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DEI isn't Dead- Why Companies Must Reimagine, not Ditch it

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Imagine you are at a crossroads. One path leads to a future where your company thrives - innovating, attracting top talent, and connecting with a global customer base. The other? Stagnation, lawsuits, and a workforce that feels stuck in the past. That's the choice companies face today with Diversity, Equity, and Inclusion (DEI).

Back in 2020, the path seemed clear: embrace DEI. Billions poured in, and bold promises were made. But fast forward to now, and the vibe has shifted. Walmart is shuttering its Center for Racial Equity, Meta and Google are trimming DEI roles, and Goldman Sachs is stepping back. Why? A fiery mix of lawsuits, social media pile-ons, and a political shove from US President Donald Trump. Federal agencies are closing DEI offices, and companies are ducking for cover.

However, running away from DEI is like throwing away a winning lottery ticket. It's less about optics and more about future-proofing your business. Which is why I feel that reimagining DEI, not ditching it, is the key to staying ahead.

The Business Case for DEI Remains Strong

DEI continues to demonstrate measurable business benefits. Research from McKinsey indicates that companies with diverse leadership teams are 25 per cent more likely to achieve above-average profitability. This correlation arises from the varied perspectives that diverse teams bring, leading to improved decision-making, innovation, and stronger connections with a global customer base. Companies like Coca-Cola and Apple recognize this, maintaining their DEI efforts to reflect the multicultural markets they serve.

A diverse workforce enhances a company's adaptability and responsiveness to changing market conditions. In contrast, homogeneous teams may struggle to innovate or connect with diverse clientele, limiting their competitive edge.

Critics flag flaws, but ditching DEI isn't the solution

Critics of DEI argue that some DEI programs can inadvertently perpetuate divisions by focusing on race or gender categories. This critique holds merit when programs prioritize quotas over merit or foster environments of perceived exclusion. However, eliminating DEI entirely would be an overcorrection. Instead, companies should refine their approach to focus on equitable access and skill-based hiring, ensuring that DEI initiatives promote inclusivity without compromising meritocracy.

JPMorgan Chase exemplifies this balanced approach, integrating DEI into its talent and growth strategies without making it a polarizing issue.

A Global Retreat, But Not in India

While U.S. companies scale back on DEI, Indian firms are pushing forward, driven by a diverse workforce and cultural demands. Backed by government policies like the Maternity Benefit Act and SEBI directives, DEI in India is a strategic necessity, not a trend.

India's DEI initiatives are backed by political commitment at the highest level. The Women's Reservation Bill, formally the Constitution (128th Amendment) Act, 2023, marks a historic stride towards gender equity in politics by reserving one-third of seats for women in the Lok Sabha and state legislative assemblies. This landmark legislation tackles deep-seated gender disparities in political representation. Notably, Odisha has pioneered progressive action beyond national mandates. In 2012, the state amended its legislation to elevate women's reservation in grassroots governance from 33 per cent to 50 per cent, unlocking the potential of DEI in grassroots empowerment.

In the corporate landscape, TCS's 'One TCS' initiative prioritizes gender equity and female leadership. HDFC Bank's Diversity Charter advances LGBTQ+ and disability inclusion. Lemon Tree Hotels' Opportunity Deprived Individual (ODI) program hires marginalized individuals, aligning diversity with business goals.

Not All DEI is Gold and That's Expected

Some DEI efforts, such as superficial training sessions or tokenistic hiring practices, have proven ineffective or even counterproductive. These shortcomings highlight the need for companies to critically evaluate their DEI strategies. **Programs that fail to improve retention, innovation, or employee satisfaction should be refined or replaced.** However, abandoning DEI entirely would ignore the demographic realities of the future workforce.

DEI Must Evolve, Not Disappear

DEI is not obsolete, it is undergoing necessary transformation. Companies that refine their DEI strategies to focus on merit-driven inclusion will maintain a competitive advantage.

Those that abandon DEI risk falling behind in a rapidly changing market. **The path forward lies in reimagining DEI as a driver of business success, not a political obligation. By doing so, companies can build resilient, innovative teams capable of thriving in a diverse global economy.**

This blog was originally published in Priyadarshi Nanu Pany's [LinkedIn account](#).



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