

# Activision Blizzard lawsuit

A media crisis assessment



Activision Blizzard Inc., n.d.

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Dronepicrd, 2019

## Introduction

The International Trade Administration consider video games to be its own sector of the media and entertainment industry (International Trade Administration [ITA], n.d.). Globally, the video game industry is valued at \$159.2 billion as of 2020, more than global text publishing sector (\$42.5 billion according to the ITA) and global digital music sector (\$80.2 billion, according to ITA) combined.

Both the video game industry and computer technology fields are rampant with misogyny, sexism, and discrimination against women. These barriers remain pervasive, despite an increasing number of women gamers and video game designers. The barriers are so pervasive, that it is easy to dismiss complaints about the unfair treatment of women as being normal, expected behavior. Women are required to put up with crude behavior and harassment as part of participating in a male-dominate activity.

When the State of California's Department of Fair Employment and Housing (DFEH) announced a lawsuit against a major video game company, it felt as if change might finally be possible.

## Background

As many as 45% of video gamers in the United States are women, according to data available through Statista (2021a). About 38% of video game designers worldwide are female or non-binary (Statista, 2021b). At video game company Activision Blizzard Inc., only 20% of game staff were female and they were subjected to harassment and discrimination (Allsup, 2021). The lawsuit followed a two-year investigation by DFEH into concerns about discrimination and harassment reported by female employees.

According to a media release from DFEH, the lawsuit alleges that women were paid less than men for the same work, promoted less, subjected to a sexist culture, sexually harassed, and were more likely to be fired or forced to quit (DFEH, 2021).

The gaming industry was developed with strong female representation (The Strong National Museum Play, n.d.) but the sexism that is rampant in gaming (Alexander, 2021) makes it uninviting for women to play male-dominated games that are riddled with sexism, and for them it is challenging to become an executive in a video game company.

A 2021 lawsuit alleging workplace discrimination and harassment at Activision Blizzard is not the first problem within the video game industry, nor the first complaint against the company that makes games such as World of Warcraft and Call of Duty. The lawsuit is a result of ignored complaints.



Dinosaur918, 2013

## What happened

When the DFEH lawsuit was announced on July 21, Activision Blizzard leadership, led by CEO Bobby Kotick, sent a statement to all staff stating that they value diversity and inclusivity. The statement, published in a Polygon article, went on to say “The DFEH includes distorted, and in many cases false, descriptions of Blizzard’s past” (Carpenter, 2021a).

The tone of the letter disregards employee experiences and negates the concern for diversity and inclusivity made in the initial sentence, showing a lack of understanding or compassion for the experiences of female employees.

Two days after the lawsuit was announced, Frances Townsend, Executive Sponsor of the ABK Employee Women’s Network and Activision Blizzard’s Chief Compliance Officer, sent an email to all staff, shared on Twitter by employee Jason Schreier, reiterating that the lawsuit “presented a distorted and untrue picture of our company” (Schreier, 2021a).

The same evening, July 23, Blizzard Entertainment President J. Allen Brack sent an email to all staff, also shared by Schreier, calling the allegations, and hurt of employees “extremely troubling” (Schreier, 2021b). The letter goes on to speak about values, equality and inviting employees to reach out to their managers, HR, or an outside integrity line.

Employee response to the letter and emails was decisive. More than 800 employees signed a letter on July 23 calling on Townsend to step down from her role as Executive Sponsor of the ABK Employee Women’s Network and for the executive leadership team to work with employees to create a safe and responsive environment for all employees. Activision Blizzard employs over 9,500 people worldwide. Those who signed the letter reflect less than 10% of their total workforce, but still significant. Additional employees and former employees added their names to the letter, reaching as many as 2,600 by July 27 according to a Polygon article (Carpenter, 2021b).



Jason Schreier  
@jasonscreier

Activision Blizzard executive Fran Townsend, who was the Homeland Security Advisor to George W. Bush from 2004-2007 and joined Activision in March, sent out a very different kind of email that has some Blizzard employees fuming.

everyone,  
As the Executive Sponsor of the ABK Employee Women's Network and our Chief Compliance Officer, I wanted to reach out to you. I know this has been difficult for many of us. A recently filed lawsuit presented a distorted and untrue picture of our company, including factually incorrect, old, and out of context stories – some from more than a decade ago.  
The Activision companies of today, the Activision companies that I know, are great companies with good values. When I joined the Executive Leadership Team, I was certain that I was joining a company where I would be valued, treated with respect, and provided opportunities equal to those afforded to the men of the company. For me, this has been true during my time. As a leader, I am committed to making sure that the experience I have is the same as the rest of the organization. We have a leadership team that is committed to these principles in every way.  
I am proud to be part of a company that takes a hard-line approach to inappropriate or hostile work environments and sexual harassment issues. Our Speak Up campaign reinforces our zero tolerance for retaliation against those who do speak up. We've made significant investments to foster inclusive behaviors, and to reflect greater diversity within our leadership teams including:  
• Investing in and strengthening our DE&I Employee Networks; creating global networks to bring together the efforts in all of our business units and the introduction of Executive Sponsors.  
• Introducing learning and development programs, including inclusive hiring training.  
• Amplifying internal programs such as the Way2Play Heroes and the recurring Speak Up campaign.  
• Reinforcing channels for employees to report violations including the "ASK List."  
• Introducing an Employee Relations team dedicated to investigating employee concerns.  
• Continuing to require all employees to take Equality & Diversity training including anti-harassment training (and have done so for many years).  
We put tremendous effort into creating fair compensation policies that reflect our commitment to equal opportunity. We review compensation regularly and feel confident that we pay all employees fairly for equal or substantially similar work. We take proactive steps to ensure that pay and advancement are driven by merit. We reward performance, and we conduct extensive anti-discrimination trainings, including for those who are part of the compensation process.  
We work at a company that truly values equality and fairness. Rest assured that leadership is committed to continuing to maintain a safe, fair, and inclusive workplace. We cannot let egregious actions of others, and a truly meritless and irresponsible lawsuit, damage our culture of respect and equal opportunity for all employees. We aspire in our company to do great things: in our games, in our impact on society, and in our work environment. We continue to hold firm to our principles and invest, as we have in the past, the resources to ensure quality opportunities for all employees. We remain committed as a leadership team to doing what is right.  
- Fran

10:08 AM · Jul 23, 2021 · Twitter Web App

649 Retweets 443 Quote Tweets 3,715 Likes

Schreier, 2021

On July 26, employees at the company's main campus in Irvine, California, staged a walkout, demanding that employees be heard and ending mandatory arbitration on all employee contracts. Gamers were encouraged to support the protest by not playing any Activision Blizzard games.

Kotick sent a second letter on July 27 with a much different tone than his first (Kotick, 2021). The letter indicates that "so many people" reached out with thoughts, suggestions and opportunities have been heard and the company will work towards a safe and welcoming environment, free of discrimination and harassment. This and future letters were published on the company's media webpage, finally presenting a single voice for the organization.

Notably, the Activision Blizzard media webpage entries prior to the company response to the lawsuit is filled with articles featuring women and LGBTQ stories, with titles including *Building inclusive game worlds* (Bottengoni, 2021) and *How gaming gave me the freedom to be my authentic, queer self* (Heinemann, 2021). The company's research and media division understood their audience-base is diverse, but the lawsuit and Kotick's initial response demonstrate out disconnected Activision Blizzard's internal practices are far from where they need to be.

In the following weeks, staff changes began at Activision Blizzard, including Townsend stepping down from her role Executive Sponsor of the ABK Employee Women's Network as employees demanded, as well as the departure of Blizzard Entertainment President J. Allen Brack (Alegre, 2021).

A second lawsuit was filed, alleging that the company intentionally misled investors by not disclosing ongoing sexual harassment and discrimination (Fahey, 2021.)

A second walkout was held November 16, calling for CEO Bobby Kotick to step down.



Farber, 2008

## Public response

The immediate public response included resurfacing video of Blizzard designers mocking a woman who requested less sexualized video game characters (Bratt, 2021) and outrage of continued condescension and mistreatment of women in the video game community. A small group of gamers called for a boycott of Activision Blizzard using #BoycottActivision and #BoycottBlizzard on social media.

Support was shown from gamers by not playing Activision Blizzard games during the walkout and sharing messages on social media. Conversations reflected on other issues of discrimination and sexism in the video game industry, and the lack of accountability in large video game companies.

The company's stock prices began a downward trend in the summer of 2021 that ended only when Microsoft announced they will purchase Activision Blizzard. Consumers complained of lack of game quality. The January 2022 Call of Duty franchise update, largely built during the turmoil since the lawsuits were filed, was full of quality-control issues. The update reportedly broke the game when it was uploaded (Mackay, 2022).

Gamers are committed to the game franchise, not the company that makes the game. The Activision Blizzard lawsuits and other changes are of concern to gamers more for how they will impact the playability of the games and release of new content. Some women gamers, though, are watching the changes in hopes of less misogynistic and more relatable content.



Bratt, 2021

## Evidence of crisis preparation

Activision Blizzard has a legacy of sexism, harassment and discrimination, the extent of which is under investigation as part of the ongoing lawsuits. Company leadership continually ignored and downplayed issues, failing to either address them or prepare to deal with the media fallout of the eventual lawsuit. The company's unrealistic self-assessment is evident in their mishandling of their responses. The immediate defensive reaction speaks to how disconnected the leadership was with the experiences of their female employees.

The organization did not have a clear and cohesive response to the initial lawsuit, rather individual leaders sent emails to employees without a clear plan or purpose. It is not clear what notification may have happened aside from the all-staff emails or how shareholders were notified. If Activision Blizzard had a crisis management plan, it was not adequate to handle the situation, or the leadership did not correctly implement it.

It was announced on January 18 that Microsoft is purchasing Activision Blizzard for \$67.8 billion, which Forbes indicates could help the company move past the issues of sexual misconduct (Segal, 2022).

Activision Blizzard did not share what it was doing to address accusations of misconduct when the issue first arose, when the lawsuit was filed, or when employees called for the resignation of leadership. The company did not disclose any efforts to address issues and heal their workplace until they were forced to do so (Segal, 2022).

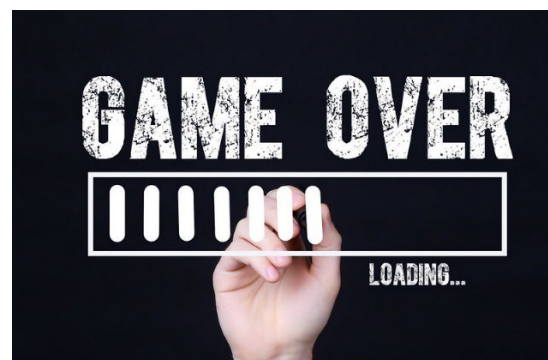
## Summary

The limited extent to the public outrage at the way in which female employees are treated may indicate the sexism and discrimination in the video game industry is so systemic that it seems *normal*. This feeling of it being *the victim's* problem and not *the company's* problem perpetuates the issues and shows a lack of understanding and commitment to the issue on the part of leadership.

John Forberger of Forberger Communications is quoted by Forbes as saying, "Activision's lack of response is not only an error in judgment, but it goes against all logic and PR best practices. Their public relations crisis is well-deserved because they did not sincerely and quickly address the allegations of widespread sexual harassment. The video game publisher allowed anyone and everyone to write the narrative."

Failing to have a crisis management plan and the inability to address a crisis in an appropriate manner could indicate that the crisis has deeper roots in the organization than the immediate events. Proper preparation for crisis response can prevent some crises.

Other video game companies, including Nintendo, Sony, and Microsoft, are paying attention to the Activision Blizzard lawsuits and hopefully learning from the mistakes of others (Makuch, 2021).



Furman, 2020

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