

# Activision Blizzard: Troubled powerhouse in gaming world

January 18 2022, by Joshua Melvin With Thomas Urbain In New York



Activision Blizzard is a troubled star of the gaming world.

Activision Blizzard is a star developer of gaming hits like "Call of Duty",

but the firm has been roiled by serious sex discrimination allegations that have led to lawsuits, firings and official scrutiny.

Microsoft's buyout deal values the company at a whopping \$69 billion, despite the scandal that has put an unflattering spotlight on the "Candy Crush" maker's leadership and company culture.

Founded in 1979 by former Atari programmers unhappy with their pay, Activision had more than \$8 billion in sales in 2020.

It relies on a few major franchises, namely "World of Warcraft", a multiplayer game that is still very popular almost 30 years after it launch, the first-person shooter "Call of Duty" and the "Candy Crush" puzzle [game](#).

Yet since last year, the company has been hit by a major equality scandal.

Trouble began to surface with the launch, in late July, of a lawsuit by the state of California, which reported [sexual harassment](#) and discrimination against women, who represent about 20 percent of the firm's employees.

A nearly all white and male suite of executives, pay disparities and other markers of gender disparity have turned up in regulators allegations.

## **Bad behavior**

The documents also report claims of a "frat boy" party culture of heavy drinking in which [women workers](#) were groped, had to fend off sexual advances and faced retaliation if they spoke up.

"Male employees proudly come into work hungover, play video games for long periods of time during work while delegating their

responsibilities to [female employees](#), engage in banter about their [sexual encounters](#), talk openly about female bodies, and joke about rape," the California state suit says.

Activision Blizzard has reached an agreement with a US federal discrimination watchdog to create an \$18 million fund to settle claims alleging sexual harassment and gender discrimination.

CEO Bobby Kotick apologized to employees and announced last year the implementation of a "zero tolerance" policy against harassment, as well as the creation of a \$250 million envelope to allow the publisher to increase to 50 percent the proportion of women and non-binary people.

It has been a turbulent period for Kotick, who has been CEO for over three decades after entering the company with a group of investors and a personal \$400,000 stake that would be worth \$16 billion at Tuesday's price.

An old-fashioned entrepreneur, Kotick rebuilt Activision after its near bankruptcy in the 1990s before embarking on a run of acquisitions to negotiate the shift to multiplayer games and then to the smartphone revolution.

In 2008, he merged his firm with Vivendi Games, allowing Vivendi to take 52 percent of the group's capital in order to get "World of Warcraft".

Only five years later, he and a group of investors bought the bulk of the participation of Vivendi, then in [financial difficulties](#).

Then in 2016, Activision Blizzard dropped \$5.9 billion to acquire the British-Swedish King, creator of "Candy Crush", and positioned itself in the world of mobile games.

Kotick has been pressured to resign by many critics, investors and employees, as a Wall Street Journal investigation alleged in November that he had known about certain accusations for several years.

According to the Journal, the Long Island, New York, native told employees that he was ready to leave the company if anti-harassment measures did not bear fruit quickly enough.

© 2022 AFP

Citation: Activision Blizzard: Troubled powerhouse in gaming world (2022, January 18) retrieved 2 June 2023 from <https://techxplore.com/news/2022-01-activision-blizzard-powerhouse-gaming-world.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.