

'Reaffirm, Reimagine or Retreat?' Leading HR in the Second Trump Era



by
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AT A GLANCE:

- This is a global challenge. Companies must respond to diverging regulations and worker concerns in the U.S., Europe and elsewhere.
- Connect results and DEI. CHROs said the efforts they are continuing must be linked to better business outcomes.
- CHROs face a growing toll. The time and emotional weight of all the new changes have been immense for CHROs and their teams.

5 Min Read

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Over five virtual calls with the Modern CHRO Community in late February, 71 CHROs weighed in on the breakneck pace of the administration's changes and their wide-ranging impact.

In the days that followed the U.S. presidential inauguration, the calls from Europe rolled in: Questions from European workers about the second Trump administration's executive orders about diversity, equity and inclusion. Condolences from managers in Europe about the outcome, despite some U.S. leaders being happy with the results. Navigating the reaction from European and U.S. workforces—and how the two regulatory environments will converge when it comes to DEI—were among the most predominant themes that emerged in a series of virtual meetings Modern held exclusively in late February with more than 70 top CHROs.

“We didn't do a lot [to prepare] our European teams and it was a mistake,” one CHRO said, echoing comments made across the five sessions. The conversations underscored the tectonic shift emerging in the second Trump administration's early days, as an unrestrained White House enacted new orders at unrelenting speed, prompting a range of striking responses:

- One CHRO said some of her business leaders were devoting up to 30% of their time to understanding and responding to the administration's changes.
- The uncertainty sparked by the tariff threat prompted another participant to say his company debated if they could even provide guidance to investors.
- Several others spoke about how much the changes were taking a personal toll. Said one CHRO: “I'm having to think a little more about

my own emotional health in the process than any other professional endeavor I can recall.”

Below, we’ve aggregated the most helpful insights and common themes from the five calls—blinded, of course—to share how CHROs are thinking and responding. If we can help make connections based on the information below, please let us know.

Diverging approaches to DEI are a massive challenge for global firms.

- European managers need to be prepared with communication guidance, as several participants said they had more workers on the continent than in the U.S. raise questions. A couple stressed being proactive about global communication guidelines to avoid unwanted conversations. Said one: “We had people consoling Americans who didn’t want to be consoled.”
- Many CHROs said they’d either removed DEI targets from U.S. comp plans, were getting pressure to do so, or were reviewing the possibility. But as companies balance gender representation and reporting mandates in some European countries with the new U.S. orders, there are competing concerns: “You can exclude the U.S. population but then it starts to become very quickly less meaningful,” said one attendee.
- One CHRO noted that cross-border integrations could invite more scrutiny: “Whenever there is a deal coming up that needs approval by [regulators], there will be a lot deeper look into inside policies.”

“It’s escalating very quickly—the sentiment, the fear and the

concern.

- one CHRO attendee of M1's late February calls about the new administration

CHROs said they remain committed to diverse and inclusive workforces, while programs—and how they're described—are shifting.

- Most CHROs acknowledged changes to DEI nomenclature, with wide variation depending on exposure to U.S. federal contracts or markets. Phrases like “inclusion,” “culture,” “care,” “belonging” and “impact” are increasing, though one participant warned such changes could erode trust: “Renaming things buys you five more minutes, but if you were prominent for your DEI efforts yesterday, you're already [under scrutiny]. We've got to be careful that we don't swing so far that we lose the trust of our people.”
- At some companies, employee resource groups have also been renamed, or made clear they are open to allies. One CHRO said he was keeping ERG meetings open to all but was allowing breakouts within them formed by gender or underrepresented groups.
- Everything DEI-related is getting another look. A couple of CHROs noted changes to DEI job titles, sometimes requested by executives themselves. Participants were split on diversity slates, with some ending the practice and others believing the practice is low-risk internally. Outside leadership development programs and even conferences aimed at specific groups are getting more scrutiny. “We need stronger and tighter governance around the forums we show up in; the panels we speak on,” one attendee said.
- As shareholders reject proposals that oppose DEI programs at some companies, reconnecting efforts to business outcomes may put companies on firmer footing, some CHROs noted. Over the past

few years, one said, “as HR professionals we got lazy,” with more talk about diversity as “this is the right thing to do from a values standpoint’ and not ‘this is the right thing to do from a business standpoint.’”

On immigration, CHROs are in preparation mode.

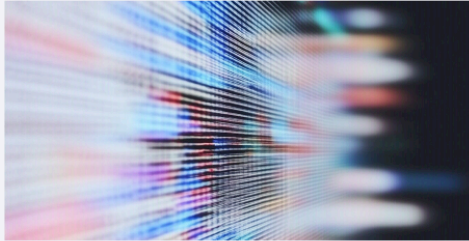
- Those with large front-line workforces, in particular, are preparing for the challenges ahead. Several noted they are training front-line supervisors to prepare for site visits from ICE and educating workers on their rights. One service industry CHRO said she had “no doubt” immigration changes would impact her ability to hire.
- One attendee said her firm is discouraging international travel for H-1B visa holders given the critical R&D work they perform; another said his firm has had one visa holder unable to return after a trip home.

Heightened fears and workplace tensions are on the rise.

- CHROs cited workplace comments that reflect growing nationalism and anti-Americanism. Others shared stories about workers flagging onboarding materials, customers challenging products and security guards having to physically separate employees in break rooms after discussions about voting. “It’s escalating very quickly—the sentiment, the fear and the concern,” one attendee said.
- The highest fear is among LGBTQ workers, two attendees said. “The behavior at the national level has created a permission, almost, to be aggressive and disrespectful about differences.” Some said they have discussed re-upping de-escalation training for customer interactions.

- One CHRO's company was getting more inquiries from some employees about moving outside the U.S. In the past, the company would only sponsor such moves if they were initiated by the company; it has recently begun considering employees' applications.

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Amid the tumult, CHROs advised not getting ahead of legal changes, considering the downsides of hasty moves, and taking care of yourself.

- With so many new executive orders, the clash between HR, business, legal, and communications priorities can be tough. “Where we’ve landed,” said one CHRO, is to remain rooted in what the law says. And in many cases, “the law has not changed. If and when it does, we will follow the law.”
- “Reaffirm, reimagine or retreat:” Amid the flurry of changes, participants cautioned against acting too hastily: Is their legal counsel only advising risk mitigation? Or are they also providing counsel on civil rights laws? One CHRO shared a framework they’re using — deciding whether policies should be reaffirmed, reimaged or retreated from. What they don’t want is to be reactive: “I tell everyone scenario plan—but leave some flexibility.”
- The pressure to pull back from policies their companies have advocated for left some CHROs expressing the immense emotional weight of their jobs. “I can never remember a professional era where I felt personally sad and depressed,” said one attendee,

even during the Covid-19 pandemic. CHROs described cutting off reading in the evening to be able to sleep, coping with the emotions of their teams and navigating challenges to their own mental health: “We’re all really earning our keep as heads of HR in this time.”