previously linking inclusive behavior to leadership evaluation. The evidence suggests that inclusion becomes significantly more vulnerable when behavioral expectations are no longer reinforced through measurable accountability systems.

Ecosystem Engagement

The fourth pillar concerns how inclusive leadership is reinforced through the organization's broader relational environment—including employee communities, external stakeholders, cultural narratives, and organizational communication systems. Ecosystem Engagement determines whether inclusion remains socially reinforced even after formal structures weaken.

The resilience findings in Sect. 7.3 demonstrated an important distinction between organizations that defended inclusion rhetorically and those that sustained it behaviorally through employee communities, leadership practice, and organizational identity. Organizations that embedded inclusion more deeply into the broader organizational ecosystem demonstrated materially greater continuity than those relying primarily on symbolic language or isolated initiatives.

Together, the four pillars determine whether inclusive leadership operates as temporary program infrastructure or as durable enterprise capability. Layer 3 therefore stabilizes the conditions and behaviors established in Layers 1 and 2, embedding inclusive leadership into the organization's operating system rather than leaving it dependent on individual commitment alone.

7.6.6 The Human Condition of Inclusive Behavior

Inclusion is not produced by leaders alone. It is sustained or shaped by the everyday behavior of individuals across the organization. The architecture of inclusive leadership creates the conditions under which inclusive behavior is possible, expected, and reinforced. But the architecture does not produce inclusion. People do.

This human condition operates through specific everyday behaviors: how individuals respond when a colleague is interrupted in a meeting; whether challenge is offered constructively rather than ignored or punished; whether peers reinforce or undermine the conditions of psychological safety; whether contribution patterns are noticed and adjusted; whether silence is interpreted as agreement or as exclusion. These behaviors are not the responsibility of leaders alone. They are the responsibility of individuals across the organization who participate in collective work.

The Financial Times reported on 19 November 2024 [27], in an article titled "Cisco swims against Big Tech tide to set standard in workplace equality," that Jack Naidoo, regional leader at Cisco, described observable behavioral change through structured leader engagement: "*I have seen behaviours change. If you see somebody being talked over, constantly interrupted, it gives [leaders] permission to say, 'let the person speak'… it drives allyship.*"

This human condition is universal across all five Stages of Inclusion Maturity. The organizations that held inclusion most successfully during the Reset were those in which inclusive behavior was carried not by leaders alone but by enough individuals across the organization that inclusion could not be unilaterally retired. The Re-architect

response patterns identified in Sect. 7.3 demonstrate it as architectural rather than aspirational.

7.6.7 Synthesis

The Inclusive Leadership Capability resolves into a single observation: inclusive leadership is not a culture statement but a capability the eight behaviors produce and the enterprise platform sustains. It is built through the deliberate development of the eight behaviors, anchored in the four pillars of enterprise platform, and lived through the everyday behavior of individuals across the organization. The architecture is what makes the difference between inclusion that survives external pressure and inclusion that retreats with the pressure.

The evidence points to leadership behavior and the systems that reinforce it as important to Inclusion resilience. During the 2025 backlash, Inclusion proved more vulnerable where leadership and accountability mechanisms weakened, while greater continuity was evident where inclusive practices remained embedded in leadership and organizational systems. Layer 2 therefore carries the dominant weight in this chapter, supported by Layer 3.

The organizations whose inclusion held most successfully during the Reset were not those that maintained the language of inclusion most consistently. They were those in which inclusive practices remained embedded in leadership behavior and organizational systems, making retreat more than a single decision.

* * *

7.7 Conclusion

Without inclusive leadership, diversity of perspectives does not translate to performance outcomes.

This chapter shows that 49% of inclusion-coded actions resulted in retreat—despite the January 2025 Executive Orders addressing only limited aspects of inclusive practices directly. Retreat actions were

concentrated in externally visible practices and accountability mechanisms; the internally embedded practices held.

The evidence points to governance and accountability as important conditions supporting inclusion. Executive compensation links to DEI outcomes recorded retreat at 80% of coded actions—the second-highest retreat rate of any sub-domain. Where those accountability mechanisms weakened, the practices supporting inclusion also became more vulnerable. For policymakers, this pattern carries a direct implication: removing accountability mechanisms for inclusion can affect organizational behavior beyond the effects of changing formal requirements alone. The Inclusive Leadership Capability addresses this directly. The eight leadership behaviors—Humility, Curiosity, Courage, Empathy, Bias Mitigation, Perspective Curation, Contextual Intelligence, and Commitment—rebuild inclusive leadership as behaviors developed through deliberate daily practice. The four pillars—Strategic Mandate, Operational Architecture, Accountability and Audit, and Ecosystem Engagement—provide the enterprise platform within which inclusive leadership behaviors are equipped, measured, and held to account.

Chapter 8 examines Equity—the third DIEPL element—and introduces the Fairness and Meritocracy Capability in the DEI Resilience Enterprise Architecture.

Inclusive leadership occupies the activating position within the DEI Resilience Enterprise Architecture. In the $DP = D \times IL \times E \times P$ representation, the multiplicative form expresses the tight interdependence of the DIEPL elements rather than a literal mathematical relationship. The 2025 backlash demonstrated that inclusion is not sustained primarily through language, programs, or symbolic commitment. It is sustained through the leadership behaviors, organizational conditions, and governance systems that determine whether individuals continue offering perspectives different from those already established in the room. Inclusive leadership therefore operates as the capability through which difference becomes contribution, contribution becomes learning, and learning becomes organizational performance.

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Footnotes

1 DP = Diversity Performance; D = Diversity of Perspectives; IL = Inclusive Leadership; E = Fairness and Meritocracy; P = Strategic Narrative. The multiplicative form conceptually represents the close interdependence among the four capabilities rather than a literal mathematical relationship. The DEI Resilience Enterprise Architecture and the development of the model are presented in Chap. 10.

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8. Fairness and Meritocracy: Building Structural Integrity for Performance

Kay Formanek[1] ✉
(1) Diversity and Performance BV, Loosdrecht, Noord-Holland, The Netherlands

✉ **Kay Formanek**
Email: kay@diversityandperformance.com

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In the weeks following the January 2025 Executive Orders, I sat in a briefing room with a high-potential leadership cohort at a global engineering firm. The atmosphere was tense. A senior director who had been a visible champion of the firm's diversity targets for years looked at me and asked the question that would define the next phase of my work: "Kay, if the law says we can no longer use identity targets or affirmative access programs, how do we actually guarantee that this place is fair?"

Her question went to the heart of a sixty-year misunderstanding. Affirmative action was designed to fix access—to get individuals through doors that structural exclusion had kept closed. But inviting someone to sit at the table is not the same as giving them the chance to speak—and ensuring that what they say is heard. Much of the

architecture had been built to count and categorize. It had not consistently been designed to see the individual—their thinking, experience, capability, and potential contribution.

In the private conversations that followed that briefing, I heard a recurring theme from the professionals the programs had been designed to support. Each person I spoke to did not want their appointment to be read as a quota filled. Each wanted their capability to be what put them in the room. As one woman put it: "I do not want a promotion because of my gender. I want the system to be so fair that it is impossible for my contribution to be ignored."

The scaffolding was coming under sustained regulatory and political pressure. The structural fairness this scaffolding was designed to support remained partially developed across some organizations.

* * *

Equity retreated at 74%—the highest Total Retreat rate of any element in the enterprise architecture and the highest Voluntary Retreat rate as well—and the structural cause was visible in what survived. Pay Equity recorded no retreats. The difference was definitional: Pay Equity asks whether equivalent individuals are compensated equivalently—a question with no demographic basis and no regulatory vulnerability. Group-based equity measures asked a different question, and when that logic was challenged by the January 2025 Executive Orders (EOs), the architecture rested largely on the regulatory frame that was under challenge.

In the DEI Resilience Enterprise Architecture,[1] Diversity Performance is the outcome of four interdependent capabilities, conceptually represented as DP = D × IL × E × P. The Fairness and Meritocracy Capability (E) is the third capability. Diversity builds the portfolio of perspectives. Inclusive leadership activates those perspectives into contribution. Equity seeks to reduce the structural barriers and biases that can filter contribution out before it influences performance. The capability therefore operates not primarily as a representational mechanism, but as the structural fairness condition

that allows the broader enterprise architecture to function consistently and credibly.

8.1 The Mechanism of Structural Fairness

Equity is not the same as representation. An organization can increase demographic representation, implement affirmative action programs, publish diversity targets, and report demographic progress—and still operate a talent system in which equally qualified individuals are systematically disadvantaged in decisions about pay, promotion, performance evaluation, and access to opportunity. Representation may change while unfairness remains structurally embedded in the system itself.

The structural challenge was that, over time, equity became increasingly associated with the demographic compliance systems through which affirmative action had been operationalized. Representation targets, demographic reporting, executive accountability metrics, and identity-based interventions became the visible architecture through which organizations demonstrated equity. As a result, equity itself increasingly came to be understood through the lens of group representation.

This created a structural vulnerability. When identity-linked affirmative action systems came under pressure after the 2025 Executive Orders, the retreat did not remain confined to those mechanisms alone. Because equity had become closely associated with the systems through which affirmative action had been operationalized, the weakening of those systems implicitly weakened equity itself.

The deeper problem is that demographic representation alone cannot guarantee structural fairness. Structural unfairness is often invisible in demographic counts because it exists not primarily in representation outcomes, but in how decisions are made, by whom, and whether cognitive bias has been systematically structured out or left in. Over time, the increasing salience of group identity inside many equity systems also introduced uncertainty about whether outcomes reflected

individual capability or group membership. Tajfel and Turner's research on social identity [1] and the work of Purdie-Vaughns and colleagues [2] help explain why identity-salient systems can weaken confidence in whether talent decisions are consistently fair at the individual level.

In the Diversity Performance enterprise architecture, Equity is therefore not primarily a representational capability. It is a structural fairness capability. Diversity builds the portfolio. Inclusive leadership activates it. But if the talent system systematically filters out certain contributions—through biased hiring criteria, inequitable pay, opaque promotion systems, or unequal access to progression—the investment in Diversity and inclusive leadership delivers a reduced return. Structural fairness is the condition that ensures the system's outputs match its inputs.

The challenge after 2025 was therefore larger than adjusting programs or renaming initiatives. It required a more fundamental reset in how equity itself was defined: not primarily as demographic representation, but as trusted meritocracy built on demonstrably fair process.

8.2 The Primary Research Data: What Fell, What Held, and Why

Of the 551 Net DEI Actions identified across the Census during the Research Period, 62 were coded to the Equity element. The actions were distributed unevenly across the three capability layers: 39 at Layer 3 Enterprise Platform, 1 at Layer 2 Leader Activation, and 22 at Layer 1 Capability Enablers. The defining architectural feature of Equity was its almost complete absence of an activation layer. Unlike Diversity, Inclusion, or Purpose, Equity was not primarily sustained through leadership behavior or organizational narrative. It was sustained through systems of verification: audits, scorecards, disclosures, reporting structures, benchmarks, and measurable proof mechanisms.

What was built on external verification retreated first. What was embedded in operational fairness systems held.

The Architecture of Verification

The retreat concentrated in the visible verification architecture of fairness: external benchmarks, public disclosures, supplier qualification systems, executive accountability metrics, and formally audited commitments structured to signal organizational fairness visibly to employees, regulators, customers, and the public. Of the 39 Equity-coded actions at Layer 3 Enterprise Platform, 85% were retreats—the highest layer-level retreat rate observed across all layers of the DIEPL elements.

The Globe and Mail reported on 9 December 2024 in "The growing backlash to DEI and ESG in the U.S. is affecting Canadian companies as well" [3] that "*A recent survey of corporate disclosure by Montreal-based consultancy Millani charted steady growth for many years in mentions of ESG by companies in the composite index. Last year, the trend reversed, with just 29 per cent of listed companies referring to ESG, down from 40 per cent the year before.*" The retreat was not simply linguistic. As organizations reduced the visibility of fairness commitments in public reporting, the external verification systems through which institutional accountability had previously been demonstrated also weakened.

The Wall Street Journal reported on 16 May 2025 in "Verizon Rolls Back DEI Policies to Secure $10 Billion Deal" [4] that Verizon said in a May 15 letter: "*However, we recognize that the regulatory and policy landscape surrounding diversity, equity, and inclusion ('DEI') has changed.*" The architectural significance extended beyond the regulatory concession itself. The retreat occurred at the verification surface through which fairness commitments had been publicly demonstrated and externally validated.

Across the Census, 18 Equity-coded benchmarking actions were recorded: 1 was classified as Required Retreat under EO compliance, 15 as Voluntary Retreat, and 2 as Re-architected into broader merit-based frameworks. Withdrawal from the Human Rights Campaign

Corporate Equality Index accounted for most retreats. What unified these retreats was the capability layer of the action. Each operated on a verification surface—the scorecard, disclosure, benchmark, or published commitment—rather than on the underlying fairness outcome the mechanism had originally been designed to support.

The Absent Activation Layer

The Equity element carried the smallest activation layer of any DIEPL element examined in this study: only 1 of the 62 Equity-coded actions sat within Layer 2 Leader Activation. This structural feature distinguished Equity from Diversity, Inclusion, and Purpose. Those elements retained meaningful activation capacity through leadership behavior, strategic narrative, or organizational identity even after visible infrastructure weakened. Equity did not.

The pattern reveals the chapter's central paradox: organizations frequently retained internal fairness systems while simultaneously weakening the visible proof systems through which employees had previously been able to verify that fairness was operating.

Financial Times reported on 21 March 2025 in "JPMorgan changes DEI to DOI as companies respond to Trump assault on equity" [5] that "*JPMorgan's chief operations officer Jennifer Piepszak told staff that the bank was 'changing equity' to 'opportunity' and renaming our [DEI] organisation to diversity, opportunity and inclusion (DOI) because the 'e' always meant equal opportunity to us, not equal outcomes*'." The underlying systems often remained substantially intact, but the language connecting those systems to fairness, equity, and employee trust shifted materially.

Unlike the other DIEPL elements, Equity had comparatively few behavioral mechanisms through which fairness could continue being reinforced once visible verification systems weakened. Organizations rarely described fairness as organizational identity. They described targets, scorecards, audits, benchmarks, and measurable outcomes. As those verification systems retreated, employee confidence in the visibility of fairness became materially harder to sustain.

Where Resilience Held

The resilience pattern for Equity differed materially from the other DIEPL elements. Of the 16 resilient Equity actions, 10 were classified as Remain, 1 as Reframe, and 5 as Re-architect. The strongest resilience appeared where fairness had been embedded directly into operational systems rather than attached primarily to external verification.

Pay Equity represented the clearest example. The Pay Equity sub-domain carried 5 actions across the Census, and all 5 were classified as Remain. Unlike demographic targets or external benchmarking systems, pay-equity mechanisms were embedded within compensation systems, audit processes, and internal governance structures tied directly to organizational operation rather than to external legitimacy.

This distinction proved structurally significant. The visible proof systems of fairness retreated fastest, but many of the operational systems underlying fairness remained active internally. The paradox, however, is that internal fairness systems are often largely invisible to employees themselves. The Human Rights Campaign Corporate Equality Index provided public proof. Internal compensation audits do not. The substance of fairness may therefore survive while the visible evidence through which employees verify fairness weakens materially.

The Equity element therefore produced a different resilience signature from the other DIEPL elements. Diversity resilience partly survived through re-architected perspective capability. Inclusion resilience partly survived through leadership behavior. Equity resilience survived primarily through internal operational embedding —especially where fairness had become part of compensation governance, access systems, and Process Integrity rather than external signaling.

Synthesis

The Equity element displayed the most verification-dependent architecture in the Census. External proof systems—benchmarks, disclosures, supplier qualification systems, and public commitments—retreated first under pressure. Internal fairness systems proved more

resilient, particularly where fairness had been embedded into compensation and access systems rather than external signaling. But because Equity carried almost no activation layer, the weakening of visible verification systems also weakened the employee trust those systems had previously sustained.

8.3 The Five Stages of Equity Maturity: Compliance Depth and Resilience

Chapter 5 described how the maturity of the Diversity, Inclusion, Equity, Purpose, and Leadership (DIEPL) model accounted for the response category of organizations in the Census. The Equity element provides the most direct test of that proposition. In *Beyond D&I*, the Five Stages of DEI Maturity were introduced, each reflecting a progressively deeper embedding of DEI practice in organizational architecture [6]. What follows first defines those five stages as they apply to the Equity element, then maps the primary research data against them to show how depth of equity practice related to the response observed.

8.3.1 Stage 1—Legal Compliance

At Stage 1, the key driver is to satisfy regulatory and legal compliance requirements—quotas, equitable treatment, and the avoidance of sanctions [6]. Success is measured by a single criterion: satisfying external compliance requirements and reducing the risk of regulatory penalties. Equity is documented as an obligation, not embedded as an operating value. The equity measures at this stage are built around the requirements of specific mandates: representation targets, workforce plans, and the reporting required to demonstrate compliance. At this stage, the rationale for equity rests primarily on the external mandate rather than an independently established internal rationale.

8.3.2 Stage 2—Stakeholder Requirements

At Stage 2, the key driver shifts from regulatory compliance to satisfying stakeholder expectations—customers, investors, and employees who require visible equity commitments [6]. The architecture is characterized by externally visible signals: supplier diversity spending goals, racial equity pledges, third-party benchmarks, and identity-linked program investments. Like Stage 1, the impetus for equity comes from outside the organization. The difference is the source of external pressure: stakeholders rather than regulators. Equity measures at Stage 2 remain particularly sensitive to changes in the stakeholder conditions that initially shaped them.

8.3.3 Stage 3—Organizational Performance

At Stage 3, the key driver shifts from avoiding external penalties to generating performance returns [6]. Equity practice is embedded in the operating quality of talent processes: pay-equity analysis, structured hiring designed to reduce bias, equitable access to development. For the first time, there is an internal rationale—a conviction that fair processes produce better talent outcomes. The equity architecture at this stage is better positioned to withstand the removal of an external mandate, as it rests on an internal business case rather than solely on an external obligation.

8.3.4 Stage 4—Reinvention

At Stage 4, equity is seen as essential for organizational transformation [6]. Equity practice is systematically embedded across the full talent lifecycle—processes audited, pay equity conducted routinely, fairness outcomes visible in operational data alongside financial data. The equity capability is built into how decisions are made, not reported after they have been made. Organizations at Stage 4 hold leaders personally accountable for fairness in talent decisions and embed equity standards into performance management rather than into standalone programs.

8.3.5 Stage 5—Societal Value

At Stage 5, equity extends beyond internal operations to supply chain, customers, and communities [6]. Internal fairness standards become external ones, embedded in the organization's relationships and the ecosystem in which it operates. Supplier equity, equitable access to products and services, and the organization's contribution to closing structural inequality in its sector and geography are all within scope. The equity architecture at this stage is less readily dismantled by a single regulatory change because doing so risks disrupting the organization's external relationships and strategic identity. At this level, fairness is no longer experienced only as an internal employment condition. It becomes part of how the organization is trusted externally —by suppliers, customers, communities, regulators, and future talent. Equity therefore shifts from a compliance activity to a continuity capability. Organizations operating at Stage 5 do not rely primarily on symbolic commitments or external verification alone. Fairness has become sufficiently embedded into operational systems, commercial relationships, and institutional identity that retreat carries strategic cost beyond reputational impact alone.

8.4 The Equity Reset: Building the Fairness and Meritocracy Capability

The weakening of equity measures across the Census provides the opportunity to critically evaluate what worked and what did not work over the sixty years of affirmative action-anchored equity practice. Three patterns emerge from the analysis in the preceding sections. First, equity measures built on group compliance requirements alone—representation targets, external benchmarks, and mandated reporting —retreated at the highest rates once the regulatory foundation was removed. Second, equity initiatives framed primarily as external commitments—supplier spending targets and public pledges—retreated at similarly high rates voluntarily, at levels comparable to those under legal obligation, indicating the vulnerability of group-framed initiatives. Third, the focus on group initiatives led to

individuals feeling unseen as individuals and seen only as members of a group, contributing to the perception that outcomes reflected group membership rather than contribution.

The Reset Capability Architecture for Fairness and Meritocracy addresses these three patterns directly. Equity is treated as fairness operating at three structural levels—Process Integrity, Outcome Equity, and Ecosystem Fairness—together with a foundational human condition of interpersonal fairness expressed through respect, dignity, and trust in direct interactions. Fairness thus becomes a property of how the organization operates at the individual level. This requires organizations to build what the previous model left largely underdeveloped: sponsorship and mentorship open to all on the basis of capability, hiring criteria that assess demonstrated potential rather than background, and the daily conduct of respect and dignity that makes the other elements credible.

The capability described in this chapter is the Fairness and Meritocracy Capability; its intended organizational outcome is Verified Meritocracy—the condition in which contribution is evaluated through structurally fair systems capable of withstanding independent scrutiny. This parallels the architecture of Chap. 6, where the capability is Diversity of Perspectives and the enterprise outcome is Diversity Performance.

8.4.1 Research Foundation for the Reset Capability

The Reset Capability Architecture for Fairness and Meritocracy is a research-based model. Its objective is to provide leaders with an architecture for building and sustaining the Fairness and Meritocracy Capability—one that holds under external pressure. Verified Meritocracy is the outcome the Capability produces. The model draws on three bodies of evidence: research examining organizational justice conditions under which equivalent contribution produces equivalent advancement; research on the structured selection and accountability methods that operationalize fairness at scale; and research on the governance and lifecycle structures that sustain fairness against

changing strategic pressure. Table 8.1 maps the leading research across all three. The model also draws on the primary research in this book: across 62 equity-coded DEI actions, the response distributions reveal where fairness held and where it collapsed.

Table 8.1 Research Foundation: Reset Capability Architecture for Fairness and Meritocracy

8.4.2 The Three-Layer Architecture

The Fairness and Meritocracy Capability applies the Reset Capability Architecture to organizational fairness and trust in advancement systems. The center is Verified Meritocracy—meritocracy that can withstand scrutiny. It exists when advancement decisions remain defensible even after intuition, affinity, and informal sponsorship are removed from the assessment. Layer 1 names three Capability Enablers: Process Integrity, Outcome Equity, and Ecosystem Fairness. Layer 2 takes the form of Five Leader Actions; Layer 3 takes the form of four enterprise pillars. All three layers operate within a human condition of interpersonal fairness, without which the system functions as procedural compliance rather than trusted meritocracy. Figure 8.1 presents the complete Reset Capability Architecture for Fairness and Meritocracy.

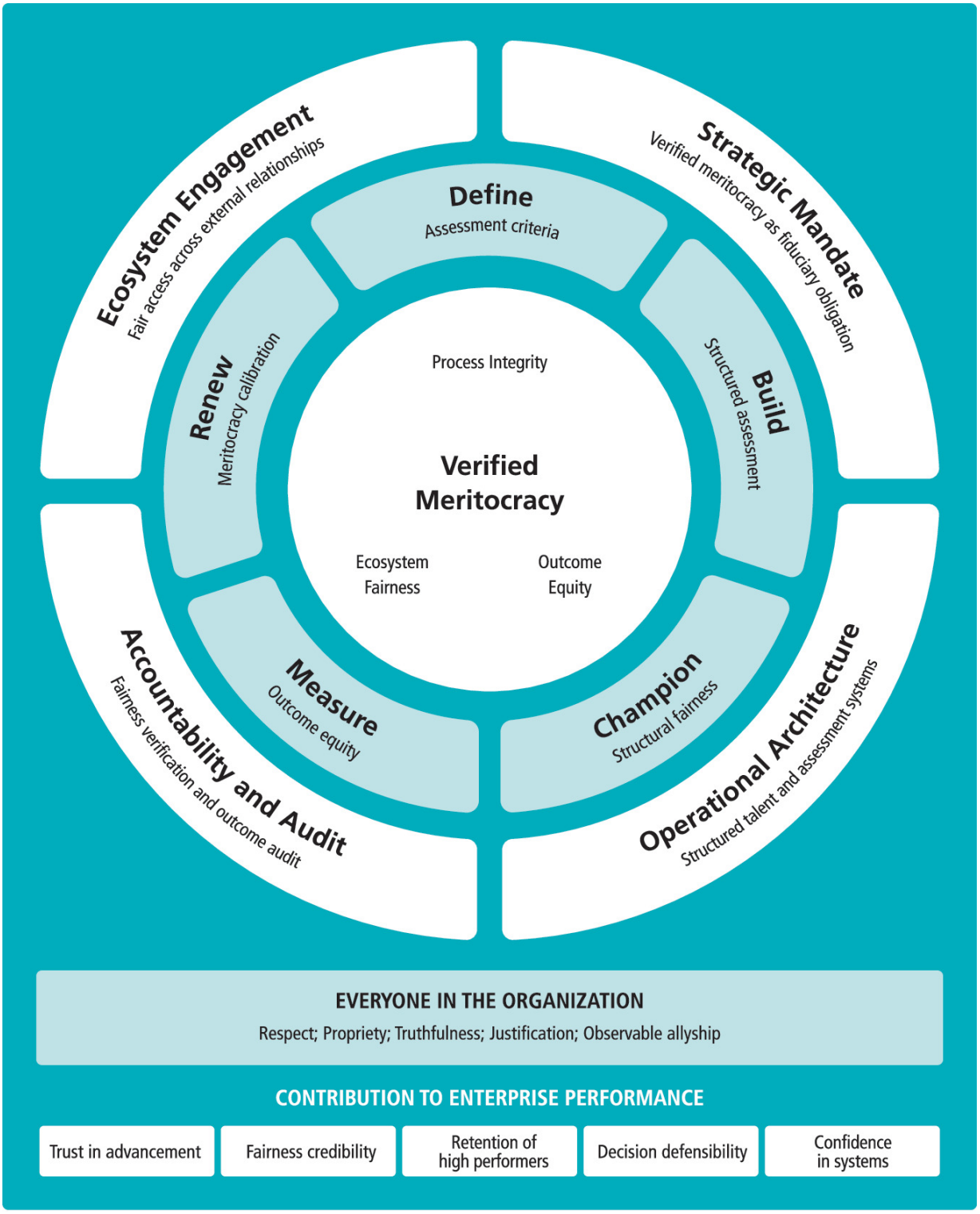


Fig. 8.1 The Reset Capability Architecture for Fairness and Meritocracy. Center: Verified Meritocracy with three Capability Enablers (Process Integrity, Outcome Equity, Ecosystem Fairness). Inner ring: Five Leader Actions (Define, Build, Champion, Measure, Renew). Outer ring: four enterprise pillars (Strategic Mandate, Operational Architecture, Accountability and Audit, Ecosystem Engagement). Everyone in the organization: respect; propriety; truthfulness;

justification; observable allyship. Contribution to enterprise performance: trust in advancement; fairness credibility; retention of high performers; decision defensibility; confidence in systems

(*Source* Author, Kay Formanek, 2026)

8.4.3 Layer 1—The Three Capability Enablers

The first layer of the architecture defines the conditions the meritocracy capability must satisfy to operate credibly, consistently, and resiliently under pressure. These three Capability Enablers—Process Integrity, Outcome Equity, and Ecosystem Fairness—function together. No single enabler is sufficient on its own. A structurally rigorous process that produces inequitable outcomes weakens trust in the architecture. Equitable outcomes unsupported by transparent process weaken legitimacy. Internal fairness unsupported by external consistency weakens system-wide credibility. Together, the three enablers establish the conditions under which Verified Meritocracy becomes operational rather than aspirational.

Each enabler is sustained through the Enterprise Platform described in Sect. 8.4.5.

Process Integrity

Process Integrity evaluates whether employees believe performance is assessed consistently when promotion, hiring, and advancement decisions are made. It asks whether criteria were established in advance, whether the same standards were applied across candidates, and whether decisions were anchored in verifiable evidence rather than intuition, affinity, or informal sponsorship.

Process Integrity exists when talent decisions remain anchored to evidence rather than proximity, familiarity, or intuition. Schmidt and Hunter's [8] meta-analytic review of selection methods, together with Sackett et al.'s [9] revised analysis, demonstrates that predetermined criteria, standardized assessment, and evidence-based evaluation substantially outperform unstructured judgment across both predictive validity and fairness outcomes.

Process Integrity is sustained through the Operational Architecture pillar described in Sect. 8.4.5.

Outcome Equity

Outcome Equity governs whether equivalent contribution results in equivalent advancement, compensation, development access, and opportunity over time. Outcome Equity recognizes that process credibility ultimately depends on whether outcomes align with the standards the architecture claims to uphold.

Meritocracy loses legitimacy when equivalent contribution does not result in equivalent advancement over time. Colquitt's [7] organizational-justice research, together with Castilla and Benard's [16] work on meritocratic bias, demonstrates that process credibility ultimately depends on whether outcomes remain explainable and defensible through evidence.

Even when leaders believe the process is fair, unequal outcomes eventually cause employees to question whether the system works consistently for everyone. The two are closely connected: a fair process that repeatedly produces inequitable outcomes signals structural weakness somewhere within the system itself.

Outcome Equity is sustained through the Accountability and Audit pillar described in Sect. 8.4.5.

Ecosystem Fairness

Employees judge fairness not only through internal decisions, but through who receives opportunity, access, sponsorship, and credibility across the organization's wider ecosystem—suppliers, advisory firms, recruitment partners, community investments, and external talent pipelines. Ecosystem Fairness asks whether the disciplines that govern internal advancement also govern external relationships.

Organizations struggle to sustain one standard of fairness internally while tolerating another externally. Bies and Moag's [13] interactional justice research, together with De Souza and Schmader's [14] typology of allyship, demonstrates that legitimacy depends on consistency across the wider value chain of suppliers, partners, recruitment pathways, and external evaluation structures.

The capability implication is strategic rather than symbolic. Organizations inherit structural blind spots from the systems around

them. Where ecosystem relationships reproduce narrow access patterns, opaque criteria, or informal gatekeeping, the organization's own meritocracy architecture becomes progressively constrained regardless of its internal intentions.

Ecosystem Fairness is sustained through the Ecosystem Engagement pillar described in Sect. 8.4.5.

8.4.4 Layer 2—Leader Activation: The Five Leader Actions

Layer 2 is Leader Activation—the rhythm through which individual leaders translate the Capability Enablers into daily decisions. Five actions—Define, Build, Champion, Measure, and Renew—operate as a continuous cycle rather than a sequence. Each cycle of the architecture passes through all five; each strategic transition triggers a full cycle.

Across the capability chapters of Part III, the relative weight of leader action against enterprise platform varies by capability: where a capability fails primarily through leader collapse, Layer 2 dominates; where a capability fails primarily through verification absence—as meritocracy does—Layer 3 carries more weight.

Define: Criteria Prior to Assessment

The Define action establishes the criteria before the candidate enters the room. Without Define, criteria emerge after the candidate, not before—which means the criteria become explanations for the decision the leader already wanted. Define prevents this by making the standard prior to the candidate, the criterion prior to the assessment, and the rule prior to the case.

Verified Meritocracy depends on criteria being established before preference hardens around candidates. Castilla and Benard's [16] research on accountability systems, together with Colquitt's [7] work on procedural justice, demonstrates that absent prior criteria, post-hoc rationalization substitutes for evidence.

In practice, the leader can specify the performance metrics and behavioral evidence the talent decision requires before the cycle begins; subject criteria to peer-review calibration, treating defense of

the criteria as the test of their objectivity; anchor every assessment in documented, verified evidence rather than recent memory or impression; and articulate the rationale for every advancement decision in terms an external auditor could verify.

A regional managing director paused a promotion calibration discussion less than ten minutes into the meeting. As she listened, she noticed that the criteria being used were shifting candidate by candidate—"commercial presence" for one individual, "leadership maturity" for another, "client readiness" for a third. Her intervention was direct: "Before we discuss names further, I want us to agree the criteria we are actually using, and I want those criteria applied consistently across every candidate in this room." The discussion stopped. The leadership team rebuilt the assessment framework before continuing. Two candidates initially viewed as not yet ready emerged strongly once the criteria were clarified and consistently applied.

Build: The Assessment Apparatus

The Build action constructs the assessment apparatus the criteria require. Without Build, well-stated criteria operate against unstructured evidence—and unstructured evidence is exactly where rapport, affinity, and informal sponsorship substitute for performance. Build prevents this by ensuring that what reaches the assessment is comparable, what reaches the calibration is documented, and what reaches the decision is defensible.

Fairness becomes unreliable when evidence enters the process through informal judgment alone. Schmidt and Hunter's [8] meta-analytic review of selection methods, supported by Sackett et al.'s [9] revised analysis, demonstrates that structured assessment substantially outperforms intuitive judgment in both predictive validity and bias reduction—a conclusion sharpened by Moss-Racusin et al.'s [10] experimental finding that identical CVs were rated lower when assigned a female name, indicating that safeguards must be structural; intention alone is insufficient.

In practice, the leader can deploy structured-selection protocols with predetermined behavioral questions in place of conversational interviewing; use work-sample tests in place of self-report and rapport assessment; require anonymized screening at the early-stage point where unsupervised intuition introduces the largest bias; and score every candidate independently against the rubric before group calibration begins.

A business-unit leader reviewing graduate recruitment data realized that nearly all internship conversions over the previous two years had originated through informal personal referrals from existing employees. The pattern had not been intentional, but it had created a narrow access channel that repeatedly reproduced the same educational and socioeconomic profiles. The leader intervened before the next recruitment cycle opened. Referral-only pathways were removed as a primary sourcing mechanism, universities outside the firm's traditional network were added, and structured assessment criteria replaced informal manager sponsorship as the dominant selection process. Several hires from the revised intake later became part of the division's highest-performing transformation team. The leader later observed that the intervention had not lowered standards—it had widened access to the capability pool the organization had previously constrained without realizing it.

Champion: Structural Fairness Under Pressure

The Champion action prevents Define and Build from quietly eroding when the language of equity becomes politically expensive. Without Champion, the structural work installed earlier is less likely to withstand external pressure, because the architecture's integrity is reinforced by continuing leader voice and standing, not by its internal coherence alone.

Fairness architectures weaken quickly when leaders stop defending them publicly under pressure. Castilla and Benard's [16] accountability findings indicate that meritocratic claims unsupported by continuing vigilance produce weaker outcomes, while Denning's [11] work on

narrative leadership sets out why capability survival depends on sustained leader voice in contested environments.

In practice, the leader can publicly defend structured criteria in every forum where they will be tested; refuse to retire structural commitments under pressure; distinguish in public communications between the language of equity (which may shift) and the mechanisms of fairness (which do not); and name the business consequence of retreat—slower promotion of strong performers, narrower attraction, reduced retention—in board and executive discussions.

During a senior talent review, a divisional president challenged a proposal to fast-track a well-connected candidate into a leadership role without completing the standard assessment process. Several executives argued that the individual was already widely known and that the formal process would only delay an obvious decision. The president disagreed: "If the process only applies when the outcome is uncertain, then it is not a process. It is theater." The candidate completed the same structured assessment as every other finalist. Another individual—initially considered less visible internally—ultimately demonstrated stronger strategic readiness and was appointed instead. The president later observed that fairness architecture loses credibility the moment exceptions are created for proximity, familiarity, or influence.

Measure: Outcomes Against the Architecture's Claim

Without Measure, organizations continue believing the system is fair long after outcomes have diverged. The Measure action serves to close the gap between the architecture's claim and its results. The procedural rigor of Define and the apparatus of Build can persist as theater for cycles while equivalent performers diverge in advancement, pay, and access. Measure asks leaders to treat progression, pay, and opportunity outcomes with the same operational discipline applied to financial performance. At the Layer 2 scale, Measure is the leader reviewing their own team's outcomes; at the Layer 3 scale (Accountability and Audit), the enterprise verifies across business units.

Meritocracy cannot be assumed from process alone; it must be continuously verified through outcomes. Colquitt's [7] organizational-justice research, Castilla and Benard's [16] paradox findings, and Kalev, Dobbin and Kelly's [15] longitudinal accountability research together indicate that equitable systems require ongoing evidence review rather than managerial assumption.

In practice, the leader can review pay equity, promotion velocity, and development access by individual performance level rather than by aggregate headcount; surface specific gaps where equivalent performers are advancing at different rates; require evidence-based explanation for every gap; and build correctability into the rhythm by making findings actionable rather than archived.

Reviewing annual promotion outcomes, a senior leader noticed a recurring pattern across multiple business lines: women and internationally mobile employees were consistently receiving stronger performance evaluations than peers at equivalent levels, yet their promotion velocity remained materially slower. Rather than accepting the headline explanation that the process had been followed, the leader asked for the underlying decision pathways to be examined in detail. The review identified that informal sponsorship conversations occurring before formal calibration sessions were heavily shaping final outcomes. The issue was not the written criteria themselves but the unofficial influence mechanisms surrounding them. The leader responded by requiring promotion discussions to begin only after formal evidence reviews had been completed and documented. The leader later observed that the intervention had shifted the system from assumed meritocracy to Verified Meritocracy—where outcomes could withstand scrutiny.

Renew: Recalibrating Criteria as Strategy Shifts

Criteria that produced success in the previous strategy can quietly block the next one. The Renew action reduces the risk of the architecture from outlasting its strategic relevance by recalibrating the criteria at major strategic transition.

Meritocracy architectures decay when assessment criteria continue rewarding the capabilities of a previous strategic era. The Capability Maturity Model Integration [12] tradition indicates that organizational capabilities require deliberate renewal as strategic conditions change—Renew applies that principle to the meritocracy architecture itself.

In practice, the leader can recalibrate the Define criteria at every major strategic transition; retire criteria that reflected the previous strategic context; surface where Build mechanisms have become misaligned with current performance requirements; and explicitly invest in growing the perspectives the new strategy requires before the talent search begins.

A technology leader overseeing a major digital transformation recognized that the organization's historical promotion criteria still rewarded operational control, technical depth, and individual delivery above collaboration, adaptability, and cross-functional leadership. Those criteria had produced success in the previous business model, but they were increasingly misaligned with the capabilities the next phase of the strategy required. Before the next performance cycle began, the leader initiated a redesign of the advancement framework: collaboration across disciplines, contribution to shared outcomes, and learning agility became formally weighted components in senior progression decisions. The leader later observed that the intervention was not about relaxing standards—it was about ensuring the system rewarded the capabilities the future strategy required.

8.4.5 Layer 3—The Enterprise Platform: Four Pillars

Layer 3 is the Enterprise Platform: the institutional systems that support, reinforce, and sustain the Five Leader Actions established in Layer 2. Where leader activation depends partly on individual capability, the Enterprise Platform embeds the capability into governance, process, measurement, and ecosystem structures so that it persists beyond any single leader or leadership cycle.

The four pillars—Strategic Mandate, Operational Architecture, Accountability and Audit, and Ecosystem Engagement—map directly to

the corporate governance principles of Responsibility, Fairness, Accountability, and Transparency (OECD [18]; Cadbury [19]). The mapping is not decorative. Each pillar inherits its institutional logic from a governance principle that has been refined across decades of corporate governance practice; the architecture extends that logic to the talent system.

Meritocracy fails primarily through verification collapse rather than through composition weakness or activation failure. The Enterprise Platform therefore carries more architectural weight in this chapter than in chapters where the dominant retreat pattern is different.

Strategic Mandate

The Strategic Mandate pillar codifies Verified Meritocracy as a fiduciary obligation of the enterprise—an obligation held by the board with the same duty of care that applies to financial performance. It shifts Verified Meritocracy from voluntary commitment to governance obligation.

Meritocracy is more likely to withstand when fairness is embedded into the organization's primary governance logic rather than treated as a voluntary commitment. Kalev, Dobbin and Kelly's [15] research on accountability systems, together with Kaplan's [17] work on strategic framing contests, demonstrates that capabilities are more likely to endure when formally anchored into institutional decision-making structures.

In practice, the enterprise establishes a board-level declaration defining verified individual meritocracy as a non-negotiable strategic priority; appoints an empowered governance role with the authority to audit business-unit talent decisions; integrates equity metrics into the standard board agenda alongside financial performance; links a defined portion of senior executive variable compensation to verified alignment between individual performance and advancement; and formally separates the strategic architecture of individual meritocracy from group-based demographic compliance targets so that regulatory shifts do not dismantle the underlying capability.

At a financial services firm, the chief executive presented the firm's fairness mandate to the audit committee. The chief executive opened by framing Verified Meritocracy as a fiduciary obligation—the firm's largest commercial exposure in a tight talent market was advancing the wrong people at the wrong rates—and proposed integrating individual progression-velocity and pay-equity dashboards into the audit committee's quarterly review alongside the financial covenants. The committee chair pressed on whether the dashboards would create disclosure risk if outcomes were unfavorable. The chief executive responded that the disclosure risk of not knowing the outcomes was larger than the risk of knowing them. The proposal was accepted. The chief executive later observed that framing the question as fiduciary obligation—not commitment—had moved the committee from approval to ownership.

Operational Architecture

The Operational Architecture pillar constructs the systems and repeatable processes that embed Process Integrity directly into the firm's operating model. Where Strategic Mandate codifies the obligation, Operational Architecture builds the infrastructure that makes intuitive supervisor judgment a policy variance rather than the default.

Fairness becomes more sustainable when embedded directly into operational systems; managerial discretion alone is insufficient. Research on structured assessment, predictive validity, and debiasing mechanisms [8–10, 15] indicates that organizations consistently outperform intuition-based systems when fairness safeguards are hardcoded into process architecture.

In practice, the enterprise hardcodes structured interview guides and rubrics into the applicant tracking system; builds blind-screening mechanisms that strip identifying information from initial evaluation; embeds anonymized work-samples assessed by independent panels; runs predictive validity audits cross-referencing hiring decisions

against subsequent on-the-job performance; and implements dual sign-off requirements on promotions to remove single-manager veto power.

A chief human resources officer at a global services firm rebuilt the promotion calibration process. The previous architecture relied on unstructured panel discussion; the rebuild hardcoded a structured competency rubric into the talent system, required documented evidence against each criterion in advance of the panel, and introduced an independent reviewer with no managerial relationship to the candidates. The first cycle produced two outcomes that surprised the room: a candidate who had been a perennial top-of-list under the old process did not clear the structured criteria, and a candidate who had been overlooked under the old process did. The chief human resources officer later observed that the structured architecture had not produced different people—it had produced the people the architecture had previously prevented from being seen.

Accountability and Audit

The Accountability and Audit pillar provides independent verification that the talent ecosystem is executing verified meritocratic advancement. It treats individual equity tracking with the same operational rigor as financial reporting: independent verification, defensible methodology, and public defensibility.

Meritocratic systems weaken when fairness claims are accepted without independent verification. Colquitt's [7] procedural justice work, Castilla and Benard's [16] meritocratic-bias research, and Kalev, Dobbin and Kelly's [15] accountability findings indicate the value of applying the same disciplines of audit, transparency, and correction to talent systems as to financial systems.

In practice, the enterprise deploys data dashboards tracking pay and bonus allocation to flag anomalies in real time; publishes evaluation criteria, pay bands, and bonus formulas at full enterprise transparency; runs regression analyses cross-referencing compensation against performance scores by division; conducts independent talent audits across four measurement nodes—pay equity,

progression equity, development access, and retention; and integrates individual equity data into standard quarterly business reviews alongside financial KPIs.

An audit committee chair, reviewing the equity-outcome dashboard for the second consecutive quarter, surfaced a four percent pay variance between equivalent performers in one division that had narrowed in the prior quarter but widened again. The committee chair did not accept the divisional president's initial explanation—a recent senior hire skewing the data—and required the management team to disaggregate further: by tenure, by role family, by performance band. The disaggregated data showed the variance was concentrated in one role family across two specific managers, both of whom had received unstructured promotion authority that the new architecture had not yet recalibrated. The committee chair directed that the recalibration be completed before the next quarterly review and that the manager calibration scores be included in the next reporting cycle. The committee chair later observed that the audit committee's role was not to investigate cases but to refuse to accept aggregates that obscured them.

Ecosystem Engagement

The Ecosystem Engagement pillar extends the integrity of the architecture beyond the firm's boundaries into the external value chain—suppliers, advisory partners, community investments, grant programs, and external talent pipelines. It recognizes that system-wide integrity depends on the fairness conditions of the broader ecosystem.

Fairness architecture loses credibility when standards inside the firm differ from standards applied externally. Bies and Moag's [13] interactional justice criteria, together with De Souza and Schmader's [14] typology of allyship, establish that legitimacy depends on consistent treatment across all relationships—internal and external. Kaplan's [17] framing-contest research adds the narrative requirement: external messaging that contradicts internal commitment dismantles both.

In practice, the enterprise builds explicit process-fairness and meritocracy requirements into procurement contracts with professional service providers; sources external partners through open, published criteria with transparent feedback; publishes community-investment and grant criteria alongside structured evaluation panels and audit trails; engineers external hiring criteria to dismantle structural barriers that filter for institutional background rather than capability; and anchors external narrative in strategic logic that reinforces internal commitment.

A senior executive reviewing the firm's external executive-search shortlists noticed a recurring pattern across multiple appointments. Although the candidate pools appeared diverse on paper, the final shortlists repeatedly concentrated around the same small group of institutions, career pathways, and prior employers. The issue was not overt exclusion; it was the quiet reproduction of a familiar leadership profile through the search firm's sourcing assumptions. Before the next appointment cycle began, the executive intervened directly with the search partner. Future mandates would require the search methodology itself to be documented: where candidates had been sourced, how the criteria had been weighted, which capability requirements were considered essential, and whether the longlist genuinely reflected multiple leadership pathways rather than variations of the same profile. The revised process surfaced several candidates whose backgrounds would previously have been screened out early because they did not match the traditional executive template, including one leader later appointed to run a strategically important transformation program. The executive later observed that the intervention had extended fairness architecture beyond the organization itself—the capability now shaped how external partners constructed access to opportunity on the organization's behalf.

8.4.6 The Human Condition of Interpersonal Fairness

The architecture governs the fairness of the system. The human condition governs whether the system is trusted.

All three layers of the architecture operate within a human condition that the architecture cannot install: the daily quality of how individuals treat each other. Process Integrity, Outcome Equity, and Ecosystem Fairness can be codified, audited, and verified. The trust they require to operate cannot. That trust depends on respect, propriety, truthfulness, and justification operating as everyday conduct —not as leader-only behavior, but as the standard for everyone in the organization [7, 13]. Without it, the architecture functions as procedural compliance rather than trusted meritocracy.

Active allyship—observable behavior rather than identity claim—distinguishes the human condition from performative statements about it [14]. The standard is what individuals do: accurate attribution of contributions, opening access to networks, opening developmental opportunities to colleagues without the same default reach, and re-attributing overlooked ideas to their original authors.

This human condition is universal across all five Stages of DEI Maturity. The four organizations identified in the chapter's empirical record as meeting the Re-architect response category illustrate it as architectural rather than aspirational.

8.4.7 Synthesis

The Reset Capability Architecture for Fairness and Meritocracy resolves into a single observation: the Fairness and Meritocracy Capability is not a value to be declared but a capability to be built, defended, verified, and refreshed. The center names the outcome—Verified Meritocracy, meritocracy that can withstand scrutiny. The three Capability Enablers name the conditions the architecture must satisfy. The Five Leader Actions name the rhythm through which leaders translate those conditions into daily decisions. The four enterprise pillars name the institutional foundation through which the capability persists beyond any individual leader. All operate within a human condition of interpersonal fairness without which the architecture functions as procedural compliance.

Meritocracy begins to fail when decisions can no longer be independently defended and employees stop trusting how advancement decisions are made. For that reason, the Enterprise Platform carries greater weight in this chapter than in chapters where the dominant retreat pattern is different.

The organizations that held fairness most successfully during the Reset were not the organizations that spoke most often about meritocracy. They were the organizations whose systems could still defend their decisions after pressure arrived.

* * *

8.5 Conclusion

This chapter sets out that 74% of Equity-coded actions resulted in retreat during the Research Period (1 January 2024–31 December 2025). The retreat was concentrated in group-based equity sub-domains—demographic targets, spending commitments, and program criteria anchored in Cluster 1 representation. Pay Equity recorded no retreats. The structural contrast between what retreated and what held is the chapter's primary finding.

The mechanism is clear. Equity built on group-based demographic compliance has a regulatory rationale—and when that rationale is challenged, the architecture may lack an independent foundation. The Reset Capability Architecture for Fairness and Meritocracy addresses this directly. The three Capability Enablers—Process Integrity, Outcome Equity, and Ecosystem Fairness—operating within the human condition of interpersonal fairness, rebuild equity as individual structural integrity: a system in which talent decisions are structured, transparent, and defensible because they rest on demonstrated contribution. Structural fairness supports enterprise performance by ensuring that talent is evaluated against a uniform standard of contribution.

Fairness built on group correction is contingent. Fairness built on individual merit is operational. An organization can pursue

demographic equity and individual equity simultaneously—but the second is better positioned to withstand the removal of the regulatory foundation on which the first may depend.

While Equity provides the structural integrity, it requires the final capability—the Strategic Narrative Capability (P)—to provide the leadership conviction that sustains the architecture through external developments. The Fairness and Meritocracy Capability (E) is the third capability in the DEI Resilience Enterprise Architecture, in which Diversity Performance is the outcome of four interdependent capabilities, conceptually represented as DP = D × IL × E × P. Chapter 9 examines the Strategic Narrative Capability and introduces the Reset Capability Architecture for Strategic Narrative. Of the five elements in the DIEPL (Diversity, Inclusion, Equity, Purpose, and Leadership) framework, Purpose recorded the highest resilience rate: 55% of Purpose-coded actions held, the strongest result of any element in this research.

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Footnotes

1 DP = Diversity Performance; D = Diversity of Perspectives; IL = Inclusive Leadership; E = Fairness and Meritocracy; P = Strategic Narrative. The multiplicative form conceptually represents the close interdependence among the four capabilities rather than a literal mathematical relationship. The DEI Resilience Enterprise Architecture and the development of the model are presented in Chap. 10.

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9. Purpose and Strategic Narrative: The Conviction that Holds the Architecture

Kay Formanek[1] ✉
(1) Diversity and Performance BV, Loosdrecht, Noord-Holland, The Netherlands

✉ **Kay Formanek**
Email: kay@diversityandperformance.com

Keywords Strategic narrative – Corporate purpose – Organizational Trust – Strategic DEI embedding – Narrative Governance – Compliance anchored purpose

In 2024, before the US Executive Orders (EOs) were signed, the leadership team of a global consumer goods organization had already begun grounding their diversity, equity, and inclusion (DEI) commitments in a strategic narrative. With operations across multiple regions, they were observing a documented pattern: DEI contestation was intensifying in the United States and other markets—including the United Kingdom, where public and political pressure on DEI programs was also building.

In advisory conversations with the team, the strategic objective was clear: to express their DEI commitments as a coherent organizational narrative—one that connected their investment in diversity to their strategy, gave employees and leaders across the organization a defensible answer to why diversity mattered for this organization

specifically, and provided clarity to customers and suppliers in an environment where DEI had become an increasingly contested concept.

The goal was not defense against external pressure. It was an anchor.

What the team built was precise. The narrative was grounded in the organization's commercial reality: diversity of perspectives was essential to understanding their consumers and innovating products for them. It emphasized the conditions that made diverse perspectives productive—psychological safety, the recognition of creative ideas, the courage to challenge. And it connected those conditions to outcomes that employees and leaders across the organization could see: a more engaged workforce, a more innovative product pipeline, a more sustainable organization.

When the US January 2025 Executive Orders arrived, I witnessed a calmness and confidence that I did not observe in many other organizations who had not done the same work. I could see that the logic had been worked through. Leadership communication, managerial practice, and enterprise systems were aligned around a single strategic narrative. The response was consistent and congruent —what the organization said externally matched what leaders communicated internally, and both matched what the organization actually did.

In the months that followed, members of the leadership team received letters of thanks—from employees who felt their organization had stood by its commitments while others retreated, and from customers who noticed the same. A subsequent internal assessment indicated that both customer trust and employee satisfaction had strengthened over that period. What this organization had built—before the pressure arrived—was not a communication strategy. It was a strategic narrative grounded in leadership conviction.

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Purpose recorded the highest resilience rate of any element in the enterprise architecture—55% of the 132 Purpose-coded actions held during the Research Period, including through the pressure of the

January 2025 Executive Orders. But the resilience was structurally uneven: the sub-domains built primarily for regulatory signaling were more likely to retreat as the surrounding environment changed, while the sub-domains grounded in Strategic Conviction showed greater continuity where their rationale was independent of regulatory requirements. This chapter identifies what distinguishes durable conviction from compliance-anchored purpose, and introduces the Reset Capability Architecture for strategic narrative as a framework for building the kind of conviction that holds.

The chapter examines the fourth and final capability in the DEI Resilience Enterprise Architecture. In this architecture, Diversity Performance is the outcome of four interdependent capabilities, conceptually represented as DP = D × IL × E × P.[1] The Strategic Narrative Capability (P) operationalizes the Purpose element of DIEPL. It captures Strategic Conviction in a narrative for the whole organization and its stakeholders, that DEI is critical to the organization's capacity to perform. Where P is built primarily on regulatory and reporting language, it is structurally vulnerable: its rationale depends on external validation rather than internally grounded strategic logic. Where P is built on Strategic Conviction—grounded in the specific commercial, operational, and human case for why this organization needs diversity of perspectives to achieve what it exists to achieve—it appears more structurally durable, with the rationale anchored in the organization's own strategic logic rather than in regulatory requirements.

Of the 132 Purpose-coded actions in the Census, 55% held during the Research Period—the strongest resilience rate of any element in the Diversity, Inclusion, Equity, Purpose, and Leadership (DIEPL) framework. The pre-EO maturity assessment showed that the depth of strategic embedding—whether the DEI narrative was anchored in governance and leadership accountability before the pressure arrived, or present only in external communications—was consistently associated with resilience.

Purpose, as this chapter uses the term, is the Strategic Conviction—captured in a narrative for the whole organization and its stakeholders—that DEI is critical to the organization's strategic goals, and that building a resilient DEI enterprise architecture is a strategic necessity, not a compliance obligation. The Purpose element covers six sub-domains in this research: CEO and Executive Statements, Policy Statements, Annual Report and Securities Filings, DEI Website and Digital Content, Corporate Heritage Events, and Leadership Accountability Architecture. These sub-domains were not directly prohibited by the US January 2025 Executive Orders. The retreat was entirely voluntary.

9.1 The Conviction Mechanism

Purpose is the conviction layer of the enterprise capability architecture. Diversity broadens perspectives. Inclusive leadership activates contribution. Equity reduces structural distortion. The resilience of these capabilities under pressure appears closely connected to whether the organization can explain—in its own strategic terms—why diversity of perspectives matters to enterprise performance. Purpose provides that explanation. Where it is internally owned, the architecture is better positioned to hold; where it relies primarily on external legitimacy conditions, it is more vulnerable when those conditions change.

This is the conviction mechanism the chapter examines. The observed retreat in Purpose does not in itself establish that organizations had ceased to value diversity. Rather, retreat was concentrated where the strategic logic for diversity capability remained externally constructed. Where Purpose had relied primarily on external pressure, the Executive Orders removed part of the external scaffolding supporting that rationale. Where Purpose had been embedded into the organization's own understanding of innovation, talent, customer adaptation, and long-term competitiveness, the architecture showed

greater continuity under the same pressure, consistent with a strategic logic grounded within the organization itself.

Four structural components define Strategic Narrative Capability when applied to diversity of perspectives.

First, the *Shift* identifies what has changed in the organization's external environment that makes diversity capability strategically necessary now—shifts in customer composition, talent markets, technology demands, regulatory complexity, or competitive structure.

Second, the *Stakes* define what organizational capability is weakened if diversity of perspectives is not built effectively—innovation capacity, talent access, customer understanding, decision quality, operational adaptability, or long-term enterprise resilience.

Third, the *Promise* articulates what the organization is committing to build and what diversity capability is expected to contribute to enterprise performance—not as moral aspiration, but as strategic outcome.

Fourth, the *Core Idea* compresses the strategic logic into a single load-bearing proposition that leaders can carry into operational decisions. The Core Idea is the clearest test of whether the strategic narrative has been internalized. Leaders who cannot explain the strategic logic in their own operational language do not yet fully own the narrative.

Purpose maturity becomes visible through the depth and integration of these four components. Where the Shift, Stakes, Promise, and Core Idea are operationally embedded, Purpose functions as enterprise capability. Where they remain generic, externally inherited, or disconnected from organizational strategy, Purpose functions primarily as compliance language and becomes structurally vulnerable when external legitimacy conditions change.

Gallup's official State of the Global Workplace report confirms that global employee engagement stands at 23%, noting that a core metric within their foundational Q12 assessment explicitly links this engagement to whether the organization's mission and purpose make employees feel their individual work is important [1]. Strategic

narrative is structurally underdeveloped across enterprises generally, not only on diversity. The DEI Reset surfaced this underlying weakness in one particular domain.

9.2 The Evidence: What Fell, What Held, and Why

Data and Scope

The analysis covers 132 Purpose-coded DEI actions across the Census of 171 organizations during the period 1 January 2024 to 31 December 2025. Purpose-coded actions encompass any organizational behavior that addressed the strategic rationale for diversity capability: leadership statements, policy statements, annual filings language, website narrative content, branding and terminology, philanthropy framings, and public communications. Each action was classified into one of five response categories under the Reset coding framework: Required Retreat, Voluntary Retreat, Reframe, Remain, or Re-architect. Aggregate findings, sub-domain breakdowns, and verbatim examples reported in this section are reconciled to the Reset baseline established in Chap. 4.

Across 132 Purpose-coded actions, the Purpose element recorded the lowest retreat rate of any DIEPL element: 45% (59 actions) retreated, while 55% (73 actions) held. Within retreat, the pattern is decisive: 54 of 59 retreat actions (92%) were Voluntary Retreat rather than Required Retreat. No US Executive Order required organizations to remove DEI narrative content from annual filings, websites, or strategic disclosures. Where Purpose retreated, it retreated by choice.

Retreat concentrated in specific narrative surfaces. DEI sections in annual filings, securities disclosures, and proxy statements were removed across the Census, predominantly through Voluntary Retreat. By contrast, narrative change occurred where regulatory approval was conditional. As reported by Reuters on 2 December 2025 [2], in an article titled *"AT&T commits to ending DEI programs,"* the FCC

"*has required telecom firms to end DEI programs as a condition of approving transactions.*"

Stewardship guidance followed a parallel pattern. As reported by Reuters on 31 January 2025 [3], in an article titled *"Vanguard dials back diversity language for US corporate boards," "Vanguard removed some of its guidance for U.S. companies to include women and minority directors."* The article states that "*Vanguard's proxy voting policy for U.S. companies has removed a statement from its 2024 policy that in addition to having a diversity of tenure and skills, a board should also, 'at a minimum, represent diversity of personal characteristics, inclusive of at least diversity in gender, race, and ethnicity.*'"

Where retreat occurred, the question is not whether organizations communicated about DEI but whether the rationale for DEI capability had been embedded internally before pressure arrived. Coca-Cola's response illustrates the strategic embedding distinction. As reported by Bloomberg on 20 February 2025 [4], in an article titled *"Coca-Cola Warns of Potential Negative Impact From DEI Changes,"* Coca-Cola said in the filing: "*Our diverse, high-performing global employee base helps drive a culture of inclusion, innovation and growth*." The framing connects diversity capability to two enterprise outcomes—innovation and growth—rather than to compliance or social expectation. The internal logic survived because it had been constructed in strategic rather than compliance terms.

Within the 132 Purpose-coded DEI actions, retreat distributed unevenly across sub-domains. Retreat concentrated in filings-related sub-domains: DEI Sections and References in Filings retreated at 86% and Language and Terminology in Filings at 71%. At several organizations, diversity goals and growth-driver framing were dropped from annual reports; in the highest-volume sub-domain (n=26), the observed pattern combined page removal, redirection to belonging-framed pages, and discontinuation of prior transparency reports. The shift operated through two channels—removal and substitution. Where substitution occurred, observed across seven organizations, "DEI," "diversity," and "equity" were replaced with "belonging," "workforce

representation," "opportunity," or "inclusive culture." The counter-pattern was confined to a small set: a handful of organizations issued explicit continuity statements.

The pattern is consistent: retreat concentrates in narrative surfaces (filings, websites, and terminology), while resilience concentrates in leadership-owned communication and operational continuity. The sub-domains with the deepest leadership ownership—Leadership Statements and Policy Statements—were observed to hold across the Census, while the sub-domains farthest from operational decision-making retreated most. Retreat appeared to track distance from operational logic.

Retreat itself is not the finding. Where retreat occurred is. Retreat clustered where strategic logic had not been internalized into operations. Resilience clustered where leadership ownership and operational continuity gave the strategic narrative load-bearing function. Voluntary Retreat was dominant, and was concentrated where the underlying strategic logic appeared less internally embedded as external conditions shifted. Communicating about DEI was not the central question. Whether the logic belonged to the organization was.

9.3 Communication Posture as a Diagnostic Signal

Beyond the distribution of retreat and resilience, the language organizations used to describe their response carried diagnostic signal about strategic narrative depth. Four communication postures emerged across the Census: Ready Discardment, External Justification, Reframing Continuity, and Strategic Re-articulation. Each posture reflects a different relationship between leadership communication and the underlying strategic narrative.

Ready Discardment used the language of termination and phase-out, treating DEI as an external obligation that could be discontinued once legitimacy conditions changed. Abandonment without strategic counter-argument signaled that the underlying capability had never

been internalized into enterprise strategy. External Justification deferred responsibility to external authority, framing retreat as a response to law or political environment rather than as a strategic choice—the strategic narrative had been borrowed from external legitimacy and could not survive a shift in those conditions.

Reframing Continuity used the language of evolution and renaming, retaining programmatic content while shifting external language to fit changed conditions—operational programs were strategically valued, but public framing had been judged unsustainable. Strategic Re-articulation used the language of strategic capability and enterprise performance, restating diversity capability in operational terms and often expanding programmatic commitment—the strategic narrative had been internally owned before the pressure arrived. Table 9.1 sets out the four postures alongside their diagnostic signals.

Table 9.1 The four communication postures and their diagnostic signals

The Re-architect communication posture appeared across the Census in organizations that issued public statements defending diversity capability as enterprise strategy. The language was operationally specific: innovation pipeline, customer market access, talent retention, decision quality, organizational adaptability. Three Re-architect responses during the Reset illustrate the posture in its clearest form.

The Financial Times reported on 19 November 2024 [5], in an article titled "Cisco swims against Big Tech tide to set standard in workplace equality," that Cisco's European arm—headquartered in the UK—holds the top spot on the FT-Statista list of European Diversity Leaders. Regional leader Jack Naidoo stated that *"diverse teams are the most productive … the most innovative."*

As reported by Reuters on 12 January 2025 [6], in an article titled *"Apple's board recommends shareholders vote against proposal to eliminate diversity programs,"* "*Apple responded that it had a well-established compliance program and the proposal was unnecessary. It*

added that the shareholder proposal was an inappropriate attempt to micromanage Apple's business strategy." The defense rests on business strategy rather than on compliance or social expectation. Re-architect characteristics are visible where the organization answers a challenge in its own strategic terms.

As reported by Reuters on 23 January 2025 [7], in an article titled *"Costco's shareholders reject call for review of diversity programs," "Costco's board, which urged votes against the proposal, said the report would not provide 'meaningful additional information' to shareholders," and "More than 98% of the shareholders voted against it at the annual meeting.*" The board took a public position and the vote followed it. Costco's posture illustrates the architectural distinction between the Reframe and Re-architect patterns: Reframe adjusts external language to changed conditions; Re-architect defends the strategic logic in the organization's own operational terms.

Re-architect outcomes concentrated in Leadership Statements (2 of 5), with additional Re-architect responses in Policy Statements, DEI Program and Policy Proposals, and DEI Website Updates. The common thread was not industry, region, or organizational size—it was that the strategic logic for diversity capability had been internally constructed in operational terms before the pressure arrived. Communication posture under pressure surfaced what had been built before pressure.

9.4 The Purpose Maturity Taxonomy

The communication postures observed during the Reset trace back to differences in how organizations had developed the strategic narrative for diversity capability before the pressure arrived. Maturity is the variable that distinguishes one posture from another. Across the Census, organizations occupied one of five maturity stages on Purpose. Each stage describes a different relationship between the organization and the strategic narrative it carries—from externally inherited regulatory positioning at one end to internally owned institutional conviction at the other. The maturity taxonomy is not a normative

ranking; it is a diagnostic frame for understanding why some Purpose architectures retreated and others held.

9.4.1 Stage 1—Compliance Positioning

At Stage 1, the organization's diversity narrative is structured around external compliance requirements. Communication consists primarily of regulatory disclosures, mandatory reporting, and statements made in response to legal or contractual obligations. The strategic rationale is not internally constructed; it is inherited from the regulatory environment that requires the organization to address diversity as part of operating in particular jurisdictions or industries. Stage 1 organizations communicated about DEI in proportion to their compliance exposure, with retreat occurring quickly once the compliance environment changed. Within the Census, Stage 1 was the maturity stage most consistently associated with Voluntary Retreat—organizations that retreated voluntarily because the strategic rationale had never existed independent of the compliance requirement.

9.4.2 Stage 2—Representational Commitment

At Stage 2, the organization's diversity narrative is structured around representation and visibility. Communication focuses on demographic outcomes, public commitments to representation targets, supplier diversity disclosures, and community engagement activities. The strategic rationale references the importance of diversity but does not yet integrate it into the organization's understanding of how the enterprise produces value. Stage 2 organizations communicated about DEI extensively but treated the activity as separable from operating strategy. Within the Census, Stage 2 organizations were the most common Reframe respondents—preserving operational programs while updating external language as legitimacy conditions changed.

9.4.3 Stage 3—Strategic Recognition

At Stage 3, the organization's diversity narrative is structured around the strategic value of diverse perspectives. Communication connects

diversity capability to specific enterprise outcomes such as innovation, talent access, customer understanding, or operational adaptability. The strategic rationale is internally constructed but not yet operationally embedded across the enterprise. Stage 3 represents the maturity transition most consistently associated with Purpose resilience across the Census. Organizations that crossed from Stage 2 to Stage 3 before the Reset arrived held their strategic narrative through the pressure cycle because the rationale had been articulated in their own operational terms rather than borrowed from external authority.

9.4.4 Stage 4—Operational Strategic Narrative

At Stage 4, the strategic rationale for diversity capability is no longer confined to leadership communication; it is embedded into operational decision-making across the enterprise. Line leaders can explain the strategic rationale in the language of their own operational context—sales leaders explain customer market access; engineering leaders explain product innovation; operations leaders explain workforce performance. The narrative is no longer dependent on the chief executive carrying it; it has become part of how the organization understands its own effectiveness. Stage 4 organizations dominated the Remain pattern, holding their existing strategic narrative through the Reset without significant external adjustment.

9.4.5 Stage 5—Institutional Conviction

At Stage 5, the strategic rationale for diversity capability has been institutionalized into the organization's enterprise architecture: governance processes, leadership development systems, performance management, strategic planning, and external engagement. The narrative survives leadership transitions because it is not located primarily in any individual leader. Stage 5 organizations occupied the Re-architect pattern in the Census. The Reset pressure did not destabilize the narrative because the architecture supporting it extended beyond communications into governance, operations, and Ecosystem Engagement. The maturity transition from Stage 4 to Stage 5

is the transition from a strategic narrative carried by leadership to a strategic narrative carried by enterprise architecture.

The maturity taxonomy explains why retreat patterns in the Census did not correlate primarily with industry, region, or organizational size. Retreat correlated with maturity stage. Organizations at Stages 1 and 2 carried strategic narratives that were structurally dependent on the continuation of favorable external conditions. Organizations at Stages 3, 4, and 5 carried strategic narratives that had been internally constructed and progressively institutionalized. The Reset did not create the maturity differences. It made them visible.

9.5 Bridge to Capability

The maturity taxonomy answers the question of why some Purpose architectures retreated and others held. It does not yet answer the more important question for organizational practice: what architecture is required to build Purpose as enterprise capability rather than as inherited compliance language? The Reset surfaced the maturity distribution. It did not provide the architecture for moving an organization from one stage to another. That architecture is the subject of Sect. 9.6.

Section 9.6 develops the capability architecture that translates resilience patterns into a repeatable enterprise model. The architecture applies the three-layer Reset framework used in Chaps. 6, 7, and 8—Capability Enablers, Leader Activation, and Enterprise Platform—adapted to Purpose's distinctive retreat pattern. Where Diversity fails through composition fragility, Inclusive Leadership through activation fragility, and Equity through structural fairness fragility, Purpose fails through narrative collapse and conviction retreat. The architecture is built around that retreat pattern. At the enterprise level, the Strategic Conviction this chapter develops connects to the Diversity Performance Conviction—the board-level commitment that anchors the four Reset Capabilities as a single DEI Resilience Enterprise Architecture (developed in Chap. 10).

9.6 The Reset Capability Architecture for Strategic Narrative

The Reset Capability Architecture for strategic narrative rebuilds Purpose as an internally owned strategic capability rather than an externally inherited compliance narrative. The architecture applies the same three-layer enterprise model developed across the capability chapters in Part III, but adapts it to the distinctive retreat pattern of Purpose: narrative collapse and conviction retreat under pressure. Diversity fails primarily through composition fragility; inclusive leadership through activation fragility; Equity through structural fairness fragility. Purpose becomes vulnerable when organizations no longer articulate why diversity of perspectives matters to enterprise performance once external conditions become hostile.

The architecture therefore focuses not on communication volume but on whether the organization has built sufficient Strategic Conviction to sustain the narrative when maintaining it becomes politically, commercially, or reputationally costly. The organizations with the strongest resilience were not those that communicated most frequently about DEI but those whose leaders had embedded diversity capability into the organization's understanding of innovation, talent, customer understanding, adaptability, and long-term competitiveness before the pressure arrived.

The architecture operates through three integrated layers. Layer 1 defines the Capability Enablers required for strategic narrative to remain coherent, credible, and continuous under pressure. Layer 2 translates those conditions into leader behavior through five recurring actions: Define, Build, Champion, Measure, and Renew. Layer 3 embeds the capability into enterprise systems so that the narrative survives beyond individual leaders or single political cycles. All three layers operate within a human condition of Strategic Conviction without which the architecture functions as corporate theater rather than as load-bearing organizational belief.

Purpose retreats when leaders stop using the strategic narrative to justify difficult decisions under pressure. For that reason, Layer 1 and Layer 2 carry greater architectural weight in this chapter than in chapters where verification or composition is the dominant retreat pattern.

9.6.1 Research Foundation for the Reset Capability

Purpose resilience depended less on the visibility of DEI language than on the depth of strategic embedding behind it. The organizations that retreated most heavily often had highly visible DEI communications before the Executive Orders—public commitments, annual-report language, heritage events, extensive website positioning. Visibility alone did not predict resilience. Several of the most publicly visible organizations retreated most rapidly once external conditions changed.

The organizations that held most steadily displayed a different pattern. Their leaders consistently articulated why diversity capability mattered to the enterprise itself rather than relying principally on inherited compliance language or generalized moral positioning. Diversity capability was connected to innovation, customer understanding, workforce quality, regulatory navigation, operational effectiveness, market competitiveness, or organizational adaptability. The strategic narrative therefore remained internally defensible even after external legitimacy conditions shifted.

The research also indicated a strong association between narrative resilience and leadership ownership. The majority of CEOs and executives who issued direct public statements under pressure either Remained or Re-architected, without any observed conversion into Retreat. Leadership conviction therefore plays a structural role in sustaining Purpose under pressure. The architecture developed in this section translates those resilience patterns into a repeatable enterprise capability model. Table 9.2 maps the supporting research that grounds each layer of the resulting Strategic Narrative Capability architecture.

Table 9.2 Research Foundation: Reset Capability Architecture for Strategic Narrative

9.6.2 The Three-Layer Architecture

The Strategic Narrative Capability applies the Reset Capability Architecture to organizational conviction under external pressure. The Strategic Narrative Capability results in the organization's capacity to define, defend, operationalize, and sustain the strategic rationale explaining why diversity of perspectives is critical to enterprise performance.

Layer 1 consists of three Capability Enablers: Strategic Coherence, Narrative Credibility, and Organizational Continuity. These establish the foundational conditions under which strategic narrative remains resilient. Layer 2 translates those conditions into leader behavior through five recurring leadership actions. Layer 3 embeds the capability into governance systems, operating structures, accountability mechanisms, and external engagement so that the strategic narrative survives leadership transitions, market disruption, and political pressure cycles.

Unlike the previous capability chapters, Purpose carries a distinctive architectural emphasis. Diversity and Equity depend heavily on structural systems. Purpose depends more heavily on Strategic Conviction and narrative continuity. For that reason, the relationship between Layer 1 and Layer 2 carries greater weight in this chapter than in chapters where verification or composition are the dominant resilience mechanisms. Figure 9.1 presents the complete Reset Capability Architecture for strategic narrative.

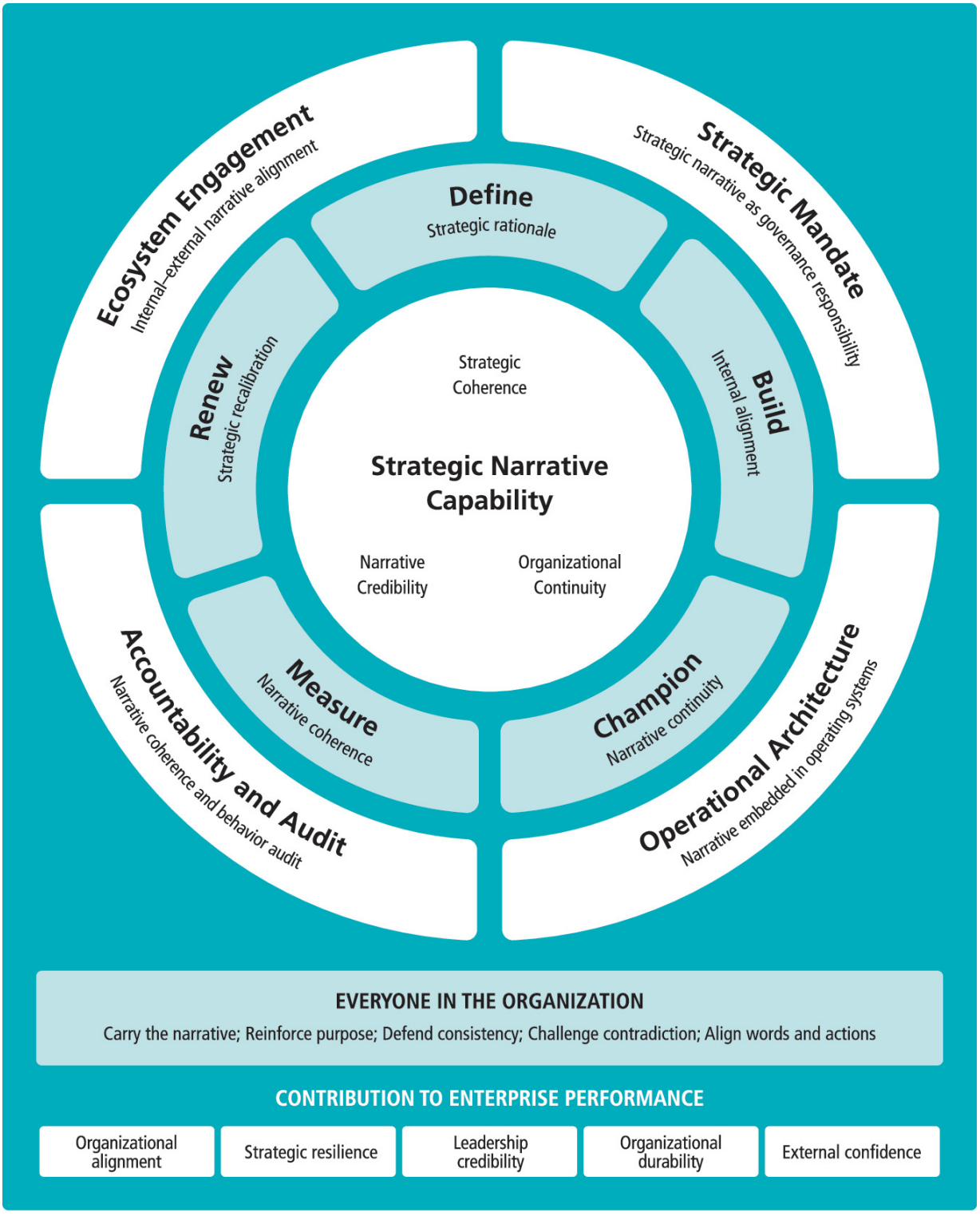


Fig. 9.1 The Reset Capability Architecture for Strategic Narrative. Center: Strategic Narrative Capability with three Capability Enablers (Strategic Coherence, Narrative Credibility, Organizational Continuity). Inner ring: Five Leader Actions (Define, Build, Champion, Measure, Renew). Outer ring: four enterprise pillars (Strategic Mandate, Operational Architecture,Accountability and Audit, Ecosystem Engagement). Everyone in the organization:

carry the narrative; reinforce purpose;defend consistency; challenge contradiction; align words and actions. Contribution to enterprise performance:organizational alignment; strategic resilience; leadership credibility; organizational durability; external confidence (*Source* Author, Kay Formanek, 2026)

9.6.3 Layer 1—The Three Capability Enablers

The first layer of the architecture defines the conditions the Strategic Narrative Capability must satisfy to remain coherent, credible, and continuous under pressure. These three Capability Enablers—Strategic Coherence, Narrative Credibility, and Organizational Continuity—operate together. No single enabler is sufficient on its own. A compelling narrative unsupported by operational behavior weakens credibility. Operational consistency without Strategic Coherence weakens direction. Leadership communication unsupported by institutional continuity weakens long-term resilience. The three enablers together establish the conditions under which Purpose functions as enterprise capability rather than symbolic language.

Strategic Coherence

Strategic Coherence is the alignment between the organization's stated narrative and the strategic decisions through which the enterprise operates. It asks whether the organization's commitments are visibly connected to resource allocation, leadership priorities, talent strategy, customer understanding, innovation requirements, and operational performance.

Purpose loses resilience when it is positioned as separate from enterprise strategy rather than integrated into it. Thomas and Ely's research on the learning-and-effectiveness paradigm [8], together with Dobbin and Kalev's longitudinal analysis of diversity-program efficacy [9], demonstrates that diversity capability sustains organizational commitment only when grounded in strategic logic rather than symbolic positioning alone.

Strategic Coherence is sustained through the Strategic Mandate pillar described in Sect. 9.6.5.

Narrative Credibility

Narrative Credibility is the integrity of the relationship between what leadership communicates and what leadership is observed to do under pressure. It asks whether the strategic narrative remains consistent when maintaining the commitment becomes politically, commercially, or reputationally difficult.

The strategic narrative is tested most clearly during periods of external pressure. Castilla and Benard's paradox of meritocracy finding [14] establishes the underlying mechanism: declared commitments unsupported by structural alignment weaken trust because they reduce vigilance while raising expectations. Across the primary research in this book, the organizations that preserved credibility most successfully were not those that communicated most frequently about DEI, but those whose operational decisions remained aligned with their declared strategic logic after pressure intensified.

Narrative Credibility is sustained through the Accountability and Audit pillar described in Sect. 9.6.5.

Organizational Continuity

Organizational Continuity is the enterprise's capacity to sustain the strategic narrative across leadership transitions, political cycles, reputational pressure events, and changing market conditions. It asks whether the narrative has been embedded deeply enough into governance systems, leadership expectations, institutional memory, and operating processes to survive beyond the individuals who originally established it.

Organizations frequently confuse leadership commitment with Organizational Continuity. The two are not identical. Dobbin, Kim, and Kalev's analysis of more than 800 firms [10] demonstrated that long-term resilience depends more heavily on governance embedding than on isolated program design. Across the DEI Reset, the organizations that sustained the strongest continuity were those that had embedded the strategic narrative into enterprise systems, governance structures, leadership expectations, and stakeholder relationships rather than concentrating it primarily in symbolic leadership language.

Organizational Continuity is sustained through the Ecosystem Engagement pillar described in Sect. 9.6.5.

9.6.4 Layer 2—Leader Activation: The Five Actions

Layer 2 is Leader Activation: the rhythm through which leaders translate the Capability Enablers into daily decisions, enterprise priorities, and organizational behavior. Five actions—Define, Build, Champion, Measure, and Renew—operate as a continuous cycle rather than a sequence. Each strategic transition reactivates the full cycle.

Define: The strategic narrative

The Define action establishes the strategic narrative before the pressure arrives. Without Define, the organization has no internally owned answer when challenged on why diversity capability matters to enterprise performance. Define ensures that the rationale exists before the test.

The strategic narrative is built, not borrowed. It explains which dimensions of diversity strengthen performance, which organizational conditions activate those perspectives effectively, and why the capability matters strategically to the enterprise itself. In practice, leaders define what has changed in the external environment, why diversity capability matters now, what organizational capability is strengthened through broader perspectives, and what strategic cost follows if the capability weakens.

The organizations that held most steadily during the Reset had completed this work before the Executive Orders arrived. Their leaders did not need to improvise a rationale under pressure because the strategic logic had already been established internally.

Build: Internal Alignment

The Build action embeds the strategic narrative into enterprise systems and managerial behavior. Without Build, the narrative remains concentrated at executive level rather than operationalized throughout the organization.

Build establishes alignment between leadership communication, strategic planning, workforce systems, customer strategy, and operational decision-making. Organizations sustain strategic narrative most effectively when line leaders can explain the narrative in their own operational context rather than merely repeat prepared language. Internal alignment therefore depends less on communication volume than on managerial operationalization.

Champion: Defending the Narrative Under Pressure

The Champion action is designed to sustain the strategic narrative when the language of DEI becomes politically expensive. Without Champion, the architecture is more vulnerable under significant pressure. Champion requires leaders to defend the strategic rationale publicly, distinguish strategic logic from political framing, and continue using the narrative to justify consequential decisions after legitimacy conditions change.

The Four Communication Postures identified in Sect. 9.3—Retreat, Reframe, Remain, and Re-architect—represent the observable outcomes of whether Champion held or failed under pressure. Where leaders treated the regulatory environment as the operative variable, the strategic narrative weakened because the external authority replaced the internal logic. Where leaders preserved the strategic logic as the operative variable and treated regulation as a separate legal and governance question, the strategic narrative held.

As reported by the Wall Street Journal on 16 May 2025, in an article titled "Verizon Rolls Back DEI Policies to Secure $10 Billion Deal" [17], Verizon said in a May 15 letter: "*We are committed to creating a culture that leverages and values each person's unique strengths and talents,*" and continues *"However, we recognize that the regulatory and policy landscape surrounding diversity, equity, and inclusion ('DEI') has changed."* The communication signal—locating the cause in external authority rather than in internal strategic recalibration—exemplifies the External Justification posture. Where the Champion action holds,

leadership communication continues to argue the internal strategic logic even when operational decisions are being adjusted.

Measure: Narrative Against Behavior

Measure closes the gap between stated narrative and observed organizational behavior. Without Measure, organizations continue communicating commitments long after operational reality has diverged from the stated logic. The strategic narrative remains credible only when alignment between word and behavior is observable. Organizations therefore assess whether talent decisions, resource allocation, public communication, leadership behavior, and enterprise priorities remain aligned with the strategic narrative under pressure. Narrative inconsistency functions as a leading indicator of capability decay rather than merely as a communications issue.

A chief executive in financial services with whom I worked during 2024 commissioned a narrative-coherence audit covering twelve months of public communication, internal town halls, board minutes, and consequential talent decisions. The audit found 100% consistency in external communications and 60% consistency in talent and resource decisions. The chief executive presented the 40-point gap to the board as a leading indicator of narrative decay, requiring each business unit head to close it within two quarters. What made the audit valuable was the recognition that the inconsistency had been visible to the workforce long before the audit named it.

Renew: Recalibrating the Narrative

Renew prevents the strategic narrative from becoming disconnected from changing strategic conditions. Narratives built for one phase of enterprise strategy often weaken silently as organizational priorities evolve. Renew recalibrates the strategic narrative at major strategic transitions: market changes, workforce shifts, technology transitions, geopolitical disruption, or evolving customer requirements. The discipline is not abandoning the previous narrative but ensuring that

the narrative continues explaining the strategy the organization is now executing rather than the strategy it executed previously.

As reported by the Financial Times on 6 November 2025 [18], in an article titled *"Trump's diversity retreat leaves European companies walking a tightrope,"* European multinationals "*have largely crafted different corporate values in different regions in an attempt to balance conflicting government pressures." The same report records that BMW said in a statement to Reuters that it did "not follow short-term trends" because "diverse perspectives and talents strengthen our company.*" The operational expression adjusted by region while the strategic logic was restated rather than withdrawn.

9.6.5 Layer 3—The Enterprise Platform: Four Pillars

Layer 3 is the Enterprise Platform: the institutional systems that support, reinforce, and sustain the leadership actions established in Layer 2. The platform embeds strategic narrative into governance structures, operational systems, accountability processes, and ecosystem relationships so that the capability survives beyond any individual leader or single political cycle.

The four pillars—Strategic Mandate, Operational Architecture, Accountability and Audit, and Ecosystem Engagement—align with the same governance principles established across the capability chapters in this book: Responsibility, Fairness, Accountability, and Transparency.

Strategic Mandate

Strategic Mandate codifies the strategic narrative as a governance responsibility of the enterprise. The narrative becomes part of how the board, executive leadership, and governance systems define organizational effectiveness and long-term capability.

The organizations that sustained the strongest resilience treated strategic narrative as strategy rather than communications positioning. Board oversight, CEO ownership, and leadership accountability operated as an integrated governance system rather than as isolated symbolic commitments.

Operational Architecture
Operational Architecture embeds the strategic narrative into recurring organizational systems and processes. The capability becomes sustainable when integrated into leadership communication cadences, strategic planning, managerial briefings, talent systems, workforce feedback channels, and operational review mechanisms. Consistency emerges when the narrative becomes part of how the organization operates day-to-day rather than depending exclusively on individual leadership communication skill.

Accountability and Audit
Accountability and Audit independently verify whether the strategic narrative is being lived rather than merely communicated. Organizations therefore evaluate whether observable decisions remain aligned with declared strategic logic under pressure. Narrative-coherence audits, workforce-pulse research, and governance review mechanisms provide evidence about whether the narrative continues operating as enterprise reality rather than symbolic aspiration.

Ecosystem Engagement
Ecosystem Engagement extends the strategic narrative beyond internal systems into investor communication, customer engagement, supply-chain relationships, community participation, and external positioning. Narrative coherence weakens when organizations communicate one logic internally and another externally. The organizations that sustained the strongest resilience maintained alignment between internal and external strategic rationale even after legitimacy conditions shifted.

9.6.6 The Human Condition of Strategic Conviction

The architecture governs the coherence of the system. The human condition governs whether the system is believed.

All three layers of the architecture operate within a human condition the architecture itself cannot install: the daily quality of how individuals carry, retell, defend, reinforce, and challenge the strategic

narrative throughout the organization. Strategic Coherence, Narrative Credibility, and Organizational Continuity can be designed structurally. Conviction itself cannot.

Strategic conviction becomes observable through behavior rather than declaration. Individuals repeat the strategic narrative consistently, refuse contradiction between stated and lived behavior, challenge narrative retreat under pressure, surface gaps between communication and reality, and continue defending the strategic rationale when maintaining it becomes difficult.

The organizations that sustained strategic narrative most successfully during the Reset were not those where conviction was carried by the chief executive alone. They were the organizations in which sufficient numbers of leaders and employees had internalized the narrative deeply enough that the capability was less susceptible to being retired through a single executive decision.

A global pharmaceutical organization I supported during 2024 and 2025 illustrates the relationship between strategic narrative depth and resilient conviction. Two years before the Executive Orders, the executive committee had already linked diversity capability to the firm's core therapeutic-area strategy: regulatory navigation across multiple jurisdictions, clinical-trial representativeness, scientific recruitment in global talent markets, and commercial access across diverse healthcare systems. The narrative was developed first for internal strategic decision-making rather than for external communication.

When the Reset arrived, the organization neither Retreated nor Reframed. The chief executive reaffirmed the strategic logic publicly, while operating teams continued executing against the existing narrative with minimal adjustment. Workforce-pulse research conducted during the period showed that leaders across the enterprise carried the narrative in their own operational language: clinical leaders spoke about representative trial populations, commercial leaders about healthcare-system access, and talent leaders about global scientific recruitment. By the time the pressure arrived, the strategic narrative

had already been internalized deeply enough that retreat would have required overturning an established organizational understanding rather than merely revising a communications position. That was why the architecture held.

9.6.7 Synthesis

The Reset Capability Architecture for strategic narrative resolves into a single observation: Purpose resilience was strongest where leaders continued using the strategic narrative to justify consequential decisions after external pressure increased.

The Strategic Narrative Capability supports the organization in sustaining the strategic rationale for diversity of perspectives through changing external developments. Layer 1 establishes the conditions the architecture must satisfy. Layer 2 defines the leadership rhythm through which conviction becomes operational behavior. Layer 3 embeds the capability into enterprise systems so that it persists beyond any single leader or pressure cycle. The three layers operate within a human condition of Strategic Conviction without which the architecture functions as corporate theater rather than as load-bearing organizational belief.

The organizations that sustained Purpose most successfully were not those with the largest DEI infrastructures or the most extensive communications, but those whose leaders had already integrated diversity capability into the enterprise's understanding of performance, innovation, talent, adaptability, and long-term competitiveness before the pressure arrived. The architecture developed in this chapter translates that pattern into a repeatable enterprise capability—one that does not require favorable external conditions to sustain itself.

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9.7 Conclusion

Purpose recorded the strongest resilience pattern of any DIEPL element, with the observed pattern distinguishing between capabilities

experienced as externally imposed obligations and those grounded in internally owned strategic necessities. Diversity can broaden perspectives. Inclusive leadership can activate contribution. Equity can reduce structural distortion. But under pressure, organizations ultimately defend only those capabilities they believe are necessary to their own effectiveness, continuity, and future performance.

The research indicated that an important distinction was not between organizations that communicated about DEI and organizations that did not, but between organizations that inherited externally justified DEI narratives and those that had already developed internally owned strategic narratives before the pressure arrived. Where the rationale for diversity capability remained dependent solely on regulation, legitimacy conditions, or reputational expectation, the architecture proved more vulnerable as the external logic changed. Where leaders had already integrated diversity capability into the organization's understanding of innovation, talent, adaptability, customer understanding, operational performance, and long-term competitiveness, the strategic rationale showed greater continuity under the same pressure.

The strongest resilience appeared not in the organizations with the largest DEI infrastructures or the most visible public positioning, but in those whose leaders could explain, in precise operational terms, why diversity of perspectives mattered strategically to enterprise performance. The organizations that held most steadily had already crossed the maturity threshold from externally inherited legitimacy narrative to internally owned Strategic Conviction. The narrative showed less dependence on a favorable external environment in organizations whose leadership consistently connected diversity capability to enterprise effectiveness.

The Reset Capability Architecture for strategic narrative developed in this chapter translates that resilience mechanism into a repeatable enterprise capability. Strategic Coherence establishes whether the narrative aligns with enterprise strategy. Narrative Credibility establishes whether leadership behavior remains consistent under

pressure. Organizational Continuity supports the capability in persisting beyond individual leaders or changes in the external environment. The Five Leader Actions operationalize the capability daily. The Enterprise Platform embeds the capability institutionally. Together, the architecture transforms Purpose from symbolic communication into operational strategic logic.

The implication extends beyond DEI. Enterprise capabilities typically encounter conditions under which their legitimacy is questioned, their cost increases, or their external support weakens. At that point, organizations discover whether the capability was fully integrated into enterprise strategy or merely tolerated while conditions remained favorable. The DEI Reset exposed that distinction directly.

Part 3 has examined the four enterprise capabilities through which resilience is understood in the DEI Resilience Enterprise Architecture: Diversity, Inclusive Leadership, Fairness and Meritocracy, and Strategic Narrative. Together, these capabilities form the operational foundation of the DEI Resilience Enterprise Architecture. Chapter 10 synthesizes these four capabilities into a single enterprise system—expressed through the multiplicative formula DP = D × IL × E × P—and examines how Leadership operates as the activating platform that sustains the architecture under pressure.

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Footnotes

1 DP = Diversity Performance; D = Diversity of Perspectives; IL = Inclusive Leadership; E = Fairness and Meritocracy; P = Strategic Narrative. The multiplicative form conceptually represents the close interdependence among the four capabilities rather than a literal mathematical relationship. The DEI Resilience Enterprise Architecture and the development of the model are presented in Chap. 10.

Part IV
The Architecture

Where Part III examined the four Reset Capabilities in isolation—Diversity of Perspectives, Inclusive Leadership, Fairness and Meritocracy, and Strategic narrative—Part IV synthesizes them into a single performance system. Chapter 10 develops the DEI Resilience Enterprise Architecture, conceptually expressed through the formula DP = D × IL × E × P. The architecture integrates the four capabilities with Leadership operating as the activating platform rather than a fifth equal variable, and is sustained at the enterprise level by Strategic Conviction—the board and CEO-level commitment that holds the four capabilities together under sustained pressure.

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10. The Architecture Reset: How Leaders Build DEI Resilience

Kay Formanek[1] ✉
(1) Diversity and Performance BV, Loosdrecht, Noord-Holland, The Netherlands

✉ **Kay Formanek**
Email: kay@diversityandperformance.com

Keywords Organizational resilience – Leadership accountability – DEI resilience enterprise architecture – Enterprise platform – Diversity performance conviction – DP = D × IL × E × P

Throughout 2024 and into 2025, leaders asked me the same question. They asked it in boardrooms, at conferences, and in private conversations when the headlines were at their most intense: Kay, do you still believe in DEI? Do you think it will survive what is happening in the United States—and the pressure spreading around the world?

My answer was always the same. Yes. I am confident DEI will survive. And having now reviewed the global primary research across 171 organizations and two years of documented responses, I am more confident than before—not less. That confidence rests on what 551 Net DEI Actions across the Census show about which architectures held under sustained pressure, and how those architectures had been built.

Yes, the January 2025 Executive Orders led a number of organizations around the world to retreat on one or more aspects of

diversity, equity, and inclusion (DEI). I observed it directly. I saw organizations remove diversity targets, close DEI teams, withdraw from benchmarking, and remove language from annual reports that no Executive Order (EO) required them to remove. One cannot ignore these facts. They are documented with precision in the chapters that precede this one.

And yet what I also observed—and what the research confirms—is the large number of organizations that did not stop. That quietly, without announcement, carried on with their DEI investments and commitments. They did not generate headlines precisely because they did not retreat. Business journalism reports what changes, not what persists. 42% of all coded actions across the Census—234 of 551 Net DEI Actions—were Non-Retreat, in a media environment that covered retreat stories at nearly five times the rate of defend stories. Organizations held, reframed, or actively strengthened their DEI.

That picture is what makes me confident about where this work is heading.

In a world of accelerating technological change, artificial intelligence, and global disruptions that reach local organizations without warning, most of the organizations I work with are not asking whether diversity of perspectives matters. They are asking how to build it more deliberately. The need to find and retain talented individuals—from the broadest possible range of backgrounds and cognitive profiles—is intensifying, not receding. The appetite for genuine innovation capability is greater than at any point in my thirty years of advisory practice. Organizations that have experienced the cost of groupthink—the missed disruption, the homogeneous decision, the talent that left for a more inclusive environment—understand with clarity what the absence of diverse perspectives produces. Organizations that have built the conditions for diverse perspectives to be heard understand with equal clarity what their presence produces.

More organizations, not fewer, are connecting diversity of perspectives explicitly to performance—to innovation, to customer understanding, to the talent pipeline on which their future depends.

That trajectory is not reversed by executive orders in one jurisdiction. It is, if anything, accelerated by the visibility of what organizations without resilient architecture lost.

But there is a but.

What the January 2025 Executive Orders revealed—with clarity that no advisory conversation had produced as sharply—is that a great number of organizations had built their DEI investments on foundations that could be removed by a stroke of the pen. Structures that disappeared once the external foundation supporting them shifted. Targets anchored to a regulatory framework revoked in forty-eight hours. Communications built for external audiences that retreated when those audiences shifted. The foundations were weaker than many leaders had understood them to be.

The organizations that held showed what the alternative looks like. Some ring-fenced—protecting their global architecture while making only the adjustments the law required in the United States. Some deepened—using the pressure as a signal to strengthen the elements of their architecture that had held most strongly. Some had already built the system before the pressure arrived, and their response was the execution of a position already held. Not a crisis decision. A strategic one, made before the crisis.

This is the documented reality of 42% of all coded actions across the Census during the Research Period: Non-Retreat actions that held, reframed, or actively strengthened DEI architecture in the face of the most concentrated regulatory pressure DEI has faced.

What is needed is a reset: not a retreat, and not a return to the architecture that failed to hold. What is required is a deliberate redesign—from disconnected actions responding to external pressure, to a DEI Resilience Enterprise Architecture grounded in internal conviction. This chapter sets out that architecture.

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10.1 The Architecture Reset

Before the architecture itself, one observation about the conditions in which it must hold. Five external forces shape the environment in which the architecture must operate—the regulatory and legal environment, what Chap. 1 names the DEI Corrective Paradox, contagion across markets, cultural context, and societal inequality. These are not background. They are the conditions the architecture must withstand. The DEI Resilience Enterprise Architecture is designed to function within this environment, not to depend on it.

Consistent with Chaps. 4 and 5, organization-level findings in this chapter refer to the Census or Threshold Census populations specified, while action-level findings refer to the 551 Net DEI Actions across the Census unless otherwise stated.

10.1.1 From

Most organizations built DEI as a collection of separate actions—each one added in response to a specific external pressure. A representation target because a regulator required it. An Employee Resource Group (ERG) because a competitor launched one. An annual report DEI section because investors expected it. A Chief Diversity Officer role because talent brand required it. A Pride sponsorship because employees asked. A diversity training program because a discrimination claim prompted it. Each piece had its own external rationale. There was no system connecting them, no shared performance logic, and no internal foundation. Stage 1–2 maturity: the architecture was driven primarily by external forces—legal obligation, stakeholder expectation, and peer behavior.

10.1.2 The Break

When the January 2025 Executive Orders arrived, 60% of the 551 Net DEI Actions across the Census carried no legal anchor to any Executive Order. The majority of retreat decisions were not legally required. They were concentrated among organizations whose DEI architecture had not sufficiently developed both an internally grounded strategic rationale for diversity of perspectives and the capabilities needed to

translate that rationale into organizational performance. Across these separate elements, retreat followed a common pattern: where the rationale for DEI remained primarily compliance-based and had not developed into an internally owned strategic rationale, practices proved more vulnerable when external conditions changed.

The DEI Reset replaces this with something structurally different: not additional disconnected initiatives, but an integrated system. Figure 10.1 shows the DEI Resilience Enterprise Architecture: four capabilities—diversity of perspectives (D), inclusive leadership (IL), fairness and meritocracy (E), and strategic narrative (P)—operating together, activated by Leadership, sustained by an Enterprise Platform of governance, measurement, accountability, and compensation, and operating inside the external context just described.



Fig. 10.1 The DEI Resilience Enterprise Architecture: DP = D × IL × E × P. Four capabilities—Diversity of Perspectives (D), Inclusive Leadership (IL), Fairness and Meritocracy (E), and Strategic Narrative (P)—activated by the Leadership Activation Platform and sustained by the Enterprise Platform (*Source* Author, Kay Formanek, 2026)

10.1.2.1 What a Capability Means—And Why it Matters

Before the four capabilities are described in detail, it is important to establish what a capability means in this context—and why the distinction between a capability and a program matters.

A program is an activity. It can be added, scaled, or removed in isolation without affecting anything else in the organization. A capability is a strategic organizational competence—a system of knowledge, practice, governance, and accountability that delivers a specific performance outcome and that, once built, changes how the organization functions at its core. The DEI Resilience Enterprise Architecture is built on four capabilities.

D—The Diversity of Perspectives Capability is the strategic capability through which an organization deliberately builds the portfolio of perspectives—cognitive, experiential, organizational, and demographic—that its strategy requires to innovate, decide, and compete. It produces the input the whole system requires: perspectives that are genuinely different, strategically relevant, and built for performance rather than external mandate.

IL—The Inclusive Leadership Capability is the strategic capability through which an organization creates the daily conditions for diverse perspectives to be raised, heard, and acted upon. It supports three conditions: Inclusion (perspectives actively invited and integrated), Psychological Safety (perspectives voiced without consequence), and Belonging (the experience of genuine membership, not group-representative status). Without IL, the perspectives D builds remain present but silent.

E—The Fairness and Meritocracy Capability is the strategic capability through which an organization ensures every individual is assessed, rewarded, and advanced on the basis of their contribution. It produces the structural conditions for genuine meritocracy—fair

process, equitable outcomes, and individual respect as an operating standard. Without E, perspectives that IL activates are filtered out by structural bias before they can contribute.

P—The Strategic Narrative Capability is the strategic capability through which an organization builds, governs, and sustains the conviction that diversity of perspectives is essential to its capacity to perform. It produces the answer—grounded in strategic logic rather than regulatory dependency—that holds the DEI Resilience Enterprise Architecture together when it is challenged. Without P, the three operational capabilities are commitments without a rationale.

Leadership is the activating platform for every capability. In D, Leadership defines and governs the portfolio the strategy requires. In IL, Leadership is the mechanism—the daily behavior that creates or destroys psychological safety. In E, Leadership governs the talent system and sponsors access. In P, Leadership owns, articulates, and defends the Strategic Conviction. The Enterprise Platform beneath—measurement, compensation, accountability cycles—ensures this does not depend on any individual leader. It is the way the organization works.

Three related structures meet in this architecture. The DIEPL Maturity Model introduced in Chap. 5 measures developmental depth across five elements: Diversity, Inclusion, Equity, Purpose, and Leadership. The conceptual formula DP = D × IL × E × P expresses the close interdependence among the four capabilities. Figure 10.1 shows how this interdependence becomes governable through four capabilities activated by the Leadership Activation Platform and sustained by the Enterprise Platform. Leadership has a dual role—not only as part of the Inclusive Leadership Capability, but also as the activation platform for the wider architecture. This dual role is treated in detail in Sect. 10.6.

10.1.3 To

The DEI Resilience Enterprise Architecture operates as a system, represented as DP = D × IL × E × P. The multiplicative form represents

the close interdependence among the four capabilities rather than a literal mathematical relationship. It emphasizes that weakness in one capability may constrain the contribution of the others and therefore the resilience of the wider architecture. The observed patterns suggest greater resilience where the strategic rationale was internally grounded, governed, and embedded before external pressure increased. Stage 4 maturity reflects this internal conviction, embedded in governance and decision-making rather than dependent on external conditions for its continuation.

Table

10.2 D—The Diversity of Perspectives Reset

10.2.1 From

Diversity was defined by what regulation required. Gender headcount. Ethnicity percentages. Age band reporting. Representation targets are set against regulatory benchmarks. Diverse slates. The architecture was built around Cluster 1—demographic identity—because that is what the legal framework measured and what external audiences tracked. Diversity became something you reported. The performance mechanism—that genuinely different perspectives produce better decisions, more innovation, and stronger results—was assumed rather than engineered.

10.2.2 The Break

71% of 146 Diversity-coded Net DEI Actions across the Census retreated—the second-highest Total Retreat rate of any DIEPL element, after Equity. The pattern was structurally distinct from every other element: both the language and the architecture collapsed together. Organizations did not preserve the concept while removing the mechanisms. They removed both. Representation targets and goals retreated across a great majority of coded actions. Annual reporting withdrew. Recruitment and selection diversity requirements retreated

significantly. Benchmarking participation retreated. Organizations removed not just the mechanisms—most removed the word. Diversity became something that could be challenged and removed precisely because it had been built as an externally anchored instrument. Once that external rationale weakened, the architecture had no independent foundation. Organizations dropped to Stage 1 maturity—their diversity architecture reverting to a narrow legal and reporting function.

The organizations that held had built for a different rationale. Organizations whose diversity architecture extended beyond demographic targets and quotas—to perspective breadth, strategic framing, and broader inclusion logic—held more strongly than those whose architecture was confined to demographic representation alone (see Chap. 6). They had built diversity as a performance capability. When the external rationale shifted, they had an independent answer.

10.2.3 To

The Diversity of Perspectives Capability (Chap. 6) defines diversity as a deliberately cultivated portfolio of perspectives built across all six clusters of the Diversity Cluster Model: Cognitive and Psychological Profile, Demographic Identity, Life Circumstances, Worldview and Ideology, Organizational Context, and Work Experience and Role. Regulatory demographic reporting is satisfied as the Compliance Floor. Strategic capability is built above it. Diversity is no longer reported. It is cultivated—for specifically identified strategic outcomes: financial performance, customer alignment, innovation, decision quality, and employee engagement. It is measured not only for representation but for return: is this portfolio of perspectives producing what the strategy requires?

In my advisory practice, the organizations that have made this transition describe a common shift: once diversity is defined as a performance portfolio rather than a reporting exercise, the boardroom conversation changes. Leaders stop asking “Have we met our targets?” and start asking “Do we have the perspectives our strategy requires?”

That is a fundamentally different question—and it produces a fundamentally different architecture.

Table

10.3 IL—The Inclusive Leadership Reset

10.3.1 From

Inclusion was treated as an external signal. ERGs organized around identity group membership. Pride sponsorships. Heritage events. Benchmarking survey participation. Inclusion index scores. The Chief Diversity Officer as primary accountability holder. Compensation linked to inclusion outcomes as a visible signal. Inclusion was something the organization showed to external audiences—not something leaders practiced daily to create the conditions for diverse perspectives to be heard. The assumption was that inclusion would persist as long as the language was maintained.

10.3.2 The Break

49% of 69 Inclusion-coded Net DEI Actions across the Census retreated—across most domains, with no action legally required by any Executive Order. DEI training retreated across the great majority of training-coded actions. Leadership roles and DEI departments retreated significantly. Governance and accountability structures—the links through which daily leader behavior had been directed, developed, and measured—retreated across a substantial majority of governance-domain actions. Organizations retained the language of inclusion while removing everything that had been built to sustain it.

Inclusion then retreated quietly from the inside—not through a single decision, but through the absence of a specific, daily effort. Leaders who had previously created space for every voice began letting the loudest voices dominate again. The conversations that had surfaced challenge and dissent became more efficient and more uniform. Representation was retained. Contribution was lost.

I sat with leadership teams during 2025 who insisted their commitment to inclusion remained unchanged even as the governance structures that had sustained it were being withdrawn. What followed was not a dramatic reversal, but the gradual disappearance of the daily leadership behaviors through which inclusion is produced. The research clarified the mechanism precisely: inclusion is not a finished state. It is sustained through active leadership behavior and the systems that direct, measure, and reinforce that behavior. When those systems retreat, inclusion contracts from the inside long before representation changes visibly.

10.3.3 To

The Inclusive Leadership Capability (Chap. 7) defines inclusion as a daily leadership practice—not an external signal. Three Capability Enablers, set out in Chap. 7, are produced only through sustained leader behavior: inclusion, psychological safety, and belonging.

The Eight Behaviors of Inclusive Leadership produce these conditions, organized into three groups: Core Leadership Orientation (Humility, Curiosity, Courage); Inclusive Interaction (Empathy, Bias Mitigation, Perspective Curation); and Strategic Inclusion Leadership (Contextual Intelligence, Commitment). These are muscles that require deliberate daily training. Career advancement is gated on inclusive behavior in daily practice; inclusion metrics are embedded in leadership compensation; psychological safety is measured across the whole organization, not only in management assessments. The accountability structures come first—before the training, before the communication, and before any external commitment.

Table

10.4 E—The Fairness and Meritocracy Reset

10.4.1 From

Equity was implemented as group-based correction—built on sixty years of regulatory mandate from Executive Order 11246 (1965). Representation targets. Race-conscious program criteria. Racial equity pledges. Supplier diversity requirements by demographic certification. Executive compensation linked to demographic DEI outcomes. The architecture answered one question: are the right groups represented? It did not ask whether equivalent individuals were treated equitably. Meritocracy was invoked as a value but not built as a system. Talented individuals were still filtered out by structural bias in hiring, promotion, and development decisions—because the system had been built to count groups, not to evaluate individuals fairly.

10.4.2 The Break

74% of 62 Equity-coded Net DEI Actions across the Census retreated—the highest Total Retreat rate of any DIEPL element. Bias and allyship training retreated across the great majority of coded actions. Spending targets and commitments retreated significantly. Racial equity commitments retreated across most coded actions. Each of these measures shared the same regulatory foundation—Executive Order 11246. When EO 14173 revoked that foundation in January 2025, the measures built on it fell together. Pay equity held across every Pay Equity sub-domain action—because it asks a question with no regulatory dependency: are equivalent individuals compensated equivalently? That is an operational argument. No mandate change can remove it.

In the weeks following the January 2025 Executive Orders, I sat in a briefing room with a high-potential leadership cohort at a global engineering firm. A senior director who had been a visible champion of the firm's diversity targets for years looked at me and asked the question that defined the next phase of my work: "Kay, if the law says we can no longer use identity targets or affirmative access programs, how do we actually guarantee that this place is fair?" Her question went to the heart of a sixty-year misunderstanding. Affirmative action was designed to fix access—to get individuals through doors that structural

exclusion had kept closed. But inviting someone to sit at the table is not the same as giving them the chance to speak—and ensuring that what they say is heard. The Fairness and Meritocracy Capability answers the question she asked: build the system that makes it impossible for contribution to be ignored.

10.4.3 To

The Fairness and Meritocracy Capability (Chap. 8) defines equity as the structural integrity of the talent system—built on individual fairness. Three Capability Enablers together constitute structural fairness: Process Integrity (structured, debiased talent decisions—calibration committees, blind screening, and clear criteria applied consistently across hiring, promotion, and development decisions); Outcome Equity (pay equity analysis, progression audits, development access tracking, and retention analysis producing evidence capable of withstanding independent scrutiny); and Ecosystem Fairness (suppliers, communities, and open access criteria). These three enablers operate within a foundational human condition of interpersonal fairness—respect, dignity, and trust in daily interactions—together producing the conditions for genuine meritocracy: individuals advancing on the basis of demonstrated contribution.

Active sponsorship—leaders using positional power to create direct access to opportunity, resources, and networks—replaces mentorship as the primary development mechanism. Mentorship gives advice. Active sponsorship creates structural access. Structural barriers are not removed by guidance; they are removed by structural intervention.

Table

10.5 P—The Purpose and Strategic Narrative Reset

Two terms warrant distinction here so they remain distinct throughout the architecture. Purpose provides the directional conviction—the

north star, the genuine internal belief that diversity of perspectives is essential to this organization's capacity to perform. Strategic narrative is the capability through which that Purpose becomes governable, repeatable, and defensible—the means by which conviction is decided, embedded in the institutional record, cascaded through leadership, and held to account. P in DP = D × IL × E × P refers to the Strategic Narrative Capability. Purpose is the conviction the capability operationalizes.

10.5.1 From

Purpose was built as communication. Annual report DEI sections written because ESG reporting audiences expected them. CEO statements issued at significant external moments—International Women's Day, Pride month, social justice events. DEI website content published because talent brand required it. Participation in external DEI indices because institutional investors tracked them. The conviction existed in the language. It had been built for external audiences. When those audiences shifted—when expressing DEI publicly became a liability in some markets rather than an asset—the communications retreated. There was no internal anchor.

10.5.2 The Break

Purpose held more resiliently than any other DIEPL element: 55% of 132 Purpose-coded Net DEI Actions across the Census were Remain, Reframe, or Re-architect—the highest resilience rate of any element. Yet 41% (54 actions) were nonetheless Voluntary Retreat—discretionary removal of DEI language, website content, and annual report sections that no Executive Order required to be removed. Required Retreat accounted for only 5 actions (4%). Even where Purpose held overall, the retreat that did occur was overwhelmingly voluntary. Other Organizations—those with no direct legal obligation under any Executive Order—retreated voluntarily at 51% of their coded actions, exceeding the Voluntary Retreat rate of federal contractors at 45%. The mechanism was not law. It was the compliance

atmosphere that peer behavior and media coverage created, in the absence of a governed internal position.

The Purpose sub-domains that held across every coded action—Leadership Statements and Policy Statements—shared one characteristic: the conviction they expressed had been built in advance and was grounded in internal strategic logic, not external audience management. The organizations that retreated had built communications. The organizations that held had embedded the strategic narrative more deeply in governance, leadership practice, and operating decisions before the pressure arrived.

Before the January 2025 Executive Orders were signed, I worked with the leadership team of a consumer goods organization that had already begun building their DEI commitment as a strategic narrative—grounded in their commercial reality, understood by every leader, embedded in governance. When the Executive Orders arrived, I witnessed a calmness I did not observe in most organizations. The logic had been worked through. The narrative was understood. The response was execution of a position already held. In the months that followed, members of that leadership team received letters of thanks—from employees who felt their organization had stood by its commitments while others retreated, and from customers who noticed. What that organization had built was not a communication strategy. It was a conviction.

10.5.3 To

The Strategic Narrative Capability (Chap. 9) defines purpose as Strategic Conviction—decided, governed, and embedded in the organization's institutional record. Three Capability Enablers together constitute genuine conviction: Strategic Coherence—the alignment between the organization's stated narrative and the strategic decisions through which the enterprise operates: resource allocation, leadership priorities, talent strategy, and innovation requirements; Narrative Credibility—the consistency between what the organization says about diversity capability and what its operational behavior demonstrates;

and Organizational Continuity—the institutional embedding of the strategic narrative across governance, leadership transitions, and time, so that the conviction belongs to the organization's own strategic logic rather than to any external regulatory framework.

The three-case narrative—performance case, identity case, and strategic case—built with CFO involvement and governed at Board level, provides the answer that no regulatory challenge can remove: why this organization specifically needs diversity of perspectives to achieve what it exists to achieve. When the pressure arrives, the answer is already in the institutional record. The response is execution of a position already held—not construction of one under fire.

Table

10.6 Leadership as Activation Platform

Leadership in the DEI Resilience Enterprise Architecture has two roles. The distinction is the most important conceptual clarification in this chapter, and naming it carefully prevents the model from feeling inconsistent.

The research did not remove Leadership from the multiplicative representation. It clarified its role. Diversity of perspectives produces performance only where people feel safe enough to contribute those perspectives—a condition that depends on inclusion, and a condition that, in both the research literature and the primary research presented here, is shaped substantially by leader behavior. Inclusion and Leadership are operationally inseparable: IL functions as a single multiplier in DP = D × IL × E × P precisely because Leadership is already structurally active inside it. The evolution from the additive model in *Beyond D&I* [1]—set out as the Virtuous Circle in Fig. 5.1—to the multiplicative model introduced in this research reflects not the reduction of Leadership, but its deeper integration into how Diversity Performance is produced. And because the primary research found that Leadership and Purpose were the strongest differentiating resilience

factors across the Census, Leadership operates at a second level as well—as the activation platform that determines whether the wider architecture is sustained operationally under pressure.

Inclusive leadership has become, in the years since *Beyond D&I*, the most operationally consequential concept in DEI work. Where organizations once trained leaders on awareness or sensitivity, they now invest in inclusive leadership as a measurable capability—taught, practiced, observed in daily decisions, and built into how leaders are selected, developed, and compensated. The term IL in DP = D × IL × E × P captures this: not Inclusion as state and Leadership as separate element, but inclusive leadership as a single integrated capability—the daily leadership behavior through which inclusion is produced, and through which the diversity of perspectives an organization has built can actually contribute. Figure 10.2 sets out the evolution from the additive to the multiplicative representation, placing this capability at the conceptual center of the architecture.

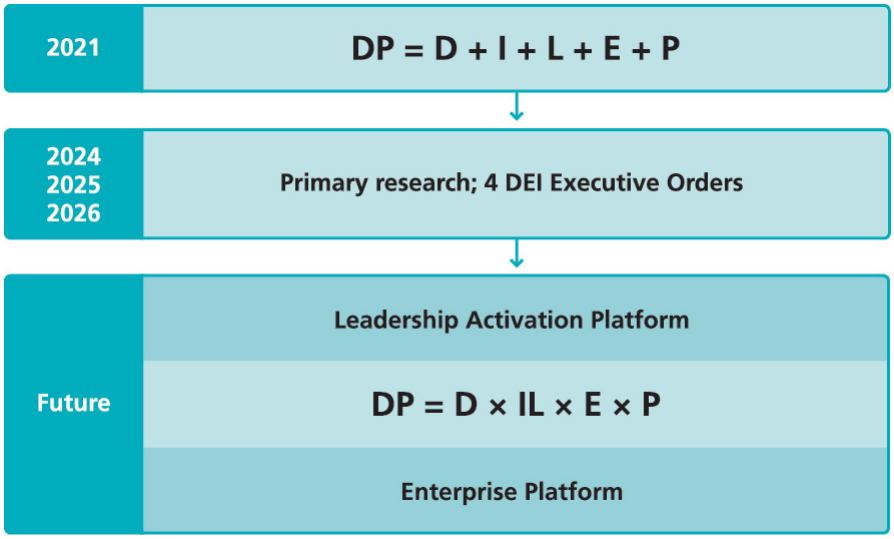


Fig. 10.2 The evolution of the DIEPL architecture formula. Formanek's *Beyond D&I* [1] treated the five DIEPL elements as additive: DP = D + I + L + E + P. The primary research presented in this book found that the elements are operationally interdependent rather than additive: a near-zero capability collapses the whole architecture. Leadership operates simultaneously within Inclusion (IL functions as a single multiplier) and above the architecture as the activation platform. The multiplicative formula DP = D × IL × E × P captures this integrated logic (*Source* Adapted from Formanek [1])

In the DIEPL Maturity Model introduced in Chap. 5, Leadership is one of five elements—alongside Diversity, Inclusion, Equity, and Purpose—whose depth can be assessed across an organization's maturity progression. This is Leadership as a domain of organizational capability: senior personal conviction, distributed accountability, leadership development, and leadership measurement. The DIEPL Maturity Model treats Leadership at this level.

In the DEI Resilience Enterprise Architecture in Fig. 10.1, Leadership performs a second role: it activates the four performance capabilities. In D, Leadership defines and governs the portfolio the strategy requires. In IL, Leadership is the mechanism—the daily behavior that creates or destroys psychological safety. In E, Leadership governs the talent system and sponsors access. In P, Leadership owns, articulates, and defends the Strategic Conviction. Without Leadership in this second role, D, IL, E, and P remain commitments rather than operating practice.

The two roles are not in tension. The DIEPL Maturity Model assesses how deeply Leadership-as-element has been built. The DEI Resilience Enterprise Architecture asks what Leadership-as-platform activates. An organization can be at high DIEPL maturity on the Leadership element without yet using that maturity to activate the four capabilities—and at that point, the architecture in Fig. 10.1 has the activation platform but not yet the activation itself.

10.6.1 From

Leadership accountability for DEI was delegated to specialist functions: the Chief Diversity Officer holds primary accountability; the CEO issues statements at significant external moments; executives sponsor ERGs; compensation metrics include a visible diversity outcome signal. The architecture depended on designated roles and performative signals. When the signals became liabilities, the roles and signals were removed. The accountability did not transfer. It disappeared.

10.6.2 The Break

Leadership accountability structures retreated across most coded leadership actions. What retreated was not Leadership voice but Leadership infrastructure. The accountability and incentive structures that had made leadership behavior consequential—Executive Compensation links to DEI outcomes, dedicated DEI department and team structures, C-suite and officer roles, and DEI staff and personnel—retreated across 75% of coded actions in this Leadership Infrastructure cluster (43 of 57 Leadership-coded Net DEI Actions across the Census). Leadership Statements, by contrast, retreated in only 12% of coded actions (2 of 17). Organizations often retained the language of leadership commitment while quietly removing the infrastructure that had given that commitment operational consequence. No Executive Order required the majority of those removals. In several organizations, the CEO maintained a public position on DEI while the organization simultaneously retreated on D, IL, and E. The research identified this misalignment precisely: in organizations where the CEO communication and the organizational action diverged, the architecture collapsed—because the Leadership activation platform had been built on a designated role and a visible signal, neither of which constituted distributed accountability.

In 18 of the 21 organizations across the Census (12% of the 171 Census) that held every tracked element of the Diversity, Inclusion, Equity, Purpose, and Leadership (DIEPL) framework and deepened at least one, the deepened element was Leadership, Purpose, or both. Leadership produced a Re-architect rate of 17% across the 142 Leadership-coded Net DEI Actions—more than double the dataset average and the highest Re-architect rate of any DIEPL element. The difference between organizations that held and those that retreated was not the public statement their Chief Executive Officer (CEO) made. It was what the organization had built before any external challenge arrived.

10.6.3 To

Leadership as the activating platform for every capability—not a fifth element, but the condition that makes D, IL, E, and P live in daily practice rather than remaining on paper. Personal conviction at the senior level—present in advance, not assembled in response to pressure. Eight observable leadership behaviors, developed and measured across all levels of the organization. Governance and accountability structures that ensure the activation platform does not depend on any single specialist role: when any role is removed, the accountability holds. The mandate sits with the Board.

The Organizational Structure and Support mechanisms make this sustainable: measurement frameworks tracking leading indicators of inclusion and fairness; compensation structures linking executive reward to DEI architecture outcomes; processes embedding fairness standards in every talent decision; governance cycles bringing DEI architecture evidence to the Board annually as a standing item—not in response to a crisis, but as a regular governance matter. Every leader, from Board to front line, is equipped, incentivized, and evaluated on their ability to activate the capabilities that produce diversity performance.

Table

10.7 The Enterprise Platform

The DEI Resilience Enterprise Architecture rests on a shared governance foundation of measurement, accountability, compensation, and oversight. In Fig. 10.1, this is the Enterprise Platform beneath the activated capabilities. It ensures the architecture does not depend on any single leader, role, or moment of conviction. The crisis exposed not only failures of commitment, but failures of the organizational structures required to sustain it.

10.7.1 From

The pre-2025 architecture had infrastructure that looked like governance. Annual Board references to DEI. CDO roles with executive sponsorship. Compensation metrics that included a visible diversity outcome signal. ERG executive sponsors. Annual report DEI sections. These functioned, but they were largely performative—designed for external audiences and built to show commitment, not to govern delivery.

10.7.2 The Break

When the pressure arrived, the governance structures designed to sustain accountability retreated cleanly. Executive Compensation links to DEI outcomes retreated across 79% of Executive Compensation sub-domain actions (19 of 24 actions within the Leadership element). Across the wider Leadership Infrastructure cluster—compensation, department structure, C-suite roles, and DEI staff and personnel—retreat reached 75% of coded actions (43 of 57). The architecture had depended on visible signals and designated roles rather than embedded governance infrastructure. When those signals became liabilities, the infrastructure disappeared with them. Without sustained governance structures, leadership conviction had nowhere to land.

10.7.3 To

The Enterprise Platform that sustains a Stage 4 architecture has five components, each treated above in the relevant capability section but operating here as a single shared governance system rather than as separate measures inside each capability silo.

Board governance. DEI architecture evidence appears at the Board annually as a standing item—not in response to a crisis, but as a regular governance matter. The Board owns the mandate. DEI is on the agenda before any external challenge arrives, not in response to one.

Measurement infrastructure. Leading indicators of inclusion, fairness, and perspective breadth are tracked, not only outcome representation. Measurement frameworks track perspective breadth and its connection to performance outcomes—financial performance,

customer alignment, innovation, decision quality, and employee engagement—not only demographic representation.

Compensation linkage. Executive compensation is linked to DEI architecture outcomes—not to benchmarking participation. Inclusion metrics are embedded in leadership compensation. Career advancement is gated on inclusive behavior in daily practice. The link is to architectural outcomes, not to external visibility.

Process integration. Calibration committees with structured, debiased scoring criteria sit inside every talent decision: hiring, promotion, development allocation, reward. Pay equity analysis and progression equity audits operate as standard operational reporting.

Accountability cycles. Annual governance cycles bring DEI architecture evidence to the Board as routine. The accountability holds when any single role is removed, because the cycles do not depend on any single role. The platform operates through cycles, not through people.

Together, these five components do the structural work that the pre-2025 architecture had attempted with signals: they make the architecture independent of any individual leader, role, or external incentive. The capabilities are activated by Leadership. The activation is sustained by the Enterprise Platform. The architecture is governable because the supporting structures are embedded—not because any one person remembers to govern them.

Table

10.8 The Ecosystem Resets

The resets described in Sects. 10.2–10.7 are addressed to the individual leader building the organizational architecture. Two further resets are required beyond the individual organization—and the primary research provides the evidence base for both.

10.9 The Reset for Policymakers

10.9.1 From

DEI protection built on executive authority—reversible by a single signature. The US affirmative action framework had rested on Executive Order 11246 since 1965. It was revoked by Executive Order 14173 in January 2025 without legislative process. Sixty years of equity compliance architecture was removed in forty-eight hours. The DEI Corrective Paradox documented in Chap. 1—the cycle by which corrective actions generate organized counter-reactions—produces this outcome with structural predictability when DEI protection has no foundation more durable than the political position of a single administration.

10.9.2 The Break

The contrast the primary research reveals is structurally precise. In jurisdictions where DEI protection rests on constitutional mandate or statutory framework—where retreating from diversity commitments would create legal exposure rather than reduce it—the January 2025 Executive Orders had no effective transmission mechanism. Organizations in jurisdictions with constitutional protections for diversity recorded a great majority of Remain and Re-architect actions. Organizations in jurisdictions where hard statutory quotas made retreat legally impossible had no choice to make—their domestic law pointed in the opposite direction from the Executive Orders.

In jurisdictions where DEI protection rested on voluntary corporate programs and executive authority, the retreat was substantial and largely voluntary. The United States was the only major economy in the primary research where the entire affirmative action framework was structurally vulnerable in this way. Chapter 3 documents the contrast across fourteen countries and four regions: the depth of the legal and constitutional foundation beneath DEI commitments was the structural predictor of what held.

Government signals, employer federation guidance, and governance code requirements all reinforced this pattern where they were present. In several markets, the institutional environment gave organizations supported grounds for maintaining their commitments—not as a matter of individual conviction but as a matter of regulatory compliance. In the United States, those signals pointed in the opposite direction. The institutional floor was absent.

The reset requires: Sustainable DEI policy architecture requires a foundation that outlasts any single administration's political position. The policy reset is from protection that rests on executive authority alone to protection grounded in constitutional recognition, statutory obligation, or enforceable governance requirements that require legislative change rather than executive signature to remove. Where policymakers have the opportunity to embed diversity and equality requirements in statute—in reporting obligations, in governance codes, in corporate law—that embedding is the structural response to the DEI Corrective Paradox. The evidence base is the research documented in Chaps. 2 and 3: the jurisdictions whose DEI architecture held most strongly were those where the law placed the obligation on the side of maintaining, not removing, the commitment.

10.10 The Reset for Business Associations

10.10.1 From

Business associations and industry bodies responded to the January 2025 Executive Orders as observers rather than participants in a great number of markets. Individual organizations navigating alone were more vulnerable to regulatory uncertainty than organizations able to point to a collective institutional position.

10.10.2 The Break

Where employer federations and business associations issued clear, legally grounded guidance—establishing what the law required, what it permitted, and what the legal cost of retreat would be—individual

organizations had something institutional to stand behind other than their own individual conviction. In several markets, industry bodies issued statements before governments had formally responded. Those statements did not eliminate the pressure. They changed the risk calculation: maintaining domestic DEI commitments became an act of legal and governance alignment rather than a purely voluntary internal policy choice. In markets where those signals were absent, organizations navigated two incompatible legal regimes without institutional cover—and a significant proportion chose the path of least visible resistance, retreating on elements no law required them to remove.

The reset requires: Business associations are not bystanders in a regulatory crisis—they are a structural resource. An industry body that issues clear, legally grounded guidance on what the law requires, what it does not require, and what the legal cost of retreat would be in each relevant jurisdiction reduces the contagion mechanism the primary research documents. Organizations operating with collective institutional guidance are less vulnerable to uncertainty, signaling pressure, and peer-driven retreat than organizations navigating alone. The business association reset is from reactive observation of peer behavior to active participation in establishing the collective floor—providing the jurisdictional clarity, legal reference point, and institutional endorsement that allow organizations to hold strategically important positions before the next pressure cycle arrives.

10.11 Five Questions for Leaders

The DEI Resilience Enterprise Architecture translates into five governance questions—one for each capability and one for the Leadership Activation platform. They are not a checklist to be completed once. They are a governance discipline, held at Board and CEO level, answered with precision, and revisited as the regulatory, cultural, and competitive environment continues to shift.

For leaders identifying where to begin, the expression DP = D × IL × E × P highlights the interdependence among the four capabilities. The immediate priority is therefore the weakest capability in the current architecture—not necessarily the easiest to strengthen, but the one most likely to constrain the contribution of the wider system. Leadership activates each capability; without that activation, the four risk remaining commitments rather than operating as an integrated system.

P—Strategic Narrative: Can every leader articulate why DEI matters specifically for this organization—grounded in its strategy, its performance requirements, and its identity—without a script? Is that conviction embedded in the institutional record and governed at Board level? Has the organization documented in advance what will not change regardless of external pressure?

D—Diversity of Perspectives: Is the diversity architecture built across all six clusters of the Diversity Cluster Model—with regulatory reporting satisfied as the Compliance Floor and strategic portfolio capability built above it? Has the organization conducted a jurisdiction-by-jurisdiction review that separates legal obligation from strategic choice?

IL—Inclusive Leadership: Are the governance structures that direct, develop, and measure inclusive leader behavior intact—compensation linkage, career advancement criteria, speak-up norms, and measurement of psychological safety across all employees? Can every leader and employee advance without demonstrating inclusive behavior in daily practice?

E—Fairness and Meritocracy: Is Fairness for All embedded across the three Capability Enablers—Process Integrity, Outcome Equity, and Ecosystem Fairness—with pay equity analysis, progression equity audits, and development access tracking producing evidence capable of withstanding independent scrutiny? Do these practices rest on internal performance logic rather than externally imposed obligation?

L—Leadership Activation Platform: Is personal senior conviction present at the highest level and distributed as genuine accountability

across every member of the organization? Does the DEI Resilience Enterprise Architecture depend on any single specialist role for its governance or its defense? If that role were removed tomorrow, would the accountability hold?

10.12 Conclusion

The primary research across 171 organizations revealed a notable pattern among the organizations that held every tracked DIEPL element and deepened at least one. Leadership and Purpose were the deepened elements in 18 of 21 cases. In each of those cases, a senior leader personally and publicly defended the organization's DEI commitments. In each of those cases, the Purpose narrative was embedded in governance—not only in communications. Where both conditions were present, the DEI Resilience Enterprise Architecture showed greater continuity under pressure.

The distinction between holding and deepening is the distinction this chapter has been building toward. Holding means the architecture survived the test it faced. Deepening means the organization used the test to build something more resilient than what existed before. The organizations that deepened had read the pressure as information—about where their architecture was strongest, where it required reinforcement, and what the next pressure cycle would require them to have built before it arrived.

I am asked consistently whether I remain positive about the future of diversity, equity, and inclusion. The answer is yes. Across sectors, regions, and response patterns, organizations repeatedly identify the same outcomes. The need to reach more skilled and talented individuals than any single demographic can provide. The appetite for more creative thinking and genuine innovation. The recognition that exclusionary cultures carry a real cost: in attrition, in contribution withheld, in decisions made without the perspectives that would have strengthened them. The observation that people stay longer, engage

more fully, and perform at a higher level in environments where psychological safety is real.

These are not DEI outcomes. They are business outcomes. When leaders can articulate them clearly—when diversity of perspectives becomes something built for the whole organization rather than managed for specific groups—the architecture stops being a compliance obligation and becomes a competitive capability.

The break created by the January 2025 Executive Orders is not the end of DEI. It created conditions under which the reset became possible—and in many organizations, it is already under way. Leaders are asking harder questions, building on firmer foundations, and connecting diversity of perspectives explicitly to the strategic outcomes their organizations need to deliver. Chapter 11 sets out the methodology on which the evidence in this book is based—the source panel, the coding rules, the classification framework, and the validation process that allow every finding to be traced and verified independently.

The central finding of the Reset is ultimately architectural. The observed pattern suggests that organizational resilience depended less on the adoption of a particular slogan, program, or external position than on the extent to which organizations had built enterprise systems capable of consistently converting broader portfolios of perspectives into performance under pressure. Diversity of perspectives expanded the range of perspectives available to the organization. Inclusive Leadership activated those perspectives into contribution. Fairness and meritocracy created the conditions of structural integrity and trust through which contribution could be evaluated credibly. Strategic Narrative provided the conviction that connected diversity capability to the organization's long-term performance and adaptability. Together, these four capabilities formed an enterprise architecture in which Leadership operated not as symbolic endorsement but as the continuous activation mechanism sustaining psychological safety, inclusion, and belonging over time. The future of diversity capability may therefore depend less on whether organizations preserve the

language of DEI, and more on whether they build the organizational architectures through which diverse perspectives can be contributed safely, evaluated fairly, and translated consistently into innovation, decision quality, and enterprise performance.

Ultimately, the architecture does not fail all at once. It weakens where capability was never fully embedded. Organizations that had developed the four capabilities, activated them through Leadership, and sustained them on an Enterprise Platform showed greater continuity under conditions in which others retreated—a pattern consistent with the architecture having been more deeply embedded before it was tested.

***

Chapter Note Quantitative findings cited in this chapter are derived from the Census (N = 171) and Threshold Census (n = 63), reported in detail in Chaps. 4 through 9 with full source attribution. Specific cross-references are integrated in line with each statistic.

References

1. Formanek K. Beyond D&I: leading diversity with purpose and inclusiveness. Cham: Palgrave Macmillan; 2021.

Part V
Foundations

Part V documents the research design and methodology that underwrites the empirical findings throughout the book. Chapter 11 details the construction of the Census of 171 organizations, the Threshold Census of 63 used for organization-level pattern testing, the Credible Source Panel through which DEI actions were identified, and the ten-step coding protocol through which 551 Net DEI Actions were classified into the five response categories. The chapter also documents the DIEPL Maturity Model used to test the propositions in Chap. 5 and the analytical safeguards built into the research design.

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11. The Engine Room

How 171 Organizations and 551 Actions Were Coded, Mapped, and Measured

Kay Formanek[1] ✉
(1) Diversity and Performance BV, Loosdrecht, Noord-Holland, The Netherlands

✉ **Kay Formanek**
Email: kay@diversityandperformance.com

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11.1 Data Architecture and Operational Definitions

Research Period. 1 January 2024 to 31 December 2025. The window spans twelve months before the three January 2025 Executive Orders and twelve months after, capturing anticipatory adjustment, the immediate post-EO wave, secondary contagion, and stabilization.

Census (*N* = 171). A complete enumeration of all organizations whose DEI strategic shifts were independently reported by the Credible Source Panel during the Research Period. The Census comprises 171 named organizations across six global regions. The regulatory frameworks of 14 countries were evaluated to establish the legal terrain against which the organizational responses were assessed;

those countries are listed in Table 3.1. It is a complete bounded population of reported entities, not a randomized sample. Where sources reported separately on different entities within the same organization, those entities remain separately visible in the Census; the Census therefore captures the breadth and incidence of what was reported. The size emerged from the methodology as applied; no target size was predetermined. The full alphabetical Census is reproduced in Table 11.2 and the Census entities based outside the United States in Table 11.4.

Total DEI Actions (596) and Net DEI Actions (*n* = 551). Total DEI Actions is the gross count across the 171 Census organizations. Net DEI Actions removes 45 Non-Action rows—external stakeholder activity (shareholder proposals, regulatory letters, court rulings, journalist observations) and non-organizational events—to focus exclusively on actions taken by the organizations themselves. The Net set is the analytical unit for all action-level findings.

Threshold Census (*n* = 63). Organizations in the Census sharing the same brand name are combined into a single organization—McDonald's (UK) and McDonald's (US), for example, are combined into McDonald's. Where the combined organization has three or more discrete Net DEI Actions, it qualifies as a Threshold Census organization. Three actions provide sufficient evidence to characterize a response pattern rather than an isolated action. Organizations below threshold are retained for action-level analysis only. The full alphabetical Threshold Census is reproduced in Table 11.3.

The Compliance Floor. Every coded action falls into one of two groups. Required Retreat comprises actions legally compelled under the prevailing consensus interpretation of EO 14151, EO 14168, and EO 14173 for that organization type. These form the Compliance Floor and are excluded from voluntary response determination and from resilience scoring. The Voluntary Response group comprises actions taken by choice beyond what the law required—Voluntary Retreat, Reframe, Remain, and Re-architect.

The Credible Source Panel. Eight international business press sources, selected for editorial independence from corporate influence, factual action-oriented reporting, and geographic breadth across the six Census regions: Reuters, Associated Press, Bloomberg, Financial Times, Wall Street Journal, Deutsche Welle, Globe and Mail, and Daily Maverick. Company own-source materials—annual reports, regulatory filings, executive communications—supplement panel reporting where panel-approved but are a supplementary category, not a ninth panel source.

Census Snapshot. Six regions: United States (114), Europe (30), Canada (16), Africa (8), Asia–Pacific (3), South America (within regional scope, no reported actions). Four Executive Orders within the research scope, with EO 14398 falling outside the Research Period and treated as a post-period development.

Region. An entity is assigned to one of six regions by the jurisdiction of its primary stock-market listing. Where an entity is not publicly listed, its headquarters or principal place of business is used. Where an associated entity is reported separately, it remains a separate Census entry but takes the Region of the organization to which it belongs. The regional composition of the Census is reported in Table 4.1.

US/ROW. Where Region identifies where an organization is based, US/ROW identifies where its people are. Organizations are classified as United States or Rest of World according to whether the majority of their workforce sits inside or outside the United States, using workforce headcount as the primary measure and US revenue share where headcount is unavailable. The two answer different questions and often diverge: Accenture is based in the United States on its primary listing but employs most of its people elsewhere, so it is assigned to the US Region and classified ROW. The US/ROW split by organization type is reported in Table 4.2.

Organization Types. Four EO Organization Types: federal agencies, federal contractors, federal grantees, Other Organizations. For this research, Federal Grantees is defined narrowly as grant-only recipients —entities receiving federal grants but holding no federal contracts;

universities and research institutions holding federal contracts are classified within federal contractors. So defined, Federal Grantees are excluded from the analytic frame by design: no DEI actions by grant-only recipients were reported during the Research Period. Grantees are retained as a documented scope row with no recorded actions, parallel to South America in Table 4.1. Five active rows: federal agencies (4), federal contractors US (50), federal contractors ROW (46), Other Organizations US (17), Other Organizations ROW (54). The full alphabetical Census is reproduced in Table 11.2.

Sector classification. Sector follows the credible source-reported sector designation. Where multiple sectors are reported for the same organization, the sector of primary revenue activity during the Research Period is assigned.

The DIEPL Framework. Diversity, Inclusion, Equity, Purpose, Leadership—the five-element DIEPL Model first developed in *Beyond D&I* (Formanek 2021). Extended with the Five Stages of DEI Maturity (Sect. 5.3), it becomes the DIEPL Maturity Model—the analytical scaffolding for the resilience scoring methodology. Its enterprise expression, with Leadership as the activating platform, frames the conceptual resilience formula in Chap. 10:

$$\mathbf{DP} = \mathbf{D} \times \mathbf{IL} \times \mathbf{E} \times \mathbf{P}$$

The Ten-Step Research Pipeline. Each action passes through ten sequential steps from credible source report to coded data point. Figure 11.1 maps the full sequence.


Credible source reports a DEI action
within the period 1 January 2024 to 31 December 2025
Step 1
Evidence Eligibility
Approved source; within research window; discrete decision
Step 2
Action Capture
Record verbatim; assign Action ID; deduplicate
Step 3
Action Parsing
Verb - Object - Scope
Step 4
Organization Classification
Federal Agency / Contractor / USA / RoW; workforce and revenue; UEI verification
Step 5
EO Domain Assignment
Essence rule – substance determines domain (D1–D14 or Voluntary response)
Step 6
Legal Obligation Test
Binding EO + Federal Agency / Contractor → Required Retreat, all others → Voluntary Retreat
Step 7
Response Classification
Required Retreat, Voluntary Retreat, Reframe, Remain, Re-architect
Step 8
DIEPL Architectural Mapping
D / I / E / P / L
Step 9
Architecture Resilience Scoring
ΔM = Post-backlash score – Pre-backlash score (Required Retreat excluded)
Step 10
DEI Leadership Defense Coding
Five signal dimensions → Remain or Re-architect
Global DEI responses – response categories – architectural resilience

Fig. 11.1 The ten-step research pipeline. The research pipeline through which each reported organizational DEI action progresses from source identification to coded analytical classification, including evidence verification, legal obligation testing, response categorization, DIEPL architectural mapping, and resilience scoring

(*Source* Author, Kay Formanek, 2026)

The ten steps are: (1) **Evidence Eligibility**—approved source, within research window, discrete decision; (2) **Action Capture**—verbatim record, assigned Action_ID, deduplicated across multiple reports of the same decision; (3) **Action Parsing**—verb, object, scope; (4) **Organization Classification**—federal agency, federal contractor, US Other, or ROW Other, with federal contractor status verified against SAM.gov and USASpending.gov; (5) **EO Domain Assignment**—applying the Essence rule, the action is mapped to one of fourteen EO domains (D1–D14); (6) **Legal Obligation Test**—actions in a binding EO domain for a federal contractor or federal agency are coded Required Retreat; all others are Voluntary; (7) **Response Classification**—Required Retreat, Voluntary Retreat, Reframe, Remain, or Re-architect; (8) **DIEPL Architectural Mapping**—the action is coded to one of the five DIEPL elements; (9) **Architecture Scoring**—element-level maturity scored on the Five Stages scale Pre-Backlash and Post-Backlash, with the delta ΔM as the resilience measure; (10) **DEI Defense Coding**—the active-defense diagnostic that distinguishes Remain from Re-architect within the Leadership element.

11.2 The Executive Order Domain Architecture

The boundary between Required Retreat and Voluntary Response is determined by the legal architecture of the three Executive Orders signed in January 2025. Each Order targets specific organizational mechanisms—what this research codes as Executive Order domains. Fourteen domains (D1–D14) are derived from the legal mechanisms of the three Orders. Figure 11.2 maps each domain to its source Order.

EO 14151 – Ending Radical & Wasteful Government DEI Programs (20 January 2025)

D1 – DEI Infrastructure and Roles
DEI/DEIA offices and program units; CDO roles; staff positions; task forces

D2 – DEI Training Programs
DEI and equity training programs; inclusion learning; mandatory DEIA curricula

D3 – Representation Targets and Goals
Representation targets; equity goals; diversity KPIs; demographic metrics

D4 – Federal Funding Conditions
Grant DEI eligibility conditions; procurement requirements; contract clauses

EO 14168 – Defending Women from Gender Ideology Extremism (20 January 2025)

D5 – Binary Sex Policy
Binary sex definition (M/F); gender identity language and IDs

D6 – Gender Pronouns
Email and HR pronoun fields; official comms and documents

D7 – Sex-Designated Spaces
Bathrooms and restrooms; changing and sleeping facilities

EO 14173 – Ending Illegal Discrimination (Federal Contractors, 21 January 2025)

D8 – Anti-Discrimination Cert.
Anti-DEI contract certification clause; False Claims Act; qui tam provisions

D9 – Affirmative Action Plans
Formal AAP cessation; EO 11246 revocation; OFCCP obligations; compliance data

D10 – Workforce Balancing
Race/sex/national origin balancing; diverse slates; interview panel composition

D11 – Divisive Training Content
Group guilt; inherent privilege content; race/sex stereotyping; unconscious bias

D12 – Race/Sex Supplier Preferences
Race and sex-based supplier preferences; MwBE programs; procurement targets

D13 – Identity-Based Access
Exclusive ERG membership criteria; identity-limited fellowships; internships

EO 14173 – DOJ Strategic Enforcement (All U.S. Employers 15+)

D14 – Regulatory and Legal Enforcement Exposure
DOJ strategic targets; agency investigations (<9 each); EEOC enforcement; Title VII litigation; FCC probes; State AG actions; activist suits

Fig. 11.2 Executive Order to domain mapping. The fourteen Executive Order domains (D1–D14) derived from EO 14151, EO 14168, and EO 14173, showing how the legal architecture of the January 2025 Executive Orders determines the boundary between Required Retreat and voluntary organizational response

(*Source* Author, Kay Formanek, 2026)

EO 14151 *(Ending Radical and Wasteful Government DEI Programs and Preferencing,* 20 January 2025) targets federal internal DEI infrastructure and produces domains D1–D4: DEI infrastructure and roles; DEI training programs; representation targets and goals; and federal funding conditions.

EO 14168 *(Defending Women from Gender Ideology Extremism,* 20 January 2025) targets gender identity policy and produces domains D5–D7: binary sex policy, gender pronouns, and sex-designated spaces.

EO 14173 *(Ending Illegal Discrimination,* 21 January 2025) targets federal contractors and produces domains D8–D13: anti-discrimination certification and False Claims Act exposure; affirmative action plan cessation; workforce balancing; divisive training content; race or sex supplier preferences; and identity-based access.

EO 14398 (*Addressing DEI Discrimination by Federal Contractors*, 26 March 2026) falls outside the Research Period and produces no coded domains. As Phase 2 of the contractor compliance architecture, it mandates an anti-DEI clause in every federal contract and subcontract, with explicit flow-down to all subcontractor tiers. Its substantive scope is examined in Chap. 2 (§2.1.4 and §2.11).

Domain D14 captures regulatory and legal enforcement exposure —DOJ strategic targets, EEOC enforcement, Title VII litigation, state Attorney General actions, activist suits—arising from EO 14173's Track 2 enforcement architecture against all US employers with fifteen or more employees.

The Essence rule. Each action is mapped to one of the fourteen EO domains shown in Fig. 11.2 based on what part of the DEI architecture is affected by the action.

The Legal Obligation Test. An action is coded Required Retreat only if two conditions hold simultaneously: (i) the action maps to a binding EO domain (D1–D13; D14 is enforcement exposure, not direct

mandate), and (ii) the organization is a federal agency or a federal contractor for whom that domain creates a binding obligation. All other actions—including federal contractor actions in non-binding domains, all actions taken before 20 January 2025, and all actions by US Other and ROW Other organizations—are coded Voluntary. The Legal Obligation Test is the formal separation of legal compulsion from organizational choice. The legal consensus interpretation was verified against the Attorney General's Bondi Memorandum of 29 July 2025, the first non-binding operational description of prohibited DEI practices for federally funded entities.

11.3 Coding Logic, Continuum of Responses, and Architecture Scoring

Five response categories on one continuum. Actions are classified into five response categories arranged on a continuum from full retreat to active deepening. Each category is anchored in a distinctive language signature. Table 11.1 maps the continuum.

Table 11.1 The five response categories

Higher-level aggregates. For analytical aggregation, the five categories roll up into two higher levels: **Total Retreat** = Required Retreat + Voluntary Retreat; **Total Non-Retreat** = Reframe + Remain + Re-architect.

The active-defense diagnostic for Re-architect. Re-architect is the highest-commitment category on the continuum and requires evidence of active defense—not maintenance, not adjustment, but a public, organization-owned commitment immediately under named external pressure. Active defense takes two patterns observed in the dataset. The first is **performance-anchored**: the organization defends DEI on the explicit basis of business performance—"diversity of perspectives is critical to our ability to serve clients and to make

superior decisions." The second is **essence-anchored**: the organization defends DEI as definitional to who it is—"diversity and meritocracy are core to who we are." A Remain statement reaffirms the position. A Re-architect statement defends it.

DIEPL Maturity Scoring. Each coded action is mapped against both legal architecture (the EO domains) and the architectural elements of the DIEPL Maturity Model—Diversity (D), Inclusion (I), Equity (E), Purpose (P), and Leadership (L). The mapping operates in three steps.

Step A—Subject-verb-object parsing. Each reported action sentence is parsed for its subject (the organization), its verb (the action taken), and its object (the architectural element acted upon), with optional detail capturing scope or qualifier. The verb determines the action direction: *terminated*, *fired*, *removed* signal retreat; *retained*, *reaffirmed* signal continuation; *renamed*, *repositioned* signal reframe; *expanded*, *embedded*, *deepened* signal active deepening.

Step B—Resident-architecture inference. The action confirms what was structurally resident in the organization before the action was taken. A company that *fires its Chief Diversity Officer* confirms that the role existed in the pre-EO architecture. A company that *broadens its supplier diversity program from demographic-focused suppliers to universal access* confirms that demographic-focused supplier diversity was the pre-EO baseline. This inference allows the pre-EO architectural state to be derived directly from observable action evidence—without depending on company self-disclosure of historical positions—and mapped into maturity Stages 1–5 of the DIEPL Maturity Model.

Step C—DIEPL element mapping and stage assignment. The action is mapped to one DIEPL element based on the architectural element acted upon. The pre-EO Maturity Stage is then assigned per element on the Five Stages of DEI Maturity scale: (1) Legal Compliance, (2) Stakeholder Requirements, (3) Organizational Performance, (4) Reinvention, (5) Societal Value. The verb direction in the post-EO action determines the maturity trajectory—extension into a higher stage, retention at the same stage, or regression to a lower stage.

The resilience delta, computed per element per organization:

$$\Delta M = \text{Post} - \text{Backlash maturity} - \text{Pre} - \text{Backlash maturity}$$

ΔM = 0 indicates the architecture held at the same stage. ΔM < 0 indicates degradation. ΔM > 0 indicates deepening.

Threshold for organization-level scoring. DIEPL Maturity Scoring is computed only for organizations that meet the three-action minimum —the Threshold Census of 63. Below that threshold, action evidence is insufficient to support a reliable organization-level maturity assessment. Action-level findings remain available for the full Census of 171.

11.4 Two-Layer Proposition Architecture

The dataset is constructed to test two layers of proposition.

Layer 1—Strategic Research Propositions (Chap. 4). Ten propositions tested at action level across the Net DEI Actions (*n* = 551), partitioned by region, sector, organization type, and federal contractor status. The propositions examine what shaped organizational response: media bias toward retreat coverage, timing relative to the Executive Orders, legal exposure as a predictor of retreat depth, the geographic distribution of retreat, the protective effect of constitutional and regional regulatory frameworks, EO domain anchoring, sector regulatory density, sector convergence, and DIEPL Maturity as a resilience predictor.

Layer 2—Architectural Resilience Propositions (Chap. 5). Five propositions tested at element level across the Net DEI Actions and at organization level across the Threshold Census (*n* = 63). The propositions examine which DIEPL elements differentiated resilience under pressure: Leadership as the decisive determinant; Purpose as strategic narrative; Equity as the most exposed element; Diversity targets as the primary casualty; and Inclusion as the proposed safe harbor.

Verdicts on both proposition layers are descriptive characterizations of within-Census patterns. They are not inferential

generalizations to the wider corporate population; they describe what these 171 organizations did during this specific period.

11.5 Verification, Independence, and Limitations

Three-Pass Inter-Coder Protocol. Pass 1. Author coding against the established framework. **Pass 2.** An independent neutral coder, with no professional connection to any Census organization, re-codes the same material using AI-assisted primary-source analysis. **Pass 3.** Article-by-article blind manual cross-check conducted independently of Pass 2. **Adjudication and peer review.** All discrepancies and omissions across the three passes were resolved through structured adjudication against primary sources; independent academic peer review confirmed the framework across multiple global institutions and regions.

Independence Protocol. *Financial:* this research was not commissioned, funded, or reviewed by any organization in the Census. *Editorial:* no organization was given prior access to findings or the opportunity to influence its classification. *Methodological:* every classification was determined by pre-defined, rule-governed logic applied to independent reporting; no classification was subject to the author's professional judgment about any individual organization.

Citation Circularity Rule. Organizations whose DEI response is coded in this research are not referred to as research authorities within the book. Where a Census organization publishes research on diversity, that research is not cited as authority; the organization's own actions are described under Credible Source Panel attribution. The rule applies to every Census organization and is intended to remove the bias that arises when a research subject is also a research source.

Source Attribution Standard. Credible source verbatims are the sole basis on which organizational action is described in this book. No such action is attributed to the author. Every reference to a named organization derives from reporting by the Credible Source Panel within the Research Period and is cited with the date of publication, the

source, and the article title. Every verbatim quotation is reproduced exactly as published and is not modified.

Limitations. (i) The research is built entirely on reporting by the Credible Source Panel during the Research Period. The panel publishes in English, which bounds what could be observed in non-English-language markets. (ii) Business reporting favors change over continuity, so organizations that maintained their DEI architecture without adjustment are systematically less likely to appear. Retreat figures are therefore an upper bound and Non-Retreat figures a lower bound. This is not treated as a caveat but as a finding in its own right: it is examined in Chap. 4 and tested directly as the first Strategic Proposition. (iii) Sub-domain analyses with $n < 30$ are reported in count form rather than percentage form. (iv) Required Retreat actions are excluded from resilience scoring; the framework distinguishes legal compulsion from voluntary choice as the analytical foundation. (v) Verdicts on both proposition layers are descriptive within-Census characterizations, not predictive generalizations to the wider corporate population.

Legal Disclaimer. Nothing in this methodology or in this book constitutes legal advice or should be construed as such. Each organization must obtain independent legal and compliance counsel specific to its own circumstances, jurisdiction, and contractual position. All organizations referenced in this book are identified and categorized solely on the basis of actions reported by the named credible sources; no organization is mentioned or classified on any other basis.

11.6 Census and Threshold Census Composition

The named organizations comprising the Census ($N = 171$) and the Threshold Census ($n = 63$) are listed alphabetically in Tables 11.2 and 11.3. Organizations are named as they appeared in the reporting of the Credible Source Panel—short forms such as “McKinsey & Co” or “UBS” are used where those were the names used by the Credible Source Panel. Where a parent and a regional entity were each separately

reported (for example, McDonald's UK and McDonald's US), both entities are listed in the Census; at the Threshold Census level, regional entities are combined under the parent name.

Table 11.2 Census organizations (*N* = 171, alphabetical)

Table 11.3 Threshold Census organizations (*n* = 63, alphabetical)

Table 11.4 Census entities based outside the United States (*n* = 57, alphabetical)

Afterword

Diversity, equity, and inclusion emerged from a recurring institutional problem: societies and organizations repeatedly struggle to distribute access, opportunity, advancement, and participation fairly across populations that differ by background, identity, experience, and perspective. At the same time, economies and organizations increasingly depend on accessing the broadest possible range of talent and perspectives to remain adaptive, innovative, and competitive under conditions of accelerating change. DEI developed as one attempt—uneven, contested, and evolving—to address those twin pressures: fairness and performance. The tension between them has never remained politically or organizationally stable for long.

Backlash arrives in cycles. The pattern this book traces—corrective policy, identity interpretation, moralization, counter narrative, and retreat—has appeared repeatedly across societies grappling with structural inequality, in different vocabularies and on different timelines. What is changing is the speed. As information moves faster—and with particular reactivity on questions of diversity, equity, and inclusion—the distance between corrective policy and counter narrative compresses. Each cycle now arrives sooner than the one before. What changed by January 2025 was the delivery mechanism: executive action made dismantling fast and globally visible. The 2025 cycle is the most recent and the most legible. It will not be the last.

This is what made the central research question worth asking. The 171 organizations in the Census represent a cross-section of the global economy responding in real time to a regulatory shock. What separated those that held from those that retreated had little to do with size, sector, or stated commitment alone. The distinguishing pattern was the extent to which DEI had already been embedded in the organization's strategy, leadership, and operating systems before the pressure arrived.

* * *

What I had not anticipated, going into this research, was the scale of Voluntary Retreat among organizations carrying no direct legal

obligation under any of the four Executive Orders—at a higher rate than federal contractors (51% against 45%). Organizations that owed nothing to compliance removed more, proportionally, than those who owed everything.

Removing DEI infrastructure in the absence of any requirement is a choice. A smaller group—across every region, sector, and revenue tier—made the opposite choice under the same conditions. Their distinguishing characteristic was Strategic Conviction: a grounded answer to why this organization specifically needed diversity of perspectives to achieve what it existed to achieve, governed where strategy was made, and articulated by leaders who did not require a script.

* * *

The conventional reading of 2025 places DEI on trial. The evidence places architecture on trial.

The retreat documented across the Research Period was, in most cases, a referendum on whether the DEI architecture organizations had built—frequently around external signaling, compliance posture, and reputational positioning—could withstand pressure when those warrants weakened. Where the architecture had been built for audiences, it dissolved when audiences shifted. Where it had been built into how the organization made decisions, allocated capital, and developed leaders, it held.

The two DIEPL elements that proved most resilient under pressure were Purpose and Leadership—historically the two least invested in by organizations building DEI as a compliance and reporting exercise. That asymmetry is the diagnostic at the center of this book.

* * *

The speed at which fragile architectures collapsed was not fully accounted for by legal pressure alone. The observed pattern was consistent with narrative asymmetry operating as a propagation mechanism across the Census. Retreat is legible—dramatic, conflict-rich, reducible to a single sentence in business journalism. Resilience is operational, gradual, and difficult to narrate. Retreat stories may

therefore travel faster, gain more coverage, and become reputationally safer to imitate than to defy.

Under those conditions, anticipatory compliance spreads ahead of any formal legal requirement. Organizations observe peer retreat, read it as evidence that the consensus is shifting, and adjust without ever being asked to. The observed pattern is consistent with contagion accelerating according to how easily retreat compresses into a story, rather than how clearly the law applies.

Strategic Conviction is what allows leadership to hold a counter narrative in that environment—grounded in organizational purpose when the surrounding narrative is weighted toward retreat. The leaders who held operated in the same media environment as those who retreated. They had an internal narrative durable enough to compete with the prevailing external one.

* * *

The implications for each audience reading this work differ in kind, not only in degree.

For business leaders, the work moves DEI from positioning exercise to operational architecture. Organizations that continue to treat diversity capability as an external posture—disconnected from governance, leadership, and how decisions get made—remain exposed to whichever pressure cycle arrives next. The Re-architects did the opposite: they embedded diversity of perspectives into how they innovate, decide, lead, and compete. The leading task has shifted from awareness to architectural redesign, beginning with the five questions in Sect. 10.11.

For scholars, several dominant DEI research paradigms now require reconsideration. Frameworks centered on representation, signaling, or organizational culture absent capability architecture proved insufficient to explain why some organizations retreated while others held. The questions this research raises invite deeper integration across management, organizational behavior, governance, political science, and institutional resilience—and replication in regions and languages

still under-surfaced in current scholarship. The coding framework in Chap. 11 is built for that purpose.

For policymakers, the work extends beyond legal durability—though that question matters, and the evidence is clear: frameworks built on executive authority proved removable by the same mechanism, while frameworks embedded in statute or constitutional principle proved structurally more resilient. The deeper implication operates at the level of societal capability. Institutions and economies that cannot integrate diverse perspectives productively become less adaptive under economic, technological, and political change. The policy question worth carrying forward is how to build legal, educational, and governance systems that strengthen societal capability, institutional trust, and long-term resilience.

* * *

These audiences are interdependent. Organizations cannot build resilient capability without the policy and governance conditions that make long-horizon investment rational. Policymakers cannot build durable systems without the empirical reality of how organizations respond to pressure. Scholars cannot develop useful theory without the implementation experience that organizations and policy environments generate.

I began this research in a period of significant uncertainty. I end it with greater clarity than I had at the start—not because the environment has stabilized (Executive Order 14398, signed in March 2026 after the Research Period closed, is evidence enough that it has not), but because the evidence has identified what holds within it.

What this architecture ultimately protects is larger than any individual organization's competitive position. The capacity to integrate difference productively into how organizations think, decide, and lead —Diversity Performance—is the same capacity on which institutional adaptability, legitimacy, and social trust quietly depend. The organizations, scholars, and policymakers who carry this work forward are stewards of that capacity, whether they describe themselves in those terms or not. The next cycle of pressure will arrive. What it will

find is the question this book ultimately asks: which institutions have built themselves to remain capable, fair, and trustworthy when conditions change—and which have not.

Kay Formanek
Loosdrecht, Netherlands
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Glossary

This glossary defines the technical terms, original frameworks, and methodological protocols used in this book. Definitions follow a classification—mechanism—resilience-implication structure, with related entries linked via See also. Cross-referenced glossary terms appear in italics within definitions.

Accountability and Audit The Layer 3 Enterprise Platform pillar that embeds capability oversight in formal governance structures—board reporting, performance measurement, audit cycles, and external disclosure. Operates through verifiable evidence rather than declaration, ensuring that *Diversity of Perspectives*, *Inclusive Leadership Capability*, *Fairness and Meritocracy Capability*, and *Strategic Narrative Capability* remain auditable under regulatory and stakeholder scrutiny. Provides the governance defense that distinguishes *Re-architect* organizations from *Reframe* organizations under backlash conditions. *See also: Enterprise Platform; Layer 3; Re-architect.*

Affirmative action Policies designed to ensure equal access for individuals who have faced personal or systemic barriers, using outreach to broaden the pool of qualified candidates. As applied in the United States from 1961 to 2025, affirmative action operated through Executive Order 11246 (requiring federal contractors to take corrective hiring action) until its rescission by Executive Order 14173 in January 2025—a rescission that produced the regulatory void this book examines. *See also: DEI Executive Orders (2025–2026); federal contractor; Required Retreat.*

Architectural Resilience The organizational capacity to sustain Diversity Performance under regulatory, political, or cultural pressure because DEI commitments are embedded structurally rather than dependent on external advocacy. Arises when the four Reset Capabilities operate across all three architectural layers and are governed by enterprise mechanisms that function independently of public sentiment. The primary research identifies Architectural

Resilience as a pattern associated with organizations that showed greater continuity under the pressure of the 2025 Executive Orders—see Chaps. 6–9 for full architecture and Chap. 10 for synthesis. *See also: DEI Resilience Enterprise Architecture; Five Stages of DEI Maturity; Re-architect.*

Architecture Scoring (ΔM) The methodology by which an organization's change in DIEPL maturity between Pre-Backlash and Post-Backlash periods is measured. Calculated per DIEPL element as ΔM = Post-Backlash maturity score minus Pre-Backlash maturity score. Negative ΔM indicates element-level retreat; positive ΔM indicates strengthening. Architecture Scoring excludes Required Retreat actions from the calculation, since legal obligation does not reflect organizational choice. Constitutes the ninth step in the methodology coding protocol detailed in Chap. 11. *See also: DIEPL Maturity Model; Pre-Backlash; Post-Backlash; Voluntary Retreat.*

belonging The human and organizational condition in which individuals experience themselves as valued and needed members of a group rather than merely tolerated or accommodated. A foundational human need with independent psychological standing, Belonging operates through being seen, being needed, and contributing as one's authentic self. The *Inclusive Leadership Capability* operationalizes Belonging through the *Eight Behaviors of Inclusive Leadership* and the *Five Leader Actions*; without Belonging, retention of distinctive perspectives fails and Diversity of Perspectives erodes in practice. *See also: Inclusive Leadership Capability; psychological safety; inclusion.*

Bondi Memorandum The 29 July 2025 guidance memorandum issued by United States Attorney General Pamela Bondi providing the first administrative interpretation of "illegal DEI" under Executive Order 14173. Within this book's analysis, the Bondi Memorandum operationalized EO 14173's anti-discrimination certification requirements for federal contractors and informs the Bondi Guidance referenced in the response category coding in Chap. 4. The document is also referred to in legal and compliance practice as the "Bondi Memo"

and the "Bondi Guidance". *See also: DEI Executive Orders (2025–2026); False Claims Act; Required Retreat.*

Capability Enablers The Layer 1 conditions within each Reset Capability that must be present for the capability to deliver Diversity Performance—three per capability, named distinctly in each (for example, *Process Integrity*, *Outcome Equity*, and *Ecosystem Fairness* within the *Fairness and Meritocracy Capability*). Layer 2 Leader Activation operationalizes each capability through the Enablers; Layer 3 sustains them through enterprise governance. Where the Enablers are absent or fragile, Layer 2 actions cannot sustain capability under pressure regardless of external visibility. *See also: Layer 1; Reset Capability Architecture; Five Leader Actions.*

Census The set of 171 entities whose publicly reported DEI actions between 1 January 2024 and 31 December 2025 form the empirical universe of this study. Identified through systematic search of the eight *Credible Source Panel* publications, the Census comprises federal agencies, federal contractors, and Other Organizations across six regions: United States, Canada, Europe, Africa, Asia–Pacific, and South America. Where sources reported separately on different entities within the same organization, those entities remain separately visible in the Census; the Census therefore captures the breadth and incidence of what was reported. All quantitative findings reported in the book derive from analysis of the Census or its threshold subset—see Chap. 11 for full methodology and Table 11.2 for the complete list of Census organizations, and Table 11.4 for those organizations based outside the United States. *See also: Threshold Census; Region; Rest of World (ROW); Other Organizations; Credible Source Panel; Total DEI Actions.*

Civil Investigative Demand (CID) A pre-litigation legal instrument issued by US federal authorities (typically the Department of Justice) compelling production of documents, written responses, or testimony regarding suspected violations of federal anti-discrimination law. Authorized under the *False Claims Act* (31 U.S.C. § 3733) and deployed through Executive Order 14173's enforcement architecture, Civil

Investigative Demands target federal contractors alleging fraud via false compliance certifications—operationalizing the enforcement reach of the 2025 DEI Executive Orders without requiring formal litigation. *See also: DEI Executive Orders (2025–2026); False Claims Act; federal contractor.*

Compliance Floor The set of actions legally compelled for an organization under applicable law and binding regulatory obligation—including, in this study, *Required Retreat* actions executed by federal contractors and federal agencies subject to applicable obligations under the 2025 Executive Orders. Compliance Floor actions are coded as Required Retreat and excluded from voluntary-response analysis and resilience scoring, since they reflect legal obligation rather than organizational choice. The distinction protects empirical inference from conflating coerced and discretionary behavior. *See also: Required Retreat; DEI Executive Orders (2025–2026); Voluntary Retreat.*

contagion The empirical pattern in which *Voluntary Retreat* behaviors spread across organizations with no direct legal obligation under the 2025 Executive Orders, shaped by peer behavior and media reporting rather than legal compulsion. Non-contractor organizations retreated voluntarily at rates broadly comparable to federal contractors, despite operating outside the legal pressure structure that compelled the contractor cohort. Contagion is among the central empirical findings explaining the scale of Voluntary Retreat observed in 2025. *See also: Voluntary Retreat; federal contractor; Required Retreat.*

Counter Narrative Simplified narratives developed in opposition to DEI programs that explain complex realities in emotionally compelling but analytically incomplete ways—including claims that DEI undermines merit or that diversity of perspectives does not produce measurable performance outcomes. Within this book's analysis, Counter Narrative is the fifth stage of the *DEI Corrective Paradox* cycle (Fig. 1.1: structural inequality → corrective policy → identity

interpretation → moralization → counter narrative → backlash). *See also: DEI Corrective Paradox; moralization; DEI Backlash.*

Credible Source Panel The eight international business press publications used as the primary documentary evidence base for the *Census*: Reuters, the Associated Press, Bloomberg, the Financial Times, the Wall Street Journal, Deutsche Welle, the Globe and Mail, and the Daily Maverick. Selected for professional editorial standards, international reach, and legal accountability for published content, the Panel provides a consistent, traceable evidentiary basis for every coded action. All Census DEI actions trace to at least one Panel source. *See also: Census; Total DEI Actions; Threshold Census.*

DEI Backlash Political and organizational resistance to diversity, equity, and inclusion initiatives, typically grounded in concerns about fairness, merit, or the scope of corrective intervention. Within this book's analysis, the DEI Backlash refers specifically to the coordinated political, regulatory, and cultural resistance that crystallized in the United States between 2023 and 2025 and culminated in the January 2025 Executive Orders—the empirical event examined across the 171 Census organizations. *See also: DEI Corrective Paradox; DEI Executive Orders (2025–2026); contagion.*

DEI Corrective Paradox The recurring cycle through which policies designed to correct structural inequality generate organized counter-reactions that can undermine those very policies. The cycle moves from structural inequality to corrective intervention, to identity-centered interpretation, to contested moralization, and finally to backlash that drives dismantlement or partial reversal. The Paradox explains why DEI systems remain structurally fragile absent architectural embedding and is the underlying dynamic the Reset architecture is designed to interrupt. *See also: DEI Backlash; Architectural Resilience; DEI Resilience Enterprise Architecture.*

DEI Executive Orders (2025–2026) The four US presidential directives defining the primary regulatory shock examined in this book: EO 14151 (20 January 2025) terminated federal agency DEI

programs; EO 14168 (20 January 2025) directed federal recognition of two sexes; EO 14173 (21 January 2025) imposed anti-discrimination certification on federal contractors and revoked EO 11246; EO 14398 (26 March 2026, outside the primary research window) provided the first binding contractual definition of racially discriminatory DEI activities. The Orders convert contested political principles into binding legal obligations on federal agencies and federal contractors—see Chap. 2 for full legal architecture. *See also: federal contractor; False Claims Act; Required Retreat.*

DEI Resilience Enterprise Architecture The enterprise-level synthesis architecture that converts the *Integrated Diversity Model* into a system designed to deliver Diversity Performance under pressure. Four capabilities—*Diversity of Perspectives*, *Inclusive Leadership*, *Fairness and Meritocracy*, and *Strategic Narrative*—operate interdependently, conceptually represented as DP = D × IL × E × P, with Leadership functioning as the activation platform rather than an equal multiplied element. The central proposition of the book for sustaining DEI capability when external pressure removes voluntary commitment. *See also: Reset Capability Architecture; DP = D × IL × E × P; Enterprise Platform.*

DIEPL Maturity Model The diagnostic framework for assessing organizational DEI maturity across each of the five DIEPL elements—Diversity, Inclusion, Equity, Purpose, and Leadership—at the same five-stage scale. Extends the *Five Stages of DEI Maturity* introduced in *Beyond D&I* by applying the maturity scale element by element rather than as a single aggregate measure. Used in this book's empirical analysis to examine the relationship between DIEPL maturity and Architectural Resilience, with deeper maturity associated with greater resilience under pressure. *See also: Five Stages of DEI Maturity; Architecture Scoring (ΔM); Architectural Resilience.*

diversity The presence of meaningful differences in perspectives, experiences, and characteristics within a group or organization. Within this book's architecture, Diversity is reset from demographic

representation alone to the deliberate cultivation, across all six clusters of the *Diversity Cluster Model*, of the portfolio of perspectives an organization's strategy requires to innovate, decide, and adapt. *See also: Diversity of Perspectives; Diversity Cluster Model; Compliance Floor.*

Diversity Cluster Model The six-cluster framework introduced in Chap. 6 for mapping the full range of perspective diversity relevant to organizational performance: Demographic Identity; Life Circumstance; Organizational Context; Work Experience and Role; Cognitive and Psychological Profile; and Worldview and Ideology. Operates as the decision tool through which leaders construct the portfolio of perspectives that strategy requires, rather than defaulting to demographic categories alone. The Model is the foundation of the *Diversity of Perspectives* Capability and the structural alternative to compliance-driven diversity. *See also: Diversity of Perspectives; diversity; Compliance Floor.*

Diversity, Equity, and Inclusion (DEI) The combined organizational framework historically encompassing Diversity (the deliberate cultivation of meaningful differences), Equity (the structural integrity of the talent system), and Inclusion (the conditions enabling individuals to contribute fully). In this book the framework is reset and expanded through the *DEI Resilience Enterprise Architecture* into four capabilities—Diversity of Perspectives, Inclusive Leadership, Fairness and Meritocracy, and Strategic Narrative—with Leadership operating as the enterprise activation platform. *See also: diversity; equity; inclusion; DEI Resilience Enterprise Architecture.*

Diversity of Perspectives The first of the four Reset Capabilities, through which an organization deliberately constructs the portfolio of perspectives—across all six clusters of the *Diversity Cluster Model*—that its strategy requires to innovate, decide, and adapt. Operates through Layer 1 enablers, Layer 2 leader activation, and Layer 3 enterprise pillars, and supplies the D variable in DP = D × IL × E × P. The reset moves the organizational frame from demographic

compliance to strategic capability. *See also: Diversity Cluster Model; DP = D × IL × E × P; Reset Capability Architecture.*

Diversity Performance The ultimate outcome of the DEI Resilience Enterprise Architecture, conceptually represented through DP = D × IL × E × P as arising from the interdependence of the four Reset Capabilities. Functions as the outcome through which Diversity of Perspectives, Inclusive Leadership, Fairness and Meritocracy, and Strategic Narrative translate into organizational contribution—innovation, decision integrity, talent retention, and adaptive capacity. The empirical premise of the book is that Diversity Performance can be sustained under pressure when capability is architecturally embedded rather than commitment-dependent. See also: DP = D × IL × E × P; DEI Resilience Enterprise Architecture; Architectural Resilience.

Diversity Performance Conviction The board- and CEO-level conviction that Diversity Performance is a structural condition of organizational success rather than a discretionary social commitment. It provides the enterprise-level commitment to sustain the four Reset Capabilities and the DEI Resilience Enterprise Architecture under pressure. *See also: DEI Resilience Enterprise Architecture; Leadership; Re-architect.*

DP = D × IL × E × P The Reset formula expressing Diversity Performance through the multiplicative form of the four Reset Capabilities, each operationalizing one element of the *Integrated Diversity Model* (DIEPL): D = *Diversity of Perspectives* (Diversity element); IL = *Inclusive Leadership* (Inclusion element); E = *Fairness and Meritocracy* (Equity element); P = *Strategic Narrative* (Purpose element). The multiplicative form conceptually represents the interdependence of the four capabilities rather than a literal mathematical relationship: weakness in any one capability can constrain the contribution of the others and therefore Diversity Performance. Leadership operates as the activation platform that governs and sustains the four rather than as a fifth multiplied variable.

See also: Diversity Performance; Diversity Performance Conviction; DEI Resilience Enterprise Architecture.

Ecosystem Engagement The Layer 3 Enterprise Platform pillar through which organizations align their Diversity Performance commitments with the expectations and verification systems of external stakeholders—investors, regulators, customers, supplier networks, employee bodies, and communities of operation. Operates by extending capability sustainment beyond the organizational boundary, so that Diversity Performance is reinforced by external structures rather than internal advocacy alone. Provides ecosystem-level reinforcement that can increase the external as well as internal cost of reversing architectural commitments. *See also: Enterprise Platform; Accountability and Audit; Re-architect.*

Ecosystem Fairness The Layer 1 *Capability Enabler* of the *Fairness and Meritocracy Capability* in which an organization extends fair treatment beyond its employment boundary to its broader ecosystem —suppliers, contractors, partners, vendors, recruitment channels, customers, and communities of operation. Operates by recognizing that meritocratic integrity requires consistency between how the organization treats its workforce and how it engages workers and counterparties across its value chain. Without Ecosystem Fairness, internal meritocracy is exposed to legitimacy risk when external practices contradict internal commitments. *See also: Fairness and Meritocracy Capability; Process Integrity; Ecosystem Engagement.*

Eight Behaviors of Inclusive Leadership The behavioral taxonomy through which the *Inclusive Leadership Capability* is enacted, organizing eight observable leadership behaviors into three cumulative clusters: Core Leadership Orientation (Humility, Curiosity, Courage); Inclusive Interaction (Empathy, Bias Mitigation, Perspective Curation); and Strategic Inclusion Leadership (Contextual Intelligence, Commitment). The behaviors are the substance through which the *Five Leader Actions* operate, producing Psychological Safety, Inclusion, and Belonging cumulatively over time. The clusters compound: each

depends on the one preceding it. *See also: Inclusive Leadership Capability; Five Leader Actions; belonging.*

Enterprise Platform The Layer 3 governance structure of the *Reset Capability Architecture* through which each of the four Reset Capabilities is sustained at scale. Comprises four pillars—*Strategic Mandate*, *Operational Architecture*, *Accountability and Audit*, and *Ecosystem Engagement*—operating identically across all four capabilities. Where the Platform pillars are weak, Layer 2 activation cannot sustain capability under external pressure regardless of the strength of Layer 1 enablers. The Platform is the structural mechanism that converts capability commitment into architectural resilience. *See also: Layer 3; Reset Capability Architecture; Accountability and Audit.*

equity Equity involves the intentional removal of barriers—such as institutional policies, social norms, and physical obstructions—that prevent individuals from having full access to resources, opportunities, and fair treatment. Within this book's architecture, Equity is reset as the *Fairness and Meritocracy Capability*: the structural integrity of talent systems through which individuals are assessed, rewarded, and advanced on the basis of contribution rather than category. The reset distinguishes Equity-as-outcome-equalization (the framing the 2025 Executive Orders prohibited for federal contractors) from Equity-as-structural-fairness (the verifiable individual-level operation the book defends). *See also: Fairness and Meritocracy Capability; Verified Meritocracy; Process Integrity.*

fairness Perceptions that opportunities and outcomes are distributed according to legitimate and widely accepted principles. Within this book's architecture, Fairness operates as the foundational principle of the *Fairness and Meritocracy Capability*, expressed through Process Integrity, Outcome Equity, and Ecosystem Fairness. *See also: Fairness and Meritocracy Capability; Process Integrity; Verified Meritocracy.*

Fairness and Meritocracy Capability The third of the four Reset Capabilities, through which an organization builds the structural

integrity enabling individuals to be assessed, rewarded, and advanced on the basis of contribution. Resets the original Equity element of the Integrated Diversity Model from outcome-equalization to verifiable structural fairness, operating across three Layer 1 enablers: Process Integrity, Outcome Equity, and Ecosystem Fairness. Supplies the E variable in DP = D × IL × E × P, and is designed around individual-level, verifiable fairness rather than category-based treatment. *See also: Verified Meritocracy; equity; DP = D × IL × E × P.*

False Claims Act (31 U.S.C. §§ 3729–3733) The US federal statute creating civil liability for false claims submitted to federal funding programs, including treble damages and qui tam whistleblower provisions. Executive Order 14173 brings federal contractor certification of anti-discrimination compliance within False Claims Act scope: a contractor that certifies compliance while operating prohibited DEI programs becomes exposed to FCA liability. This enforcement transmission converts EO 14173's political principles into binding legal obligation. *See also: DEI Executive Orders (2025–2026); federal contractor; Required Retreat.*

federal contractor An organization holding a contract, subcontract, or contractual relationship with US federal agencies above defined thresholds, subject to executive-order compliance obligations under Executive Order 14173. The Census classifies federal contractors on two bases: by Region, using primary stock-market listing or, where an entity is not publicly listed, headquarters or principal place of business; and by US/ROW, using workforce predominance. Non-US-headquartered organizations operating via US subsidiaries are treated as federal contractors. Federal contractor status is the legal pressure structure that distinguishes Required Retreat from Voluntary Retreat in the empirical analysis. *See also: DEI Executive Orders (2025–2026); Region; Rest of World (ROW); Required Retreat; Voluntary Retreat.*

Five Leader Actions The Layer 2 activation cycle of the *Reset Capability Architecture*: five leadership actions operating through the *Eight Behaviors of Inclusive Leadership* to convert Layer 1 enablers into

Layer 3 sustainment. Define establishes the capability's scope and outcomes; Build develops the practices through which it operates; Champion sustains it through leadership voice; Measure verifies through evidence rather than declaration; Renew updates the capability as conditions evolve. The cycle operates continuously rather than as a one-time sequence. *See also: Reset Capability Architecture; Eight Behaviors of Inclusive Leadership; Layer 2.*

Five Stages of DEI Maturity The developmental framework introduced in *Beyond D&I* and reset in this book for assessing organizational DEI maturity: Stage 1 (Legal Compliance), Stage 2 (Stakeholder Requirements), Stage 3 (Organizational Performance), Stage 4 (Reinvention), and Stage 5 (Societal Value). The stages are cumulative rather than parallel—each builds on the conditions established at the prior stage. The primary research found that deeper maturity, particularly at Stage 4 and above, was associated with greater Architectural Resilience under pressure. *See also: Architectural Resilience; Integrated Diversity Model; Virtuous Circle.*

identity-centric framing Interpretations of organizational decisions and outcomes that emphasize group identity as the primary explanatory factor—affecting perceptions of both minority and majority group members. Within this book's analysis, Identity-Centric Framing is the cognitive pattern through which *Moralization* attaches to specific DEI initiatives, contributing to *DEI Backlash* across both progressive and conservative organizational audiences. *See also: moralization; DEI Backlash; DEI Corrective Paradox.*

inclusion The organizational conditions that allow individuals to contribute their perspectives and participate fully in decision-making. Within this book's architecture, Inclusion is operationalized through the *Inclusive Leadership Capability*—the *Eight Behaviors of Inclusive Leadership* and *Five Leader Actions* that produce Psychological Safety, Inclusion, and Belonging at the team level. *See also: Inclusive Leadership Capability; belonging; psychological safety.*

Inclusive Leadership Capability

The second of the four Reset Capabilities, through which leaders produce the conditions under which diverse perspectives translate into organizational contribution. Operates through three Layer 1 conditions —*Psychological Safety*, *Inclusion*, and *Belonging*—activated by the *Five Leader Actions* operating through the *Eight Behaviors of Inclusive Leadership*, and sustained through the Enterprise Platform. Supplies the IL variable in DP = D × IL × E × P. The reset distinguishes inclusion as a capability built through repeatable practice from inclusion as a declared value. *See also: Eight Behaviors of Inclusive Leadership; Five Leader Actions; psychological safety.*

Integrated Diversity Model (DIEPL) The structural framework developed in *Beyond D&I* identifying five elements through which organizations build Diversity Performance: Diversity (D), Inclusion (I), Equity (E), Purpose (P), and Leadership (L). The model establishes that Diversity Performance is produced through integration of the five elements rather than any single one. In this book, the DIEPL elements provide the foundation for the four Reset Capabilities—Diversity of Perspectives, Inclusive Leadership, Fairness and Meritocracy, and Strategic Narrative—with Leadership also operating as the activation platform of the DEI Resilience Enterprise Architecture. *See also: DEI Resilience Enterprise Architecture; DP = D × IL × E × P; Five Stages of DEI Maturity.*

Layer 1 (Capability Enabler Layer) The foundational layer of the *Reset Capability Architecture*, comprising the three conditions or *Capability Enablers* that must be present for each Reset Capability to deliver Diversity Performance. Named distinctly in each capability—*Strategic Alignment, Multi-Cluster Representation, Critical Mass* within Diversity of Perspectives; Psychological Safety, *Inclusion*, *Belonging* within Inclusive Leadership; *Process Integrity*, *Outcome Equity*, *Ecosystem Fairness* within Fairness and Meritocracy; *Narrative Credibility*, *Strategic Coherence*, *Organizational Continuity* within Strategic Narrative. Where Layer 1 is absent or fragile, Layer 2 activation cannot produce capability regardless of leader intent. *See*

also: Capability Enablers; Layer 2 (Leader Activation Layer); Reset Capability Architecture.

Layer 2 (Leader Activation Layer) The activation layer of the *Reset Capability Architecture*, comprising the *Five Leader Actions*—Define, Build, Champion, Measure, Renew—through which leaders convert Layer 1 conditions into operational capability. The actions operate continuously through the *Eight Behaviors of Inclusive Leadership* in the Inclusive Leadership Capability and through capability-specific mechanisms in the other three. Layer 2 is the layer at which leader intent becomes leader practice; without disciplined Layer 2 execution, Layer 1 remains latent and Layer 3 becomes empty governance. *See also: Five Leader Actions; Layer 1 (Capability Enabler Layer); Eight Behaviors of Inclusive Leadership.*

Layer 3 (Enterprise Platform Layer) The enterprise sustainment layer of the *Reset Capability Architecture*, comprising the four pillars of the *Enterprise Platform—Strategic Mandate*, *Operational Architecture*, *Accountability and Audit*, and *Ecosystem Engagement*—that hold each Reset Capability in place at organizational scale. The four pillars operate identically across all four capabilities, embedding capability in formal governance, talent systems, audit cycles, and ecosystem relationships. Without Layer 3, capability survives only as long as the individuals who chose to practice it remain in role. *See also: Enterprise Platform; Layer 2 (Leader Activation Layer); Accountability and Audit.*

Leadership Originally one of five elements of the *Integrated Diversity Model* (DIEPL). In this book, Leadership operates in a dual role: it remains a DIEPL element and now also serves as the activation platform of the *DEI Resilience Enterprise Architecture*—the enterprise mechanism that governs, activates, and sustains the four Reset Capabilities rather than being multiplied into Diversity Performance as a fifth equal variable. Leadership is what converts capability commitment into capability operation; without it, the architecture cannot function. *See also: Diversity Performance Conviction; DEI Resilience Enterprise Architecture; DP = D × IL × E × P.*

meritocracy The principle that individuals should be assessed, rewarded, and advanced on the basis of contribution rather than category, applied through processes that can be independently scrutinized. In this book, Meritocracy is reset from a contested claim about outcome distribution to a verifiable structural property of the talent system—*Verified Meritocracy*—produced by the *Fairness and Meritocracy Capability*. The reset distinguishes Meritocracy-as-myth (a declared property of any organization that uses the word) from Meritocracy-as-verifiable-system (the operational achievement defended in this book). *See also: Verified Meritocracy; Fairness and Meritocracy Capability; Process Integrity.*

moralization The social-psychological process whereby policy preferences are converted into moral convictions, in which disagreement becomes interpreted as moral failure. Within this book's analysis, Moralization is the mechanism through which DEI policy debates escalate from contested-empirical to contested-moral, producing the conditions in which the *DEI Corrective Paradox* generates *DEI Backlash*. *See also: DEI Corrective Paradox; DEI Backlash; Counter Narrative.*

Narrative Credibility The Layer 1 *Capability Enabler* of the *Strategic Narrative Capability* in which an organization's external statements about diversity and inclusion are believable to stakeholders because they are anchored in observable practice, evidence, and continuity. Operates by aligning what the organization says with what it does, removing the rhetorical-action gap that backlash conditions expose. Without Narrative Credibility, even technically accurate communications are read as defensive positioning rather than commitment, and the strategic narrative cannot stabilize the organization under pressure. *See also: Strategic Narrative Capability; Strategic Coherence; Organizational Continuity.*

Net DEI Actions The subset of 551 Census actions classified into one of the five response categories (Required Retreat, Voluntary Retreat, Reframe, Remain, Re-architect), derived from Total DEI Actions (596)

by excluding 45 Non-Action rows. Net DEI Actions are the analytical denominator for response-rate calculations and resilience scoring across the empirical chapters. The distinction from Total DEI Actions ensures response rates are calculated against actions classifiable as organizational responses rather than against the raw count of coded entries. *See also: Total DEI Actions; Required Retreat; Voluntary Retreat.*

Operational Architecture The Layer 3 Enterprise Platform pillar through which each Reset Capability is embedded into the operating systems of the organization—processes, workflows, decision rights, talent systems, technology, and operational disciplines. Operates by converting capability commitment into routine practice that occurs whether or not individual leaders attend to it. Where Operational Architecture is weak, capability depends on continuous leader advocacy; where it is strong, capability persists through leader transition, reorganization, and external pressure. *See also: Enterprise Platform; Layer 3 (Enterprise Platform Layer); Accountability and Audit.*

Organizational Continuity The Layer 1 *Capability Enabler* of the *Strategic Narrative Capability* in which an organization sustains a coherent identity, values, and strategic direction through leadership transition, regulatory disruption, and periods of external pressure. Operates by anchoring strategic narrative in organizational history and architecture rather than in current circumstances, so that purpose statements remain credible across changing conditions. Without Organizational Continuity, narrative reads as situational positioning rather than principled commitment, and stakeholder trust degrades when conditions shift. *See also: Strategic Narrative Capability; Narrative Credibility; Strategic Coherence.*

Other Organizations One of the Research Organization Types used in the primary analysis: organizations that are neither federal agencies nor federal contractors. Unlike federal contractors, they were not subject to the federal-contractor certification requirements examined in this research, making their responses particularly important for distinguishing voluntary organizational action from Required Retreat.

Of the 171 Census entities, 71 are Other Organizations, classified by workforce predominance as United States (17) or Rest of World (54). *See also: Census; Research Organization Types; federal contractor; Voluntary Retreat.*

Outcome Equity The Layer 1 *Capability Enabler* of the *Fairness and Meritocracy Capability* in which the distribution of outcomes—promotions, compensation, recognition, and advancement—reflects contribution rather than category. Operates by testing whether the outputs of the talent system are consistent with the inputs of the talent system, surfacing patterns where similar contribution produces dissimilar outcomes or vice versa. Outcome Equity tests whether *Process Integrity* has produced fair results in practice, with the two enablers operating reciprocally across the Layer 1 architecture. *See also: Fairness and Meritocracy Capability; Process Integrity; Verified Meritocracy.*

Post-Backlash The period after the January 2025 DEI Executive Orders. In this study, the period from 20 January 2025 to 31 December 2025. Each organization's DEI maturity during Post-Backlash is compared against its Pre-Backlash baseline in *Architecture Scoring (ΔM)* to measure how its DEI architecture shifted under pressure. *See also: Pre-Backlash; Architecture Scoring (ΔM); DIEPL Maturity Model.*

Pre-Backlash The period before the January 2025 DEI Executive Orders. In this study, the period from 1 January 2024 to 19 January 2025—ending the day before EO 14151 was issued. Each organization's DEI maturity during Pre-Backlash establishes the baseline against which its Post-Backlash maturity is compared in *Architecture Scoring (ΔM)*. *See also: Post-Backlash; Architecture Scoring (ΔM); DIEPL Maturity Model.*

Process Integrity The Layer 1 *Capability Enabler* of the *Fairness and Meritocracy Capability* in which the processes by which assessment, reward, and advancement decisions are made are consistent, evidence-based, transparent, and capable of independent scrutiny. Operates through documented criteria, calibrated evaluation, decision rights,

and audit trails that make any given decision defensible on its own evidence. Without Process Integrity, even outcomes that happen to be equitable cannot be verified as the result of fairness rather than coincidence. *See also: Fairness and Meritocracy Capability; Outcome Equity; Verified Meritocracy.*

psychological safety The shared belief within a team that one can speak up, ask questions, admit mistakes, raise concerns, and propose ideas without fear of interpersonal punishment. A foundational concept in organizational behavior with independent academic standing (Edmondson 1999), it operates as a property of the interpersonal climate rather than of any individual leader. The *Inclusive Leadership Capability* operationalizes Psychological Safety through the *Eight Behaviors of Inclusive Leadership* and the *Five Leader Actions*; without it, cognitively diverse teams cannot surface their diversity productively. *See also: Inclusive Leadership Capability; inclusion; belonging.*

purpose The organizational rationale for diversity, inclusion, and equity work—the reason the organization holds the commitment it does, expressed in language that connects to strategy, identity, and contribution. A foundational organizational concept with independent standing in management theory, Purpose answers why the organization undertakes DEI work at all and against what end its capability is assessed. The *Strategic Narrative Capability* operationalizes Purpose by translating the rationale into the strategic narrative through which stakeholders, employees, and leaders engage with it. *See also: Strategic Narrative Capability; Strategic Conviction; Diversity Performance Conviction.*

Re-architect DEI actions that enlarge, strengthen, or institutionally defend an existing DEI architecture—or that communicate through board recommendations, Chief Executive Officer statements under named pressure, or formal governance responses an active institutional defense of DEI commitments. Within this book's analysis, Re-architect organizations are the empirical evidence base for

Architectural Resilience: those whose DEI architecture both withstood the pressure of the 2025 Executive Orders and was visibly strengthened during the *Post-Backlash* period. *See also: Architectural Resilience; Remain; Reframe.*

Reframe DEI actions that rename, reposition, or adapt the language, title, or external presentation of a DEI program, function, or commitment, while retaining the structural substance of the underlying work. Within this book's analysis, Reframe is the discursive response category—organizations that adjusted DEI vocabulary without dismantling DEI architecture. Distinct from *Required Retreat* (legal compulsion) and *Voluntary Retreat* (discretionary dismantling), Reframe organizations preserved capability while adapting communication. *See also: Remain; Re-architect.*

Region The geographic classification of an entity for the research, determined by the jurisdiction of its primary stock-market listing or, for an entity that is not publicly listed, its headquarters or principal place of business. Region describes where the entity is classified geographically for the research; US/ROW describes where its people predominantly work. Where an associated entity is reported separately, it remains a separate Census entry but takes the Region of the organization to which it belongs. Six regions are in scope: United States, Canada, Europe, Africa, Asia–Pacific, and South America. *See also: Census; Rest of World (ROW); Threshold Census.*

Remain DEI actions that maintain, continue, reaffirm, or uphold an existing DEI program, commitment, governance position, or external engagement without material change in substance or positioning. Within this book's analysis, Remain organizations preserved DEI capability without announcement—the empirically invisible response category, since business journalism reports change rather than continuity. *See also: Reframe; Re-architect.*

Required Retreat DEI actions that terminate, eliminate, remove, or reduce a DEI instrument, program, function, or commitment—or that communicate to regulators, investors, or the public a commitment to

comply with such obligations—taken by US federal contractors or federal agencies in response to legal compulsion under the applicable 2025 Executive Orders. Within this book's analysis, Required Retreat actions are coded as the *Compliance Floor* and excluded from voluntary-response analysis and resilience scoring, since they reflect legal obligation rather than organizational choice. *See also: Compliance Floor; federal contractor; Voluntary Retreat.*

Research Organization Types The three categories used in this book's primary analysis: federal agencies, federal contractors, and Other Organizations. Federal Grantees, the fourth EO Organization Type, are excluded from the analysis by design; the methodological reasoning is documented in Chap. 11. *See also: Census; federal contractor; Other Organizations.*

Research Period The period from 1 January 2024 to 31 December 2025 during which reported organizational DEI actions were identified and coded for the primary research. *See also: Census; Credible Source Panel; Total DEI Actions.*

Reset Capability Architecture The recurring four-capability framework used in Chaps. 6–9 to build each of the four Reset Capabilities. Each capability is constructed in the same way: Layer 1 *Capability Enablers* (the three conditions per capability), Layer 2 Leader Activation (the *Five Leader Actions*), and Layer 3 *Enterprise Platform* (the four governance pillars). Use this term when referring to how a single capability is built. The *DEI Resilience Enterprise Architecture* refers to how the four capabilities operate together at the enterprise level. *See also: DEI Resilience Enterprise Architecture; Layer 1 (Capability Enabler Layer); Five Leader Actions.*

Rest of World Classification of organizations whose workforce is predominantly located outside the United States, using workforce headcount as the primary measure and US revenue share where headcount is unavailable. Region describes where the entity is classified geographically for the research; US/ROW describes where its people predominantly work. The two may differ: Accenture, for

example, is assigned to the US Region but classified ROW. *See also: Census; Region; federal contractor*.

Strategic Coherence The Layer 1 *Capability Enabler* of the *Strategic Narrative Capability* in which an organization's stated rationale for DEI work aligns logically with its overall strategy, operating decisions, and resource allocation. Operates by ensuring that DEI commitments are derivable from—and reinforcing of—the organization's strategic position rather than parallel to it. Where Strategic Coherence is weak, DEI work reads as a separate ethical or compliance domain rather than as part of how the organization competes and operates; under pressure, that separation makes retreat appear strategically rational. *See also: Strategic Narrative Capability; Narrative Credibility; Organizational Continuity.*

Strategic Conviction The organization's internally held conviction that diversity of perspectives is critical to achieving its strategic and performance objectives. Strategic Conviction provides the foundation for the Strategic Narrative Capability: because the organization knows why diversity matters to its performance, it can articulate and sustain that rationale when external conditions change or pressure increases. *See also: Diversity Performance Conviction; Strategic Narrative Capability; Re-architect.*

Strategic Mandate The Layer 3 Enterprise Platform pillar through which each Reset Capability is positioned as a board-sanctioned strategic priority of the organization rather than a discretionary HR or compliance activity. Operates through formal board oversight, executive accountability, integration with enterprise strategy documents, and explicit linkage to performance and risk frameworks. Where Strategic Mandate is weak, capability sits below the strategic priority threshold of the organization and is among the first activities cut when budgets, attention, or political pressure tighten. *See also: Enterprise Platform; Accountability and Audit; Diversity Performance Conviction.*

Strategic Narrative Capability

The fourth of the four Reset Capabilities, operationalizing the Purpose element of the Integrated Diversity Model (DIEPL) as a capability. Through it, an organization develops the capacity to define, defend, operationalize, and sustain the strategic rationale explaining why Diversity of Perspectives is critical to enterprise performance. It operates through three Layer 1 conditions—Narrative Credibility, Strategic Coherence, and Organizational Continuity—activated by the Five Leader Actions and sustained through the Enterprise Platform. Supplies the P variable in DP = D × IL × E × P. *See also: purpose; Strategic Conviction; Diversity Performance Conviction.*

Threshold Census The 63-organization subset of the *Census* comprising organizations with three or more qualifying DEI actions in the Research Period, after deduplication and combining associated entities at the parent level. Where the Census (171 organizations) is used for tests of breadth and incidence, the Threshold Census is used for tests of pattern, depth, and category coherence. The threshold of three actions reflects the minimum required to distinguish a consistent response category from a single isolated action. *See also: Census; Total DEI Actions; Net DEI Actions.*

Total DEI Actions The full population of 596 coded DEI actions identified across the 171 *Census* organizations between 1 January 2024 and 31 December 2025, comprising both classifiable responses (the 551 *Net DEI Actions*) and 45 Non-Action rows excluded from response analysis. Total DEI Actions is the raw research input from which all subsequent analysis derives. The figure is reported alongside Net DEI Actions in empirical tables so readers can verify the relationship between the raw coded population and the analytical denominator. *See also: Net DEI Actions; Census; Credible Source Panel.*

Total Non-Retreat The aggregate of *Remain*, *Reframe*, and *Re-architect* response categories, expressing the share of Net DEI Actions in which organizations preserved, adjusted, or deepened DEI capability rather than retreating. Used in empirical analysis as a counterpoint to *Total Retreat* (the aggregate of Required Retreat and Voluntary

Retreat). Total Non-Retreat is a coding aggregate, not an equivalent of *Architectural Resilience*—resilience requires evidence of architectural embedding beyond the simple absence of retreat. The distinction matters because some Remain organizations exhibit fragile rather than resilient capability. *See also: Total Retreat; Architectural Resilience; Re-architect.*

Total Retreat The aggregate of *Required Retreat* and *Voluntary Retreat* response categories, expressing the share of Net DEI Actions in which organizations reduced, dismantled, or withdrew DEI capability under pressure from the 2025 Executive Orders. Used in empirical analysis as a counterpoint to *Total Non-Retreat*. Decomposing Total Retreat into its legal obligation component (Required) and its discretionary component (Voluntary) is methodologically essential: the discretionary share is the central empirical pattern the book examines and the source of *Contagion*. *See also: Required Retreat; Voluntary Retreat; Total Non-Retreat.*

Verified Meritocracy The structurally auditable state of the talent system in which assessment, reward, and advancement decisions can be independently verified as the product of contribution rather than category. Operates as the intended outcome of the Fairness and Meritocracy Capability, sustained through the three Layer 1 Capability Enablers—Process Integrity, Outcome Equity, and Ecosystem Fairness. Verified Meritocracy is the operational achievement the book defends as the proper meaning of meritocracy: not a declared property, but a property that withstands independent scrutiny. *See also: meritocracy; Fairness and Meritocracy Capability; Process Integrity.*

Virtuous Circle The developmental reinforcement dynamic, introduced in *Beyond D&I* and retained in this book's *Five Stages of DEI Maturity*, through which advances at one maturity stage create conditions enabling progression to the next. The Virtuous Circle links the stages developmentally rather than as independent organizational options, and provides the developmental logic underpinning

Architectural Resilience. *See also: Five Stages of DEI Maturity; Architectural Resilience; Integrated Diversity Model.*

Voluntary Retreat DEI actions that sunset, eliminate, reduce, disband, curtail, or discontinue a DEI program, commitment, role, target, or external engagement—or that communicate through annual filings, public statements, leadership memoranda, or website removals the absence or reduction of such commitments—taken by any organization (federal contractor, federal agency, or Other) without direct legal compulsion under the 2025 Executive Orders. Within this book's analysis, Voluntary Retreat accounts for 80% or more of all Retreat actions observed in the Census—the central empirical pattern the book examines, since legal obligation does not explain it. *See also: contagion; Required Retreat; federal contractor.*

woke Originally used within Black/African American communities to describe awareness of racial injustice; later adopted more broadly and increasingly used pejoratively to describe identity-based activism within institutions. Within this book's analysis, the contested usage of "woke" is a marker of *Moralization*—the same term carrying opposing moral valences across political audiences, intensifying the *DEI Corrective Paradox*. *See also: moralization; DEI Backlash; identity-centric framing.*

Note on the Index

The glossary and index serve different functions within this volume. The glossary defines the book's canonical concepts and framework terminology, while the index supports navigation to substantive discussions within the text.

Index entries were selected based on conceptual significance, retrieval usefulness, and substantive engagement in the chapter prose and scholarly framing. Scholars are included where their work materially anchors a capability, mechanism, or major construct discussed in the text; references appearing only in the bibliography are not separately indexed.

Organizations are indexed where they are substantively cited through the book's Threshold Census methodology and Pattern C credible source reporting. Inclusion reflects retrieval relevance within the empirical research corpus rather than analytical categorization.

Related concepts and terminology variations have been consolidated through cross-references to support consistency and navigability across chapters.

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Table 4.8 Voluntary Retreat rate as a percentage of Total DEI Actions by organization type

Organization type	Voluntary Retreat (*n*)	Total actions	VR % of group
Federal Agencies	0	6	0
Federal Contractors	186	412	45
Other Organizations	68	133	51
Total	254	551	46

Note Action-level analysis. Voluntary Retreat actions as a percentage of Total DEI Actions within each organization-type group ($n = 551$). Federal agencies recorded 100% Required Retreat across all 6 actions
Source Author, Kay Formanek (2026)

Table 11.4 Census entities based outside the United States (*n* = 57, alphabetical)

1	A&O Shearman ★	20	GSK ★	39	RBC
2	Accelerator Centre, Waterloo	21	Haleon ★	40	Roche ★
3	Air Canada	22	Henkel ★	41	Rogers
4	Alberta Investment Management Corp	23	Intesa Sanpaolo	42	SAP ★
5	Aldi	24	Lufthansa	43	Shoppers Drug Mart
6	ASML ★	25	LUSH	44	Shoprite
7	AstraZeneca ★	26	McCarthy Tétrault LLP	45	Siemens ★
8	Barclays	27	Mercedes ★	46	Sleeman
9	BASF ★	28	National Bank of Canada	47	Smirnoff
10	Ben & Jerry's	29	Nissan (Canada)	48	Smith & Nephew ★
11	BMO ★	30	Nissan (US/Japan) ★	49	Spar
12	BMW ★	31	No Frills	50	TD Bank
13	Canadian Imperial Bank of Commerce	32	Norges Bank Investment Management	51	The Foschini Group
14	Canal+	33	Novartis ★	52	Tim Hortons
15	Clicks	34	Novo Nordisk ★	53	Toyota
16	Deloitte (UK)	35	Ontario Veterinary Medical Association	54	UBS
17	Dis-Chem	36	Pepkor	55	Unilever (UK) ★
18	Erste	37	Pick n Pay	56	Volkswagen ★
19	Freshfields ★	38	Pride Toronto	57	Woolworths

Note ★ = Confirmed US federal contractor.
Source Author, Kay Formanek, 2026

Table 4.17 Voluntary Retreat versus Non-Retreat by pre-backlash DIEPL Maturity

		Voluntary Retreat	Non-retreat (Reframe + Remain + Re-architect)			
DIEPL maturity stage	**n**	**VR (%)**	**Reframe (%)**	**Remain (%)**	**Re-architect (%)**	**Total (%)**
Stages 1–2	57	67	4	28	2	33
Stage 3	216	61	19	18	2	39
Stages 4–5	85	35	5	36	24	65

Note See Table 4.1 for Census ($N = 171$) and Threshold Census ($n = 63$) methodology. Action-level analysis grouped by Pre-Backlash DIEPL Maturity stage
Source Author, Kay Formanek (2026)

Table 11.1 The five response categories

Response category	Communication posture	Language signature	Treatment in analysis
Required Retreat	Legal compliance	"Owing to the compliance terrain, we will close down…" Citation of EO obligation	Counted toward Total Retreat. Excluded from voluntary response determination and from resilience scoring
Voluntary Retreat	Discard without defense	"Phasing out… sun-setting… ending… terminating…" Removal without public defense	Counted toward Total Retreat
Reframe	Reactive Compliance	"We will continue to uphold inclusion within our engagement…" Substance partially retained; presentation adjusted	Counted toward Total Non-Retreat
Remain	Continuity without commentary	"We remain committed." Retention without active defense	Counted toward Total Non-Retreat
Re-architect	Active Defense	"We will protect this. It is important to our organizational performance." Immediate, organization-owned defense	Counted toward Total Non-Retreat

Note The five categories form a continuum of voluntary commitment from compliance-framed cessation through to active deepening. The Voluntary Retreat/Reframe/Remain/Re-architect distinctions rest on the language signature of the organization's public position, established in Chap. 9 Table 9.1. Pre-EO actions (before 20 January 2025) are coded Voluntary by definition; Required Retreat is not available before the legal obligation existed
Source Author, Kay Formanek, 2026

Table 2.3 The four Executive Orders: scope and mechanism compared

	EO 14151 20 January 2025	EO 14168 20 January 2025	EO 14173 21 January 2025	EO 14398 26 March 2026
Primary Target	Internal federal government agencies (DEI offices and training)	Federal agencies and public policies	Federal contractors and recipients of federal funding	Federal contractors and all subcontractor tiers
Core Action	Terminate DEI initiatives; identify equity-related grants	Remove gender identity frameworks; apply binary sex definition	Require certification of compliance with anti-discrimination law; revoke EO 11246	Mandatory contract clause prohibiting racially discriminatory DEI
Definition of Prohibited Conduct	"Radical," "Wasteful," "Illegal"—undefined	Gender identity concepts	"Illegal DEI," "Unlawful"—undefined at signing; partially clarified by Attorney General Bondi Memorandum July 2025	Defines as "disparate treatment based on race or ethnicity" in recruitment, employment, contracting, program participation
Subcontractor Reach	Not applicable	Not applicable	Referenced but not explicitly mandated to flow down	Explicitly covers all tiers; prime contractor responsible for monitoring and reporting
Enforcement Mechanism	Agency head review; OMB coordination	Administrative compliance; removal of policies and communications	FCA liability via SAM certification; DOJ Civil Rights Fraud Initiative	FCA liability; contract termination; debarment; audit rights
Legal Challenge Status	Maryland injunction Feb 2025; vacated Fourth Circuit Feb 2026; EO in force	Maryland injunction Feb 2025; vacated Fourth Circuit Feb 2026; EO in force	Maryland, Illinois, DC proceedings; Fourth Circuit vacated injunction Feb 2026; EO in force; further challenges pending	Anticipated—definitional precision reduces vagueness challenge; no ruling at publication

	EO 14151 20 January 2025	EO 14168 20 January 2025	EO 14173 21 January 2025	EO 14398 26 March 2026
Research Period	Within research window	Within research window	Within research window	Post-research—signed 26 March 2026

Note EO 14398 falls outside the primary Research Period (1 January 2024 to 31 December 2025). All four orders are in force at the time of publication (April 2026). Sources: Federal Register 90 FR 8339 (EO 14151); 90 FR 8615 (EO 14168); 90 FR 8633 (EO 14173); 91 FR 16147 (EO 14398). Table reflects author's analytical framework applied to primary source text
Source Author, Kay Formanek, 2026

Table 4.11 Executive Order domain distribution across EO-anchored actions

EO domain	Actions	% of total
D10—Workforce Balancing & Representation Targets	102	46
D13—Identity-Based Program Access	43	19
D8—Anti-DEI Certification & FCA Exposure	35	16
D11—Divisive Training Content	11	5
Other domains (D1–D7)	11	5
D14—Regulatory & Legal Enforcement	9	4
D12—Race/Sex Supplier Preferences	9	4
Total EO-anchored	221	100

Note Action-level analysis of EO-anchored actions (n = 221) across the 14 EO domains identified in Chap. 11. EO domains are sorted by share of EO-anchored actions in descending order
Source Author, Kay Formanek (2026)

Table 4.16 Distribution of organizational response by sector

Sector	n	RR (%)	VR (%)	Total Retreat (%)	Remain (%)	Reframe (%)	RA (%)	Total Non-Retreat (%)
Financial Services	16	12	69	81	12	6	0	19
Technology	10	20	40	60	20	0	20	40
Retail	7	0	71	71	0	14	14	29
Pharmaceuticals	7	0	29	29	57	14	0	71
Professional Services	5	40	40	80	0	0	20	20
Food & Beverage	5	20	40	60	40	0	0	40
Automotive	5	0	100	100	0	0	0	0
Other sectors (*n* < 3)	8	25	38	62	25	12	0	38
Total threshold Census	63	14	54	68	19	6	6	32

Note Threshold Census $n = 63$ organizations with three or more Net DEI Actions
Source Author, Kay Formanek (2026)

Table 9.2 Research Foundation: Reset Capability Architecture for Strategic Narrative

Scholar(s)	Research focus	Contribution to the reset strategic narrative capability architecture	Framework layer
Thomas and Ely (1996) [8]	Diversity paradigms—Academic review of approaches to workforce diversity	The learning-and-effectiveness paradigm requires organizations to have a clear, strategically grounded rationale for diversity. Without it, diversity is either decorative or defensive. Establishes the foundational condition for the entire architecture.	Layer 1 (foundational across the three capability enablers and the human condition)
Dobbin and Kalev (2016) [9]	Diversity program efficacy—Longitudinal analysis across three decades	When leaders no longer believe the strategic rationale strongly enough to defend it publicly, the capability retreats long before the language disappears.	Layer 1 (narrative credibility; organizational continuity)
Dobbin, Kim and Kalev (2011) [10]	Organizational determinants of diversity programs—800+ US firms	The structural conditions that determine whether diversity programs survive depend on governance embedding and strategic anchoring rather than on programmatic design.	Layer 1 (organizational continuity); layer 3 (strategic mandate)
Denning (2005) [11]	Narrative leadership and springboard storytelling	Springboard stories spark collective action by connecting individuals to a larger purpose. Leaders who narrate change enable others to imagine and enact the future the narrative describes.	Layer 2 (define; build; champion)
Formanek (2021) [12]	DEI strategic narrative methodology	Three-step methodology—Craft the future narrative, capture the current narrative, compare the gap. Each narrative reflects the unique context, history, and aspirations of the organization.	Layer 2 (define; build; renew)
Boje (1991, 2001) [13]	Organizational storytelling—Academic	Narratives are the fabric holding organizations together. Without a shared narrative, organizations default to fragmented individual stories that pull in different directions.	Human condition; layer 2 (build)

Scholar(s)	Research focus	Contribution to the reset strategic narrative capability architecture	Framework layer
Castilla and Benard (2010) [14]	Paradox of espoused meritocracy without architecture—Cross-chapter	Declared commitments unsupported by structural architecture produce weaker outcomes than the absence of commitment itself. Parallel paradox to declared purpose without conviction architecture.	Layer 1 (narrative credibility); layer 3 (accountability and audit)
Kaplan (2008) [15]	Framing contests—Strategy making under uncertainty	Strategy is a competition between narratives within the firm. The strategic narrative must win internally before it can be defended externally; absent governance, other narratives—Cost, short-term performance, political risk avoidance—Win by default.	Layer 3 (strategic mandate; ecosystem engagement)
Gallup [1]	Employee engagement and alignment research—Longitudinal	Alignment between stated narrative and experienced reality is the mechanism through which engagement, and its associated performance premium, is generated.	Layer 3 (accountability and audit)
Williams and Wade-Golden (2013) [16]	The chief diversity officer—Strategy, structure, and change management	The governance architecture through which DEI capability is sustained at enterprise scale depends on board-level mandate, CEO ownership, and CDO authority operating as a coherent governance system.	Layer 3 (strategic mandate; operational architecture)

Note Within each layer, supporting research is ordered by analytical and empirical weight, placing macro-scale baseline data ahead of specific mechanism analyses. The Reset Strategic Narrative Capability Architecture operationalizes the diversity-paradigm, narrative-leadership, framing, and organizational governance findings summarized here as the scholarly foundation for the architecture detailed in Sects. 9.6.2–9.6.7. The chapter reference list carries the full publication details for each entry by [N]. *Source* Author, Kay Formanek, 2026

Table 11.2 Census organizations (*N* = 171, alphabetical)

1	3M	58	Erste	115	PayPal
2	A&O Shearman	59	Estée Lauder	116	Pepkor
3	Accelerator Centre, Waterloo	60	Ford	117	PepsiCo
4	Accenture	61	Freshfields	118	Pfizer
5	Air Canada	62	GameStop	119	Pick n Pay
6	Alberta Investment Management Corp	63	Golden Gate Bridge District	120	Polaris
7	Aldi	64	Goldman Sachs	121	Pride Toronto
8	Ally Financial	65	Google (Canada)	122	PwC
9	Amazon	66	Google/Alphabet (US)	123	RBC
10	American Airlines	67	GSK	124	Redfin
11	American Express	68	Haleon	125	Regions Financial
12	Amgen	69	Harley-Davidson	126	Roche
13	Amtrak	70	Henkel	127	Rogers
14	Apple	71	Home Depot (Canada)	128	S&P Global
15	ASML	72	Home Depot (US)	129	Salesforce
16	AstraZeneca	73	IBM	130	SAP
17	AT&T	74	Intesa Sanpaolo	131	Scale AI
18	Bank of America	75	John Deere	132	Sempra Energy
19	Bank of New York Mellon	76	Johnson & Johnson	133	Shopify
20	Barclays	77	JPMorgan Chase	134	Shoppers Drug Mart
21	BASF	78	Kohl's	135	Shoprite
22	Ben & Jerry's	79	Kontoor Brands	136	Siemens
23	Berkshire Hathaway	80	KPMG	137	Sleeman
24	Best Buy	81	Lazard	138	Smirnoff
25	BlackRock	82	Levi Strauss	139	Smith & Nephew
26	BMO	83	Lightspeed Commerce	140	Southwest Airlines
27	BMW	84	Lockheed Martin	141	SpaceX/Starlink
28	Boeing	85	Lowe's	142	Spar

29	Booz Allen Hamilton	86	Lufthansa	143	Stanley Black & Decker
30	Bristol Myers Squibb	87	Lululemon Athletica	144	Starbucks
31	Brown-Forman	88	LUSH	145	State Street
32	Canadian Imperial Bank of Commerce	89	Mastercard	146	T-Mobile
33	Canal+	90	McCarthy Tétrault LLP	147	Target
34	Carnival	91	McDonald's (UK)	148	TD Bank
35	Caterpillar	92	McDonald's (US)	149	Tesla
36	Chipotle Mexican Grill	93	McKinsey & Co	150	Textron
37	CIA/ODNI	94	Mercedes	151	The Foschini Group
38	Cisco	95	Meta Platforms	152	Tim Hortons
39	Citigroup	96	Microsoft	153	Toyota
40	Citizens Financial Group	97	Molson Coors	154	Tractor Supply
41	Clicks	98	Morgan Stanley	155	X (formerly Twitter)
42	Clorox (Canada)	99	Nasdaq	156	Uber
43	Coca-Cola	100	National Bank of Canada	157	UBS
44	Colgate-Palmolive	101	National Gallery of Art	158	Unilever (UK)
45	Comcast	102	NFL	159	United Parcel Service
46	Constellation Brands	103	Nike	160	UnitedHealth Group
47	Costco	104	Nissan (Canada)	161	Vanguard
48	Cracker Barrel	105	Nissan (US/Japan)	162	Verizon
49	CVS	106	No Frills	163	Visa
50	Dell	107	Nordstrom	164	Volkswagen
51	Deloitte (UK)	108	Norges Bank Investment Management	165	Walmart
52	Deloitte (US)	109	Northwestern Mutual Life Insurance	166	Warner Bros. Discovery
53	Delta Air Lines	110	Novartis	167	Wells Fargo
54	Dis-Chem	111	Novo Nordisk	168	Woolworths
55	Disney	112	Ontario Veterinary Medical	169	Workday

			Association		
56	e.l.f. Beauty	113	Palantir	170	Xerox
57	EPAM Systems	114	Paramount	171	Zoom

Source Author, Kay Formanek, 2026

Table 2.1 The DEI regulatory and legal timeline: January 2025 to April 2026

Date	Event	Category
20 January 2025	EO 14151 signed—federal agencies directed to terminate DEI offices, equity grants, and performance requirements	Executive Action
20 January 2025	EO 14168 signed—federal agencies directed to apply binary sex definition; gender identity frameworks removed from federal policy and communications	Executive Action
21 January 2025	EO 14173 signed—federal contractors required to certify DEI compliance; Track 2 strategic enforcement authorized against broader private sector	Executive Action
24 January 2025	Acting Labor Secretary directs the Office of Federal Contract Compliance Programs to cease all EO 11246 enforcement immediately	Implementation
31 January 2025	Department of Defense issues "Identity Months Dead" memo—first major federal agency implementation signal	Implementation
3 February 2025	NADOHE v. Trump filed in US District Court Maryland—higher education groups and city of Baltimore challenge EO 14151 and EO 14173 as unconstitutionally vague	Legal Challenge
5 February 2025	Attorney General Bondi Memorandum—United States Department of Justice (DOJ) Civil Rights Division directed to investigate and penalize "illegal DEI" in private sector and higher education	Enforcement Signal
21 February 2025	Maryland district court issues nationwide preliminary injunction—three provisions of EO 14151 and EO 14173 temporarily blocked	Court Ruling
14 March 2025	Fourth Circuit stays Maryland injunction—EOs immediately resume enforcement while appeal proceeds	Court Ruling
19 March 2025	DOJ and EEOC issue joint guidance on workplace DEI programs	Enforcement Signal
28–29 March 2025	US Embassy compliance letters transmitted to companies in Belgium, Bulgaria, Denmark, France, Germany, Italy, Luxembourg, Netherlands, Spain, and Switzerland—DEI certification is demanded within five days	Extraterritorial Enforcement
14 April 2025	Northern District of Illinois issues narrower injunction in Chicago Women in Trades v. Trump—restricts Department of Labor only	Court Ruling
2 May 2025	DC District Court declines to enjoin EOs in National Urban League v. Trump—diverges from Maryland and Illinois rulings	Court Ruling

Date	Event	Category
19 May 2025	DOJ announces Civil Rights Fraud Initiative—False Claims Act (FCA) to be used aggressively against federal fund recipients maintaining "illegal DEI"	Enforcement
29 July 2025	Attorney General Bondi issues guidance memorandum "Guidance for Recipients of Federal Funding Regarding Unlawful Discrimination"—first operational definition of unlawful DEI practices	Enforcement Signal
August–September 2025	DOJ begins issuing Civil Investigative Demands to major corporations across technology, defense, automotive, pharmaceuticals, telecommunications, and utilities sectors	Enforcement
28 December 2025	Wall Street Journal reports DOJ FCA investigations of named major corporations including Alphabet's Google and Verizon Communications	Enforcement
—Research Period Closes 31 December 2025—		
6 February 2026	Fourth Circuit vacates Maryland injunction entirely—EO 14151 and EO 14173 fully in force; DOJ concedes lawful DEI activity exists	Court Ruling
26 March 2026	EO 14398 signed—mandatory anti-DEI clause in all federal contracts; explicit flow-down to all subcontractor tiers; audit rights; debarment consequences	Executive Action
25 April 2026	Deadline for mandatory EO 14398 contract clause in all covered federal contracts	Implementation

Note Events from 1 January 2026 onward fall outside the primary Research Period (1 January 2024 to 31 December 2025) and are documented for leaders reading this book at publication.
NADOHE is the National Association of Diversity Officers in Higher Education.
Source Author, Kay Formanek, 2026

Table 4.7 Organizational strategic responses to the Executive Orders

Organization type	Actions	Required Retreat (%)	Voluntary Retreat (%)	Remain (%)	Reframe (%)	Re-architect (%)
Federal Agencies	6	100	0	0	0	0
Federal Contractors US	207	15	46	17	12	9
Federal Contractors ROW	205	12	44	28	9	7
Total Federal Contractors	412	14	45	22	11	8
Other Organizations US	36	0	53	22	17	8
Other Organizations ROW	97	0	51	30	9	10
Total Other Organizations	133	0	51	28	11	10
Grand Total	551	11	46	23	11	8

Note Census $N = 171$ organizations. Action-level analysis by organization type, *n* per row indicating actions in each group
Source Author, Kay Formanek (2026)

Table 8.1 Research Foundation: Reset Capability Architecture for Fairness and Meritocracy

Scholar(s)	Research focus	Contribution to the Reset Capability Architecture	Framework Layer
Colquitt (2001) [7]	Dimensionality of organizational justice—multi-study validation	Procedural and distributive justice are distinct, measurable constructs that independently predict trust, commitment, and performance	Layer 1 (foundational across the Capability Enablers and the Human Condition)
Schmidt and Hunter (1998) [8]	Validity and utility of 85 selection methods—meta-analysis	Structured interviews and work-sample tests significantly outperform unstructured approaches in predicting job performance. Reduces both bias and subjectivity	Layer 2 (Build); Layer 3 (Operational Architecture)
Sackett, Zhang, Berry and Lievens (2022) [9]	Validity of personnel selection methods—revised meta-analysis	Revised estimates confirm that structured assessment methods retain substantial validity advantages over unstructured judgment. Reinforces and refines Schmidt and Hunter's structured-selection finding	Layer 2 (Build); Layer 3 (Operational Architecture)
Moss-Racusin et al. (2012) [10]	Bias in science faculty hiring—randomized controlled experiment	Identical CVs rated lower when assigned a female name. Structural debiasing through process design reduces this measurably	Layer 2 (Build); Layer 3 (Accountability and Audit)
Denning (2005) [11]	Narrative leadership and springboard storytelling	Capability survives pressure only when leaders sustain narrative defense in contested environments	Layer 2 (Champion)
Software Engineering Institute / CMMI (2010) [12]	Capability Maturity Model Integration—capability lifecycle theory	Organizational capabilities decay when not actively refreshed against shifting strategic priorities. Deliberate renewal is the discipline that prevents capability erosion across strategic transitions	Layer 2 (Renew)
Bies and Moag (1986) [13]	Interactional justice—communication criteria of fairness	Interactional fairness depends on truthfulness, respect, propriety, and justification—without which procedural systems function as compliance rather than trusted fairness	Human Condition; Layer 3 (Ecosystem Engagement)

Scholar(s)	Research focus	Contribution to the Reset Capability Architecture	Framework Layer
De Souza and Schmader (2025) [14]	Typology of allyship action	Allyship produces measurable outcomes only when it shifts from verbal support to active structural intervention in how decisions are made	Human Condition; Layer 3 (Ecosystem Engagement)
Kalev, Dobbin and Kelly (2006) [15]	Efficacy of 708 US diversity programs—longitudinal	Formal accountability structures are the most effective diversity intervention. Awareness programs alone do not produce sustained change	Layer 3 (Strategic Mandate; Accountability and Audit)
Castilla and Benard (2010) [16]	Paradox of meritocracy—bonus allocation across 1,500+ employees	Organizations espousing meritocracy award smaller bonuses to equally performing women, minorities, and foreign nationals. Meritocracy without structural systems produces more bias, not less	Layer 3 (Accountability and Audit)
Kaplan (2008) [17]	Framing contests—strategy making under uncertainty	Capabilities survive socio-political pressure only when anchored in the firm's strategic logic	Layer 3 (Strategic Mandate; Ecosystem Engagement)
OECD (2015) [18]; Cadbury (1992) [19]	Corporate governance principles—Responsibility, Fairness, Accountability, Transparency	The four Enterprise Platform pillars operationalize the core principles of corporate governance, anchoring fairness institutionally	Layer 3 (Enterprise Platform foundation—all four pillars)

Note Within each layer, supporting research is ordered by analytical and empirical weight, placing macro-scale baseline data ahead of specific mechanism analyses. The Reset Capability Architecture for Fairness and Meritocracy operationalizes the organizational justice, structured selection, accountability, and interactional fairness findings summarized here as the scholarly foundation for the architecture detailed in Sects. 8.4.2–8.4.7. The chapter reference list carries the full publication details for each entry by [N]
Source Author, Kay Formanek, 2026

Leadership Action	
The question to ask yourself	Is the DEI architecture a system or a collection of separate actions? If the external environment shifted tomorrow, does each element have an internal reason to remain —grounded in strategy, governed at Board level, and activated through leadership— or does each piece depend on an external signal for its justification?
What to build	Map every current DEI element against two tests: What external signal created it? What internal performance rationale sustains it if that signal changes? Separate the compliance floor (what the law requires) from the strategic architecture (what performance requires). Build the governance, accountability, and leadership structures that connect the four capabilities into a system. Identify the weakest capability in the current architecture—that is where strengthening may have the greatest systemic value because the capabilities are interdependent.
The call to action	Press the reset button: From separate actions responding to external signals, to a DEI Resilience Enterprise Architecture built on internal conviction.

Table 4.15 Cross-sector response distribution at action level

#	Sector	n	Total Retreat (%)	Total Non-Retreat (%)
1	Telecommunications	12	75	25
2	Automotive	31	71	29
3	Aerospace & Defense	10	70	30
4	Professional Services	51	65	35
5	Financial Services	123	64	36
6	Consumer Goods	20	60	40
7	Industrials	17	59	41
8	Retail	63	57	43
9	Airlines/Transportation	11	55	45
10	Technology	91	54	46
11	Food & Beverage	50	48	52
12	Pharmaceuticals	41	44	56
13	Media & Entertainment	20	25	75

Note Media-reported sector classification is used. Figures are based on 540 of 551 Net DEI Actions across the Census ($N = 171$ organizations). Sectors with fewer than 10 Net DEI Actions are excluded from comparative analysis (Government 4, Healthcare 3, Non-Profit/Other 2, Chemicals 1, Energy 1—11 actions across 5 sectors). Sectors are sorted by Total Retreat % descending
Source Author, Kay Formanek (2026)

Table 6.2 Research Foundation: Reset Capability Architecture for Diversity of Perspectives

Scholar(s)	Research focus	Contribution to the Reset Capability Architecture	Framework layer
See Sect. 6.6 (Fig. 6.1) and Table 6.1: Diversity Cluster Model and Scholar Sources	Foundational scholarship on the diversity-performance mechanism: which dimensions of diversity activate innovation, decision quality, and team effectiveness, and the conditions under which these effects emerge	Establishes the Diversity Cluster Model (six clusters, thirty-seven dimensions) and the dimension-to-performance connections that Layer 2 activates and Layer 3 protects	Layer 1: Diversity of Perspectives
Lorenzo & Voigt (2017); Lorenzo et al. (2018) [2, 21]	Leader actions for diversity-driven innovation across 171 companies (2017) and 1,700 companies (2018)	Four leader actions—identify the mix, build to critical mass, embed in talent management, debias—form the foundation for Define, Build, and Measure	Layer 2: Leader Activation
Hewlett, Marshall, Sherbin (2013) [20]	Leader behaviors that activate speak-up culture; survey of 1,800 professionals	Leader-level inclusive practices that convert diverse perspectives into 45% market share growth and 70% new market capture	
Edmondson (1999) [31]	Foundational research on psychological safety in work teams; field study establishing the construct	Champion action—psychological safety as the precondition for the speak-up culture Hewlett operationalizes and for diverse perspectives to surface in decision-making	
DiStefano & Maznevski (2000) [22]	MBI framework: Map, Bridge, Integrate	Champion action—leader Bridging behavior distinguishes value-creating from value-destroying teams	
Denning (2005) [32]	Springboard storytelling and narrative leadership	Champion action—leaders use narrative to make the capability safe and desirable across the organization	

Scholar(s)	Research focus	Contribution to the Reset Capability Architecture	Framework layer
CMMI Software Engineering Institute (2010) [33]	Capability lifecycle theory	Renew action—capabilities require active refreshment against shifting strategic priorities	
Kalev, Dobbin & Kelly (2006) [34]	Efficacy of corporate diversity structures across 708 private establishments over three decades	Managerial accountability structures as the most effective intervention; informs the Strategic Mandate pillar	Layer 3: Enterprise Platform
Castilla & Benard (2010) [35]	Paradox of Meritocracy: experimental evaluation of bias among 445 managers	Organizational accountability loops inform the Accountability and Audit pillar	
Kaplan (2008) [36]	Framing contests: strategy as competition between narratives	Strategic Mandate pillar—narrative governance ensures the capability wins internal competition	
Corporate Governance Principles: OECD (2015) [37]; Cadbury (1992) [38]	Four governance pillars: Responsibility, Fairness, Accountability, Transparency	Layer 3 pillars map directly to corporate governance principles—strengthens enterprise accountability for the capability	

Note Within each framework layer, supporting research is ordered by analytical and empirical weight, placing macro-scale baseline data ahead of specific mechanism analyses. The Reset Capability Architecture is applied across all DIEPL elements (Diversity, Inclusion, Equity, Purpose, and Leadership), and the foundational scholarly grounding summarized here serves as the structural baseline for each subsequent capability chapter (Chaps. 7–9)
Source Author, Kay Formanek, 2026

Leadership Action	
The question to ask yourself	Is the diversity architecture built across all six clusters of the Diversity Cluster Model —with regulatory demographic reporting satisfied as the Compliance Floor and strategic portfolio capability built above it? What diversity of perspectives does this organization's strategy specifically require—and has the organization built deliberately for it?
What to build	Conduct a full diversity audit across all six clusters. Separate what the law requires from what the strategy requires. Build the portfolio for strategy above the compliance floor. Establish measurement frameworks that track perspective breadth and its connection to performance outcomes—Not only demographic representation. Conduct a jurisdiction-by-jurisdiction legal review: Change only what the law requires, and protect the strategic architecture in every jurisdiction where the law permits it.
The call to action	Redefine diversity from a reporting exercise to a performance portfolio—Built for what the strategy requires, measured for what it delivers, and grounded in a rationale no regulatory change can remove.

Table 7.2 Research Foundation: inclusive leadership behaviors and performance outcomes

Scholar(s) [N]	Inclusive leadership behaviors / conditions studied	Performance outcome established	Behavior mapped
Bourke and Titus (2019) [14]	Six signature traits of inclusive leadership; observational ratings	Leader behavior accounts for up to 70% of whether team members feel included (3,500 ratings, 450 leaders)	All eight behaviors (primary empirical ratification)
Edmondson (1999) [15]	Leader coaching behavior and team learning; accessibility, asking for input, acknowledging fallibility	Leader behavior is the primary antecedent of psychological safety and team learning (51 teams)	Humility, Curiosity, Empathy
Hewlett, Marshall and Sherbin (2013) [16]	Six inclusive leader behaviors; professional survey	3.5 × innovation, 45% market share growth, 70% new market capture in speak-up cultures (1,800 professionals)	Humility, Curiosity, Contextual Intelligence, Bias Mitigation
Stahl, Maznevski et al. (2010) [17]	Inclusive management as moderator of cultural diversity effects	Cultural diversity produces net positive performance only when leaders practice inclusive behaviors (meta-analysis, 108 studies)	Contextual Intelligence, Empathy, Perspective Curation
Ely and Thomas (2001) [18]	Diversity management paradigms and performance	Only the learning-and-effectiveness paradigm produces sustained performance gains	Foundational to Commitment; all eight as a system
Clark (2020) [19]	Four developmental stages of psychological safety	Stage 4 (challenger safety) is where diverse perspectives produce breakthrough performance	Humility, Curiosity, Courage—developmental sequence
Williams and Wade-Golden (2013) [20]	Chief Diversity Officer governance—structure and change	Governance architecture through which Inclusive Leadership Capability is sustained at enterprise scale	Commitment (cross-layer to Layer 3)
Bresman and Edmondson [21]	Innovation performance moderated by psychological safety	Diverse teams without psychological safety underperform; with safety, they outperform substantially	Courage, Empathy, Bias Mitigation

Note Supporting research is ordered by directness of empirical link to the eight behaviors: primary ratification first, foundational mechanism studies second, meta-analytic and developmental research, governance context, and conditional studies
Source Author, Kay Formanek, 2026

Leadership Action	
The question to ask yourself	Is personal senior conviction present at the highest level and distributed as genuine accountability across every leader and employee—not delegated to a specialist function whose role is susceptible to removal? Does the DEI Resilience Enterprise Architecture depend on any single role for its governance or its defense? If that role were removed tomorrow, would the accountability hold?
What to build	Elevate DEI accountability to board level as a governance matter—Not a reporting mechanism. Ensure no leader is assessed without an inclusion and fairness component. Evaluate all employees on active ally behavior in daily practice. Develop the eight inclusive leadership behaviors through deliberate practice across the leadership population. Bring DEI architecture evidence to the board annually as a standing governance item. Link executive compensation to DEI architecture outcomes, not to external benchmarking participation.
The call to action	Redefine leadership accountability for DEI from delegation to a specialist function to distributed conviction across every leader—Governed, measured, and embedded before any single role can be removed.

Leadership Action	
The question to ask yourself	Are the governance structures that direct, develop, and measure inclusive leader behavior intact—compensation linkage, career advancement criteria, speak-up norms, and measurement of psychological safety across all employees? Can every leader and employee advance without demonstrating inclusive behavior in daily practice?
What to build	Embed inclusion metrics in leadership compensation. Gate career advancement on demonstrated inclusive behavior across all levels of the organization. Build structured speak-up norms, named idea attribution, and explicit space for dissent into meeting design and decision processes. Develop the eight inclusive leadership behaviors through deliberate practice, measured in every leadership assessment. Sustain ERGs as spaces open to all employees for cross-difference engagement—Not as identity-bounded membership structures.
The call to action	Redefine inclusion from an external signal to a daily leadership practice—Built on governance structures that make it consistent, measurable, and resilient when external pressure arrives.

Table 4.6 Action distribution by quarter

Quarter	Total actions	Required Retreat	Voluntary Retreat	Remain	Reframe	Re-arch	Retreat (%)
2024 Q1	99	0	69	11	10	9	70
2024 Q2	40	0	27	8	5	0	68
2024 Q3	49	0	31	10	6	2	63
2024 Q4	39	0	29	6	4	0	74
2025 Q1	266	52	85	76	27	26	52
2025 Q2	38	8	9	11	3	7	45
2025 Q3–Q4	20	3	4	7	4	2	35

Note Action-level analysis of dated actions by calendar quarter. The 2024 Q4 row, shows the highest single-quarter retreat rate (74%); the 2025 Q1 surge reflects the immediate post-EO response wave
Source Author, Kay Formanek (2026)

Table 4.10 Response distribution by regional regulatory protection

Region	Census n	Net DEI actions	Required Retreat (%)	Voluntary Retreat (%)	Total Retreat (%)	Remain (%)	Reframe (%)	Re-architect (%)	Total Non-Retreat (%)
United States	110	449	13	48	61	20	12	8	39
Canada	20	31	0	39	39	29	10	23	61
Europe—statutory only	17	40	10	38	48	45	2	5	52
Europe—constitutional protection	14	22	5	36	41	50	5	5	59
Africa	8	4	0	0	0	100	0	0	100
Asia–Pacific	2	5	0	100	100	0	0	0	0
South America (in scope, 0 actions)	0	0	–	–	–	–	–	–	–
Total census	171	551	11	46	58	23	11	8	42

Table 4.10 classifies organizations by regulatory jurisdiction (the country under which entities were reported), distinguishing this from Table 4.1, which classifies by primary stock exchange listing or operational headquarters; the two classifications can therefore differ. *Note* Census $N = 171$ organizations, reflecting the entities reported by the Credible Source Panel during the Research Period *Source* Author, Kay Formanek (2026)

Table 4.12 EO-anchored versus voluntary actions across the Net DEI Actions

Action type	Actions	% of total
EO-anchored—directly linked to a named EO provision (D1–D14)	221	40
Voluntary—no EO anchor, no legal mandate	330	60
Total	551	100

Note Action-level analysis of all 551 Net DEI Actions, classified by presence or absence of an EO anchor
Source Author, Kay Formanek (2026)

Table 4.4 Article tone distribution across the Credible Source Panel

Article tone	Count	% of total
Retreat news (retreat/abandonment)	85	42
Context (analysis/legal/background)	92	45
Non-retreat news (defend/resist/hold)	18	9
Mixed (comply/Reframe/navigate)	9	4
Total	204	100

Note Article-level analysis of 204 unique articles (*N* = 204) in the Credible Source Panel during the Research Period. Percentages are rounded to the nearest whole number
Source Author, Kay Formanek (2026)

Table 5.7 Response distribution: Inclusion (I) element, 69 DEI actions

Response category	n	Interpretation
Required Retreat	11 (16%)	EO-driven changes to identity-specific programs, LGBTQ+ benchmarking, D13 compliance
Voluntary Retreat	23 (33%)	Discretionary withdrawal from Pride sponsorship, HRC Corporate Equality Index, inclusion events
Total Retreat	34 (49%)	–
Remain	18 (26%)	ERGs, culture initiatives, and inclusive leadership programs sustained
Reframe	11 (16%)	ERGs renamed or refocused; heritage events maintained differently
Re-architect	6 (9%)	Programs broadened from identity-specific to universal access
Resilient (Remain + Reframe + Re-architect)	35 (51%)	Second highest resilience rate (after Purpose)
Total inclusion actions	69	All Inclusion-coded actions across the Research Period

Note Action-level analysis of 69 Inclusion-coded Net DEI Actions across the Census (Census = 171 organizations)
Source Author, Kay Formanek (2026)

Table 5.8 Architecture outcomes distribution across the 171 Census organizations

Architecture outcome	n	%	Primary characteristic
Full Re-architect: all tracked elements held, at least one deepened	21	12%	L and/or P was the element deepened in 18 of 21 cases
Partial Re-architect: at least one element deepened, at least one lost	12	7%	Mixed response—governance defense alongside element loss
Held: all tracked elements retained, none lost	51	30%	Compliance without deepening—no element lost
Minimal retreat: one element lost, others held	54	32%	Most common pattern; D most frequently the lost element
Majority retreat: two or more elements lost	29	17%	Significant dismantlement across multiple DIEPL layers
Near-complete retreat: four or five elements lost	4	2%	Architecture collapse across virtually all elements
Total	171	100%	

Note Organization-level analysis of 171 organizations in the Census, with DIEPL element retention coded under the DIEPL Maturity Methodology. Threshold Census $n = 63$ organizations applies for response classification
Source Author, Kay Formanek (2026)

Table 5.9 The Architectural Proposition Scorecard: proposition versus reality

	Architectural proposition	Verdict	Key finding
1	Leadership would be the decisive differentiator of DEI resilience	Supported	Re-architect rate 17%—more than double the dataset average. Mean maturity drop 1.10 points. Defend-framed coverage was concentrated on governance-level acts of resistance
2	DEI defense would be coupled to a strong DEI narrative	Partially supported	Highest overall resilience (55%) but lowest Re-architect rate (4%). Performance-anchored Purpose held. Values-anchored or compliance-anchored Purpose retreated
3	Equity would face the most concentrated EO scrutiny	Supported	Highest Total Retreat rate (74%). Maturity drop (0.76 points). Re-architect actions used the expansion strategy. D9, D11, D12, and D13 applied simultaneously
4	Diversity targets would be the primary casualty of the Executive Orders	Supported	Second highest retreat rate (71%) but largest absolute volume of retreat (104 actions). Ring-fencing confirmed in ROW federal contractors. Expansion strategy confirmed in Re-architect actions
5	Inclusion would be the safe harbor. It was not	Partially supported	Second highest resilience rate (51%). Maturity drop (0.72 points). 12 organizations left holding Inclusion as the only element—isolated and structurally insufficient
Synthesis	Architecture differentiates response beyond external exposure	Supported, with methodological caution	21 organizations (12%) held all elements and deepened at least one. Internal architecture, not external exposure, was the strongest contrast within the Census

Note Architectural Proposition Scorecard for this chapter's architectural propositions. Verdicts derived from action-level analysis of 551 Net DEI Actions and organization-level analysis of Threshold Census $n = 63$

Source Author, Kay Formanek (2026)

Key: Supported = data directly supports the proposition | Partially supported = proposition holds with important qualification

Table 4.13 DIEPL Maturity resilience by response category

Response category	n	Mean pre-backlash	Mean post-backlash	Drop/gain	% preserved	Interpretation
Re-architect	4	3.82	4.02	+0.20	105	Architecture extended
Remain	15	3.22	2.98	−0.24	93	Architecture largely held
Reframe	5	3.13	2.75	−0.39	88	Modest erosion
Voluntary Retreat	37	3.08	2.03	−1.05	66	Significant collapse

Note See Table 4.1 for Census ($N = 171$) and Threshold Census ($n = 63$) methodology. Required Retreat actions excluded per baseline Section 2.5. n_DIEPL = 61 organizations with at least one non-Required-Retreat action and DIEPL data. Per-organization Pre- and Post-Backlash means averaged within response category

Source Author, Kay Formanek (2026)

Table 4.9 Response distribution US versus Rest of World

Region	n	Required Retreat (%)	Voluntary Retreat (%)	Remain (%)	Reframe (%)	Re-architect (%)	Combined retreat (%)
US	249	15	46	17	12	9	61
ROW	302	8	46	28	9	8	54
Grand Total	551	11	46	23	11	8	58

Note See Table 4.1 for Census ($N = 171$) methodology. Action-level analysis by US versus Rest-of-World classification
Source Author, Kay Formanek (2026)

Table 4.1 Census by region

Region	Organizations
United States	114
Europe	30
Canada	16
Africa	8
Asia–Pacific	3
South America	–
Total	171

Note Region is based on primary stock-market listing or, for organizations that are not publicly listed, headquarters or principal place of business. This is separate from the US/ROW classification, which is based on where the workforce is predominantly located. The Census comprises 171 organizations across six regions ($N = 171$), of which 63 meet the three-action threshold for response classification ($n = 63$). All organizations had at least one DEI action reported during the Research Period (1 January 2024–31 December 2025) by the Credible Source Panel. South America was within regional scope but produced no reported actions during the Research Period
Source Author, Kay Formanek (2026)

Table 4.3 Response distribution across the Net DEI Actions

Response	Actions	% of total
Required Retreat (legally compelled by EO)	63	11
Voluntary Retreat	254	46
Total Retreat	317	58
Remain	129	23
Reframe	59	11
Re-architect	46	8
Total Non-Retreat	234	42
Grand Total	551	100

Note Census $N = 171$ organizations. Action-level analysis of 551 Net DEI Actions. Derivation and coding rules in Sect. 4.4 and Chap. 11
Source Author, Kay Formanek (2026)

Table 11.3 Threshold Census organizations (*n* = 63, alphabetical)

1	Accenture	22	Costco	43	Morgan Stanley
2	Alberta Investment Management Corp	23	Deloitte	44	NFL
3	Ally Financial	24	Disney	45	Nissan
4	Amazon	25	Ford	46	Novartis
5	Apple	26	Golden Gate Bridge District	47	Novo Nordisk
6	ASML	27	Goldman Sachs	48	PepsiCo
7	Bank of America	28	Google	49	Pfizer
8	Bank of New York Mellon	29	GSK	50	PwC
9	Barclays	30	Harley-Davidson	51	RBC
10	Best Buy	31	IBM	52	Roche
11	BlackRock	32	John Deere	53	Shopify
12	BMO	33	Johnson & Johnson	54	State Street
13	Boeing	34	JPMorgan Chase	55	T-Mobile
14	Booz Allen Hamilton	35	Kohl's	56	Target
15	Bristol Myers Squibb	36	Lowe's	57	Tesla
16	Brown-Forman	37	Mastercard	58	Toyota
17	Caterpillar	38	McDonald's	59	Tractor Supply
18	Cisco	39	McKinsey & Co	60	Uber
19	Citigroup	40	Meta Platforms	61	Vanguard
20	Coca-Cola	41	Microsoft	62	Walmart
21	Constellation Brands	42	Molson Coors	63	Wells Fargo

Source Author, Kay Formanek, 2026

Table 4.18 Voluntary Retreat by Leadership and Purpose maturity

Maturity profile	n orgs	VR actions	NR actions	Total	VR (%)	Non-retreat (%)
Purpose						
Purpose ≥ Stage 4	3	1	21	22	5	95
Purpose at Stage 3	27	105	98	203	52	48
Purpose < Stage 3	14	61	32	93	66	34
Leadership						
Leadership ≥ Stage 4	14	46	45	91	51	49
Leadership at Stage 3	18	78	67	145	54	46
Leadership < Stage 3	6	25	8	33	76	24
Combined (leadership and/or purpose)						
L and/or P ≥ Stage 4	16	47	56	103	46	54
L and/or P at Stage 3	27	102	91	193	53	47
L and/or P < Stage 3	12	47	23	70	67	33

Note See Table 4.1 for Threshold Census ($n = 63$) methodology. Required Retreat actions excluded. Combined section uses OR logic: the higher of the available Leadership or Purpose score determines band membership; 8 organizations with neither element scored are excluded from the combined section

Source Author, Kay Formanek (2026)

Leadership Action	
The question to ask yourself	Can every leader articulate why DEI matters specifically for this organization—grounded in its strategy, its performance requirements, and its identity—without a script? Is that conviction embedded in the institutional record and governed at Board level? Has the organization documented in advance what will not change regardless of external pressure, peer behavior, or activist campaigns?
What to build	Build the three-case narrative (performance, identity, strategic) through a multi-disciplinary process with CFO involvement. Embed it in board papers, leadership evaluation criteria, and the annual governance cycle. Document in advance what will not change—As a governed internal position, not a public statement. Cascade the narrative so every leader at every level can articulate and defend it. Make narrative defense a measured leadership competency, not a communications exercise.
The call to action	Redefine purpose from external communication to internal conviction—Governed, embedded, and articulated by every leader before any external challenge arrives.

Table 9.1 The four communication postures and their diagnostic signals

Response pattern	Communication posture	Defining characteristic	Diagnostic signal
Retreat	Ready Discardment	Language of discontinuation: Phasing out, sun-setting, ending, terminating	Abandonment; terminating DEI
Reframe	Reactive compliance	Language of reframing: Adapt, rebrand, reposition	Adaptation; substance preserved but presentation adjusted; no public defense
Remain	Continuity without commentary	Language of retention: Remain, continue; communication limited because nothing changed	"Business as usual/DEI as usual"
Re-architect	Defense for value of DEI	Language of defense: Affirm, commit, defend, value, confirm, assert	DEI has value; DEI is meritocracy; organization has already adapted

Source Author, Kay Formanek, 2026

Table 3.3 Corporate gender quota enforcement spectrum

Enforcement	Countries	Consequence for organizations
Hard quotas (non-compliant appointments legally void)	Germany—fines up to €10 million or 5% of annual turnover; appointments void France—40% board quota; 30–40% executive committees Netherlands—one-third supervisory board quota; appointments voided Brazil—50% racial quota (university); 30% (civil service)	Abandoning gender targets in response to US pressure creates domestic legal liability. Compliance is a precondition of valid corporate governance, not a strategic choice
Soft quotas (must set targets and report; no penalty for missing)	Denmark Switzerland Japan South Korea UK	Reporting is mandatory; achievement is aspirational. Organizations face reputational rather than immediate legal consequences—but public disclosure creates investor and stakeholder scrutiny
No quotas	United States Canada Australia Argentina	In the United States, diversity targets were entirely voluntary—adopted and removed without legal consequence. The Executive Orders created a new legal cost for maintaining them with no countervailing domestic obligation Canada: no quotas, but diversity is constitutionally protected and the Employment Equity Act imposes statutory obligations Australia: no quotas, but Workplace Gender Equality Agency reporting with procurement consequences for non-compliance Argentina: no statutory quota framework for corporate boards

Source Author, Kay Formanek, 2026

Table 4.19 The Proposition Scorecard: expected versus reality

#	Strategic proposition	Verdict	Key finding
1	Media coverage would over-represent retreat	Supported	42% retreat-framed vs 9% defend-framed—media structurally biased toward retreat
2	Retreat would begin after the Executive Orders	Not supported	41% of dated actions pre-EO 2024; 69% pre-EO retreat rate vs 50% post-EO
3	Legal exposure would shape the depth of retreat	Partially supported	Hierarchy held for Required Retreat. Did not account for Voluntary Retreat depth
4	Retreat would be confined to the United States	Not supported	ROW recorded 54% combined retreat rate. ROW non-FC Voluntary Retreat: 49 actions
5	Local DEI laws abroad would shield organizations from retreat	Supported	Constitutional protection: 40% retreat rate vs 61% US baseline—a 21 percentage-point difference
6	EO-anchored responses would track EO provisions	Supported	D10 (46%) and D13 (19%) dominated EO-anchored responses as anticipated
7	Organizations would not act beyond the legal mandate	Not supported	60% of actions carried no EO anchor; under legal uncertainty and asymmetric risk, organizations reduced exposure beyond formal mandate
8	Regulated sectors would retreat more	Partially supported	Conservative response tracked proximity to enforceable authority more closely than regulation in the abstract
9	Sector peers would respond alike	Partially supported	Sector was associated with visible signaling more reliably than with depth of retreat; peer convergence was limited
10	Embedded DEI architecture would deliver resilience	Supported, with methodological caution	Higher DIEPL Maturity was associated with materially lower Voluntary Retreat within the Census; Leadership and Purpose emerged as load-bearing elements

Note Summary of the ten Strategic Propositions tested against the Census evidence ($n = 551$) in Sect. 4.7. Constitutional protection aggregate (40% retreat) is the weighted Total Retreat rate across

Canada (*n* = 31) and constitutionally protected Europe (*n* = 22); US baseline (61%) is from Table 4.10
Source Author, Kay Formanek (2026)

Table 2.2 The two enforcement tracks of EO 14173

	Track 1: Contractual obligations	**Track 2: Strategic enforcement**
Legal basis	EO 14173, Sections 2–3	EO 14173, Section 4
Who is targeted	Federal contractors and Federal Grantees	Publicly traded corporations, large non-profits, foundations with assets exceeding $500 million, and universities with endowments above $1 billion—identified through agency-specific civil compliance investigations
Core mechanism	Anti-DEI certification embedded in contract terms; replaces EO 11246 affirmative action framework	DOJ strategic enforcement plan using existing civil rights statutes (principally Title VII)
What it requires	Certify that DEI programs do not violate anti-discrimination law; cease affirmative action planning; remove "divisive" training content	No new legal obligations—directs agencies to investigate and litigate more aggressively
Enforcement tool	False Claims Act: treble damages, whistleblower (qui tam) provisions, "reckless disregard" standard	Civil compliance investigations; each federal agency directed to identify up to nine targets
Who decides targets	Triggered by contract certification—applies to all contractors automatically	Attorney General identifies "most egregious and discriminatory DEI practitioners" across key sectors
Global reach	Any company worldwide holding US federal contracts or subcontracts	US operations of any company; no reach beyond US jurisdiction
Risk profile	Contract termination + treble financial penalties + False Claims Act liability	Investigation + litigation + reputational exposure

Note Table reflects commonly reported interpretations of Executive Order scope during the 2024–2025 Research Period and is provided for analytical purposes only. Determination of legal applicability remains the responsibility of each organization through its own legal and compliance functions

Source Author, Kay Formanek, 2026

Table 1.1 DEI policy and institutional timeline

Period	Law or institutional development	Organizational implication
1896	Plessy v. Ferguson establishes "separate but equal"	Legalized racial segregation
1954	Brown v. Board of Education overturns segregation in education	Judicial recognition of constitutional equality
1964	Civil Rights Act	Prohibits discrimination in employment and public accommodation
1965	Executive Order 11246	Introduces enforceable affirmative action obligations for federal contractors
1970s–1980s	Equal opportunity compliance systems	Organizations develop compliance and reporting mechanisms
1990s	Business case for diversity	Diversity initiatives move into corporate management and Human Resources (HR)
2010s	Expansion of DEI programs	Diversity framed as organizational values and inclusion
Early 2020s	Moralization of diversity debates	Rise of "woke" discourse and political polarization
2025	Three Executive Orders restricting certain DEI practices in federal agencies, federal contractors, and gender identity policy	Regulatory backlash and reassessment of DEI programs

Source Author, Kay Formanek, 2026

Table 3.1 Constitutional protection of diversity and equality: cross-country comparison

Tier	Countries	Practical consequence when the compliance question arrived
Diversity constitutionally mandated	Canada Brazil South Africa	Canada: diversity is a constitutionally protected value; retreating would place organizations in direct tension with the Charter of Rights and Freedoms South Africa and Brazil: affirmative action and racial equity are legally required by constitution and statute. Retreating from race-based commitments would not reduce legal risk—it would create it
Equality constitutionally guaranteed	France Germany Switzerland Argentina	Removing equality-focused programs creates domestic constitutional exposure. In France, the racial categories the orders targeted have not been recognized in French law—collection of racial data is constitutionally prohibited
Statutory protection only (no constitutional clause)	United States Denmark Netherlands Australia Japan South Korea UK	Protection is real but rests on statute, requiring legislative action to change. The US Executive Order mechanism proved uniquely vulnerable—removable by the same means it was created, without any legislative process

Source Author, Kay Formanek, 2026

Table 5.2 Article volume by period: 204 articles, January 2024–December 2025

Period	Articles	% of total articles	Retreat articles	% retreat	Significance
2024 (full year)	56	27	22	39	Retreat activities in light of shareholder activism and DEI Backlash
January 2025	25	12	12	48	Immediate response in light of EOs signed
February 2025	60	29	26	43	Single largest month in retreat articles
March 2025	26	13	10	38	Articles tapering off, lower retreat percentage
Q1 2025 total (January–March)	111	54	48	43	Most articles published in this three-month period
April–December 2025	37	18	15	41	On average four articles per month, compared with the peak of 60 in February 2025
Total	204	100	85	42	Full study period—1 January 2024 to 31 December 2025

Note Article-level analysis of 204 unique articles in the Credible Source Panel during the Research Period across 18 sectors. Census = 171 organizations
Source Author, Kay Formanek (2026)

Table 5.3 Response distribution: Leadership (L) element, 142 DEI actions

Response category	n	Interpretation
Required Retreat	24 (17%)	EO-mandated changes to executive compensation, CDO structures, federal contractor obligations
Voluntary Retreat	50 (35%)	Discretionary removal of CDO roles, leadership statements, governance structures
Total Retreat	74 (52%)	–
Remain	31 (22%)	Sustained leadership commitment and EO compliance positioning
Reframe	13 (9%)	DEI function repositioned within broader people/talent governance
Re-architect	24 (17%)	Governance-level defense: shareholder votes, CEO public statements, legal refusals
Resilient (Remain + Reframe + Re-architect)	68 (48%)	Highest Re-architect rate of any DIEPL element—17%, more than double the dataset average
Total leadership actions	142	All Leadership-coded actions across the Research Period

Note Action-level analysis of 142 Leadership-coded Net DEI Actions across the Census (Census = 171 organizations)
Source Author, Kay Formanek (2026)

Table 5.5 Response distribution: Equity (E) element, 62 DEI actions

Response category	n	Interpretation
Required Retreat	4 (6%)	EO-mandated removal under D9 (AAP cessation), D11 (training), D12 (supplier diversity), and D13 (identity access)
Voluntary Retreat	42 (68%)	Discretionary removal of supplier commitments, spending targets, benchmark participation
Total Retreat	46 (74%)	Highest Total Retreat rate of any DIEPL element
Remain	10 (16%)	Pay equity structures and access mechanisms preserved
Reframe	1 (2%)	Program restructured under neutral language
Re-architect	5 (8%)	Equity mechanisms broadened to universal access model
Resilient (Remain + Reframe + Re-architect)	16 (26%)	Lowest resilience rate of any DIEPL element. Note: *n* = 62; sub-group size limits percentage comparisons
Total equity actions	62	All Equity-coded actions across the Research Period

Note Action-level analysis of 62 Equity-coded Net DEI Actions across the Census (Census = 171 organizations)
Source Author, Kay Formanek (2026)

Table 5.4 Response distribution: Purpose (P) element, 132 DEI actions

Response category	n	Interpretation
Required Retreat	5 (4%)	EO-mandated narrative changes in federal contractor filings
Voluntary Retreat	54 (41%)	Discretionary removal of DEI language, website content, and annual report sections
Total Retreat	59 (45%)	–
Remain	42 (32%)	Continued public commitment—statements, policy positions
Reframe	26 (20%)	Language repositioned; substance retained or partially retained
Re-architect	5 (4%)	Purpose embedded in explicit performance and innovation argument
Resilient (Remain + Reframe + Re-architect)	73 (55%)	Highest resilience rate of any DIEPL element; lowest Re-architect rate
Total purpose actions	132	All Purpose-coded actions across the Research Period

Note Action-level analysis of 132 Purpose-coded Net DEI Actions across the Census (Census = 171 organizations)
Source Author, Kay Formanek (2026)

Table 5.6 Response distribution: Diversity (D) element, 146 DEI actions

Response category	n	Interpretation
Required Retreat	19 (13%)	EO-mandated removal of targets, goals, diverse slate requirements, and identity-based access
Voluntary Retreat	85 (58%)	Discretionary removal of diversity goals, benchmarking participation, and demographic reporting
Total Retreat	104 (71%)	Second highest Total Retreat rate (after Equity)
Remain	28 (19%)	Sustained commitment to diversity measurement and representation goals
Reframe	8 (5%)	Diversity framing adjusted; some substance retained
Re-architect	6 (4%)	Diversity mechanisms broadened beyond categorical group definitions
Resilient (Remain + Reframe + Re-architect)	42 (29%)	Second lowest resilience rate (after Equity)
Total diversity actions	146	All Diversity-coded actions across the Research Period

Note Action-level analysis of 146 Diversity-coded Net DEI Actions across the Census (Census = 171 organizations)
Source Author, Kay Formanek (2026)

Table 7.1 Overview of Net DEI Actions across the Census

Element	n	Required Retreat	Voluntary Retreat	Remain	Reframe	Re-architect	Resilience %
Inclusion	69	11	23	18	11	6	51%
Leadership	142	24	50	31	13	24	48%
Combined	211	35	73	49	24	30	49%

Note Action-level analysis of 211 Net DEI Actions coded to Inclusion (69) and Leadership (142) across the Census (Census = 171 organizations).
Source Author, Kay Formanek, 2026

Table 4.5 Action distribution by period

Period	Total actions	Retreat + Required Retreat	Retreat as % of period
Pre-EO—2024 (full year)	227	156	69
Post-EO—2025	324	161	50
Total	551	317	58

Note Action-level analysis of dated actions, split between Pre-EO (calendar year 2024) and Post-EO (calendar year 2025)
Source Author, Kay Formanek (2026)

Leadership Action	
The question to ask yourself	Does the Enterprise Platform exist as governable infrastructure—Board cycles, leading-indicator measurement, architecture-linked compensation, integrated process, regular accountability—or does the architecture rely on signals, individual leaders, or designated roles? If the most committed individual leader left tomorrow, would the platform continue to operate?
What to build	Establish DEI architecture as an annual standing board item. Move executive compensation links from benchmarking participation to architectural outcomes. Build leading-indicator measurement frameworks. Integrate process integrity, calibration committees, and equity audits into routine operations. Define accountability through cycles, not roles.
The call to action	Build the Enterprise Platform that turns four capabilities into a single operating architecture—Governed, measured, and accountable as enterprise infrastructure, not as signal.

Table 4.14 Cross-sector retreat ranking by response category

Sector	n	RR (%)	Voluntary Retreat (%)	Total Retreat (%)	Reframe (%)	Remain (%)	Re-arch (%)	Total Non-Retreat (%)
Media & Entertainment	20	5	20	25	40	30	5	75
Pharmaceuticals	41	10	34	44	10	44	2	56
Food & Beverage	50	10	38	48	14	32	6	52
Technology	91	15	38	54	8	31	8	46
Airlines/Transportation	11	18	36	55	9	27	9	45
Retail	63	2	56	57	13	21	10	43
Industrials	17	0	59	59	6	35	0	41
Consumer Goods	20	0	60	60	15	10	15	40
Financial Services	123	5	59	64	11	13	12	36
Professional Services	51	31	33	65	8	20	8	35
Aerospace & Defense	10	10	60	70	0	30	0	30
Automotive	31	0	71	71	6	13	10	29
Telecommunications	12	67	8	75	0	17	8	25

Note Action-level analysis across the Net DEI Actions ($n = 551$) for sectors with $n \geq 10$. Sectors with $n < 10$ (Healthcare, Government, Energy, Chemicals, Non-Profit) are excluded from the main analysis. RR = Required Retreat

Source Author, Kay Formanek (2026)

Table 3.2 Mandatory diversity reporting requirements: cross-country comparison

Dimension	USA	DK	FR	DE	NL	CH	UK	CA	SA	AU	JP	KR	AR	BR
Gender: pay-gap reporting	—	M	M	M	E	M	M	M	M	M	M	—	—	M
Gender: board representation	—	S	Q	Q	Q	S	S	S	S	—	M	M	—	—
Race/ethnicity: workforce data	M	—	P	—	—	—	—	M	M	—	—	—	—	M
LGBTQI+: workforce data	—	—	P	—	—	—	—	E	—	—	—	—	—	—

M = Mandatory | Q = Quota + report | S = Soft target | E = Expanding | P = Prohibited | — = None

Key findings: The United States, Canada, South Africa, and Brazil mandate racial or ethnic workforce data collection. Ten of the thirteen non-US countries mandate gender pay gap reporting; the United States does not. The dimension most actively regulated outside the United States—gender pay equity—was the dimension the Executive Orders did not directly target.

Source Author, Kay Formanek, 2026

Table 4.2 Census by organization type

Organization type	Count	Legal exposure	Applicable EOs
Federal Agencies	4	Directly mandated to dismantle DEI frameworks	EO 14151, EO 14168
Federal Contractors US	50	Bound by contract certification and anti-DEI clauses; FCA exposure	EO 14173, EO 14398[b]
Federal Contractors ROW	46	Bound via flow-down clauses for US Federal Contracting Scope	EO 14173, EO 14398[b]
Total Federal Contractors	**96**		
Grantees[a]	–	Most converged regulatory pressure: grant funding, contract-like instruments, and financial-system certification	EO 14151, EO 14168, EO 14173, EO 14398[b]
Other Organizations US	17	Subject to Track 2 enforcement risk (investigations into *"illegal"* DEI)	EO 14173 (Track 2)
Other Organizations ROW	54	No direct legal obligation under current EOs	–
Total Other Organizations	**71**		
Total All Organizations	**171**		

Note The Census comprises 171 organizations across three Research Organization Types presented in five active table rows ($N = 171$), with Federal Grantees retained as a documented scope row with no recorded actions, parallel to South America in Table 4.1. Federal Grantees, narrowly defined as grant-only recipients (see footnote a), are excluded from the research by design; the methodological reasoning is documented in Chap. 11

[a]Grantees is defined narrowly for this research as grant-only recipients: entities receiving federal grants but holding no federal contracts.

Universities and research institutions that hold federal contracts are classified within federal contractors
[b]EO 14398 was signed 26 March 2026, after the research window closed; it is shown for completeness but no actions in the dataset are coded against it
Source Author, Kay Formanek (2026)

Leadership Action	
The question to ask yourself	Is Fairness for All embedded across the three Capability Enablers—Process Integrity (structured, debiased talent decisions), Outcome Equity (pay equity analysis, progression audits, development access tracking), and Ecosystem Fairness (suppliers, communities, open access criteria), operating within a foundational human condition of interpersonal fairness (respect, dignity, and trust in daily interactions)? Do these practices rest on internal performance logic rather than external compliance obligation?
What to build	Implement pay equity analysis and progression equity audits as standard operational reporting, with results linked directly to executive performance accountability. Build calibration committees with structured, debiased scoring criteria for every talent decision: Hiring, promotion, development allocation, and reward. Replace mentorship with active sponsorship for professionals facing structural barriers to progression. Embed personal fairness standards—Respect, dignity, and trust—As the operating standard in daily interactions across the organization.
The call to action	Redefine equity from group-based correction to individual fairness—Built on the structural conditions for genuine meritocracy that require no external mandate to justify and that no mandate change can remove.

Table 5.1 Integrating the Virtuous Circle with the Five Stages of DEI Maturity

Element	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
	Legal Compliance	Stakeholder Requirements	Organizational Performance	Reinvention	Societal Value
Diversity	Legal Inherent Traits	Stakeholder Required Traits	Performance Required Traits	Competitive Traits	Societal Sustainability
Inclusion	Admit	Welcome	Value	Embrace	Societal Inclusiveness
Equity	Basic Support	Equality	Group Equity	Individualized Equity	Societal Equity
Leadership	Legal/Risk Manager	Human Resources	Senior Leadership	Whole Organization	Societal Partnership
Purpose	Comply	Meet Expectations	Deliver Performance	Reinvent Organization	Contribute to Society

Note Five Stages of DEI Maturity for each DIEPL element from initial legal compliance through to societal value creation. Stages are cumulative: organizations cannot move from Stage 2 to Stage 4 without the foundations established in Stage 3
Source Formanek (2021) [2]

Table 7.3 Research Foundation: Reset Capability Architecture for Inclusive Leadership

Scholar(s)	Research focus	Contribution to the Reset Capability Architecture	Framework layer
Edmondson (1999) [15]	Psychological safety in work teams—leader behaviors and team learning	Psychological safety is the central condition for team learning; leader coaching behavior is the primary antecedent. Without psychological safety, diverse perspectives surface as friction rather than performance	Layer 1 (Psychological safety—foundational); Layer 2 (Humility, Curiosity, Empathy)
Clark (2020) [19]	Four developmental stages of psychological safety	Psychological safety develops progressively: inclusion safety, learner safety, contributor safety, and challenger safety. Stage 4 is where diverse perspectives produce breakthrough performance	Layer 1 (Psychological Safety—developmental sequence)
Ely and Thomas (2001) [18]	Diversity management paradigms and performance	The learning-and-effectiveness paradigm is the only approach producing sustained performance gains—distinct from compliance or access paradigms	Layer 1 (foundational across the three Capability Enablers and Human Condition)
Bourke and Titus (2019) [14]	Inclusive leadership behaviors—3,500 employee ratings of 450 leaders across 13 countries	Leader behaviors account for up to 70% of whether team members feel included; six observable signature traits underpin inclusive leadership	Layer 2 (eight behaviors—primary empirical ratification)
Stahl, Maznevski et al. (2010) [17]	Cultural diversity and team performance—meta-analysis of 108 studies	Inclusive management is the key moderator. Cultural diversity produces net positive performance only when leaders practice inclusive behaviors	Layer 2 (interpersonal behaviors); Layer 3 (Ecosystem Engagement)
Hewlett, Marshall and Sherbin (2013) [16]	Two-dimensional diversity and inclusive leader behaviors—1,800 professionals	Leaders who demonstrate inclusive behaviors increase team innovation 3.5×; companies with two-dimensional diversity capture more markets, win more talent	Layer 2 (core orientation and interpersonal behaviors)

Scholar(s)	Research focus	Contribution to the Reset Capability Architecture	Framework layer
Castilla and Benard (2010) [23]	Paradox of espoused meritocracy without architecture	Declared commitments unsupported by structural architecture produce weaker outcomes than the absence of commitment. Parallel paradox: declared inclusion without behavioral architecture	Layer 1 (Inclusion as architecture not declaration); Layer 3 (Accountability and Audit)
Kalev, Dobbin and Kelly (2006) [22]	Efficacy of diversity programs across 708 US establishments—longitudinal	Formal accountability structures are the most effective diversity intervention. Awareness programs alone do not produce sustained change	Layer 3 (Strategic Mandate; Accountability and Audit)
Williams and Wade-Golden (2013) [20]	Chief Diversity Officer—structure, strategy, and change management	Governance architecture through which Inclusive Leadership Capability is sustained depends on board-level mandate, CEO ownership, and CDO authority operating as a coherent governance system	Layer 3 (Strategic Mandate; Operational Architecture)
Kaplan (2008) [24]	Framing contests—strategy making under uncertainty	Capabilities anchored in the firm's primary strategic logic survive socio-political pressure; capabilities held only as values statements do not	Layer 3 (Strategic Mandate; Ecosystem Engagement)
OECD (2015) [25]; Cadbury (1992) [26]	Corporate governance principles—Responsibility, Fairness, Accountability, Transparency	The four Enterprise Platform pillars operationalize the core principles of corporate governance, anchoring inclusion institutionally	Layer 3 (Enterprise Platform foundation—all four pillars)

Note Within each layer, supporting research is ordered by analytical and empirical weight. The Reset Capability Architecture for inclusive leadership operationalizes the psychological safety, inclusive behavior, and governance findings summarized here as the scholarly foundation for the architecture detailed in Sects. 7.6.2–7.6.7. The chapter reference list carries the full publication details for each entry by [N]
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Table 6.1 Research Foundation: Diversity Cluster Model

Scholar(s)	Diversity dimensions studied	Performance outcome established	Diversity clusters
Page [18]	Cognitive approaches; Life experience; Cultural background; Professional training; Values and beliefs	Superior problem-solving; breadth of solution space—mathematical proof	Cognitive and psychological profile, life circumstances, work experience and role, worldview and ideology
Duhigg [19]	Gender; Personality—partial; Seniority and tenure; Education	Dimensions tested did not predict performance; psychological safety was single strongest predictor across 180 teams. Equal conversational turn-taking and social sensitivity are the measurable indicators	Demographic identity, cognitive and psychological profile, organizational context, life circumstances
Hewlett, Marshall, Sherbin (2013) [20]	Gender, ethnicity, age; Cultural fluency, international experience; Cross-functional knowledge	45% more likely to report market share growth; 70% more likely to capture new markets; 3.5 × innovation in speak-up cultures	Demographic identity, life circumstances, work experience and role
Lorenzo and Voigt [21]	Gender, age; Country of origin; Education; Career path; Industry background	Innovation performance—171 companies, DACH region	
Lorenzo et al. (2018) [2]	Gender, age; Country of origin; Education; Career path; Industry background	19% higher innovation revenues; 9% higher EBIT—causal, additive; 1,700 companies, 8 countries	
DiStefano and Maznevski [22]	National and cultural background; Cultural values; Professional background	Team performance: Destroyers, Equalizers, or Creators	Demographic identity, worldview and ideology, work experience and role

Scholar(s)	Diversity dimensions studied	Performance outcome established	Diversity clusters
Hambrick and Mason [23]	Functional background; Career experience; Industry background; Organizational tenure	Strategic decision quality; breadth of strategic options explored	Work experience and role, organizational context
Ancona and Caldwell [24]	Functional diversity; Organizational tenure	Innovation performance; time-to-market—moderated by external communication	
Ely and Thomas [25]	Cultural background; Worldview and values; Racial and ethnic identity	Sustained performance—under integration-and-learning conditions only	Demographic identity, worldview and ideology
Reynolds and Lewis [26]	Cognitive diversity—information processing and response to change	Faster problem-solving; no correlation found with demographic diversity	Cognitive and psychological profile
Stahl, Maznevski et al. (2010) [27]	Cultural diversity—meta-analysis of 108 studies	Creativity and satisfaction increase; net benefit conditional on inclusive management	Demographic identity
Bresman and Edmondson [28]	Professional background; Functional expertise; Industry experience	Innovation performance—only when psychological safety present; diverse teams without safety underperform	Work experience and role

Note Six clusters—Cognitive and Psychological Profile, Demographic Identity, Life Circumstances, Worldview and Ideology, Organizational Context, and Work Experience and Role—comprising thirty-seven dimensions, with the scholar sources grounding each cluster as a driver of diversity performance

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