# British businesses rebrand DEI amid political backlash but risk losing clarity



Senior figures within British business are expressing grave concerns over a pronounced "chilling effect" on diversity, equity, and inclusion (DEI) initiatives. The term "DEI" is increasingly being jettisoned in favour of less politically charged concepts like "wellbeing," "belonging," and "culture." This evolution underscores a fear that the emerging political climate, especially with the rise of a conservative alternative, could further inhibit efforts aimed at workplace fairness.

Five years since the tragic murder of George Floyd, which sparked widespread discussions on racial inequality, many firms seem to be retreating from DEI initiatives to dodge the backlash they now associate with those concepts. Paul Sesay, founder of the National Diversity Awards, claims, “They’re embedding diversity while discarding the terminology…I don’t necessarily view it as a setback.” However, this shift to more diffuse cultural transformation can mask a regressive trend; titles such as "heads of culture" now replace the more direct "heads of DEI," which may dilute accountability.

In the UK, the atmosphere surrounding DEI initiatives has taken a contentious turn, particularly with plans from certain rising political factions to dismantle such programmes in local councils. Observers may optimistically suggest that a wholesale rollback is unlikely, protected by the Equalities Act and potential legal ramifications stemming from discrimination. Yet, the fear remains palpable, especially among US-based companies operating here, which might feel compelled to conform to an increasingly conservative ethos.

The Financial Times highlights that significant entities like Deloitte US have dramatically restructured their DEI strategies to comply with new political pressures, including abandoning gender-neutral language. Meanwhile, Deloitte's UK branch may still champion its DEI initiatives, but this misalignment exemplifies the difficulties faced in navigating divergent political landscapes. Richard Houston, the firm's UK chief, claims that advancing diversity is essential amidst this upheaval, yet such assertions risk becoming mere platitudes if not backed by action.

Noreen Biddle Shah, founder of Reboot—an organisation tackling racial inequality in financial services—warns that the current backlash against DEI threatens not only alliances but also deters employees from raising concerns about racial issues, effectively fostering a culture of silence. Alarmingly, a recent report indicates that 70% of ethnic minority professionals in the sector feel stagnation in progress since the Black Lives Matter movement, showcasing a troubling lack of momentum.

Experts recognize the hazards of dismissing DEI initiatives. Evidence indicates that retracting support not only jeopardizes employee retention and recruitment but also invites potential legal challenges. Despite these obstacles, numerous UK firms persist in advocating for DEI, viewing it as vital for economic success. Their commitment to nurturing inclusion, echoed by organizations like UK Finance and the Law Society, remains a testament to the enduring belief that diversity is a pivotal driver of organizational achievements.

As discussions regarding the future of DEI shift, businesses and trade bodies are reassessing their commitments under a politically charged climate. While the wider industry contemplates the consequences of recent US developments, many firms in the UK remain resolute in their dedication to inclusion. Notably, the Co-op group's leadership warns that any dilution of DEI could undo significant progress, noting that failing to tackle inequalities perpetuates the very status quo that many wish to dismantle.

In summary, while there is a noticeable move away from explicit DEI terminology, the underlying commitment to foster inclusivity and confront discrimination remains—albeit often reframed. Although the UK’s political landscape presents unique challenges, the resilience of organizations prioritizing these values signals a determination to sustain a genuinely equitable workplace amid shifting tides.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.theguardian.com/business/2025/may/26/firms-rebranding-diversity-initiatives-avoid-unwanted-political-attention> - Please view link - unable to able to access data
2. <https://www.ft.com/content/214f6af1-bc32-4983-9a8d-9f255fcad466> - The Financial Times reports that the backlash against diversity, equity, and inclusion (DEI) initiatives in the US under President Donald Trump has raised concerns in the UK about similar trends migrating across the Atlantic. Despite Trump's rollback of DEI initiatives, British DEI leaders are confident that stringent UK employment laws will continue protecting minorities. The Labour government in the UK is dedicated to enforcing DEI through the Employment Rights Bill and the upcoming Equality (Race and Disability) Bill, ensuring comprehensive workplace protections. However, there is concern among UK businesses affiliated with US companies about potential pressure to scale back DEI initiatives in line with US trends. Experts warn that abandoning DEI efforts could harm employee retention, recruitment, and lead to legal liabilities. DEI remains a priority for many UK firms, with consistent emphasis on the positive impact of DEI on economic performance. The UK aims to solidify its global leadership in DEI through robust legislation and long-term strategies, providing an opportunity to champion diversity and inclusion amid the shifting political landscape in the US.
3. <https://www.ft.com/content/59ce7610-a088-4ab1-8edd-5bdc7e17699a> - The Financial Times reports that the UK Financial Conduct Authority (FCA) has paused its proposed extensive diversity and inclusion (D&I) reforms, which included publishing diversity strategies, setting mandatory diversity targets, and disclosing annual diversity data. This announcement came as a surprise to employment law experts, who had anticipated the implementation of the rules. The FCA cited a need for more time to understand the extensive feedback from consultations as the reason for this halt. However, the regulator confirmed that it will prioritize and implement regulations to address 'non-financial misconduct,' such as sexual harassment and bullying. The postponement of D&I reforms is timely, considering potential changes should Labour win the upcoming UK election in July. The broader global context also reflects increasing scrutiny on D&I actions by employers, influenced by recent US legal developments.
4. <https://www.reuters.com/world/uk/uk-financial-watchdogs-drop-diversity-name-shame-reforms-2025-03-12/> - Reuters reports that the UK’s top financial regulators, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), have decided against implementing proposed rules to enhance diversity and inclusion (D&I) in the financial industry. They have also halted efforts for a stricter approach to non-financial misconduct. Regulator feedback indicated concerns about added regulatory burdens. Despite acknowledging the benefits of D&I, PRA CEO Sam Woods noted that new requirements might conflict with efforts to bolster the financial sector's competitiveness. Additionally, the FCA will not adopt a 'public interest' test for publicizing firm investigations. Lawmakers had criticized this approach, suggesting it could be ineffective. However, the FCA plans to increase transparency by potentially publicizing investigations into both regulated and unregulated firms, typically on an anonymous basis, with final policies expected by June. The shift in regulatory focus follows a broader trend, influenced by the backlash against liberal policies in the US under President Trump’s second term. Critics worry that these changes might ultimately hurt long-term sector stability.
5. <https://www.ft.com/content/1230c47d-6b93-4b8d-8f2a-175b7e01c31e> - The Financial Times reports that Deloitte US has instructed its consultants working on government contracts to eliminate gender pronouns from their email signatures to align with emerging governmental practices following Donald Trump’s recent executive order, which directs federal agencies to remove all references to 'gender ideology' and recognize only two sexes. Additionally, Deloitte US has decided to end its diversity, equity, and inclusion (DEI) programs and yearly DEI reports to comply with these new directives. This policy shift marks a change in direction from the firm's previous commitment to DEI, which included a range of goals set for 2025 to promote diversity and spend significantly with Black-led businesses. Conversely, Deloitte's UK branch, led by Richard Houston, plans to maintain its DEI initiatives, emphasizing that diversity remains a priority. This divergence in policy between the US and UK branches reflects each entity's response to the current political and regulatory environment in their respective countries.
6. <https://www.ft.com/content/8e01f7fd-71a2-42ff-b166-5bf9f6177b73> - The Financial Times reports that US companies such as Meta, McDonald's, and Target have recently abandoned diversity, equity, and inclusion (DEI) programs, aligning with political sentiments and public dissatisfaction. Despite this backlash, some companies, like Costco and JPMorgan Chase, reaffirm their commitment to DEI, linking it to performance and innovation. Experts suggest that most companies are striving for a balance between withdrawing and maintaining beneficial DEI programs, often reframing their strategies to avoid political and legal risks. Companies initially intensified DEI efforts after George Floyd's murder, setting diverse representation goals and investing in inclusive programs. Although some have seen success, critics argue that DEI initiatives may prioritize demographic factors over merit and face legal and consumer opposition. The decline in DEI terminology use is notable, yet many executives believe such initiatives positively impact economic performance. Companies are now focusing on high-impact DEI efforts aligning with core business objectives. While the US leads in DEI retrenchment, the UK and Europe observe cautiously, considering potential legal changes and continuing to recognize the business benefits of inclusion.