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Activision Blizzard, Inc.: Facing the Call of Duty with a Laser Focus on Women

On November 18, 2021, the stock price of Activision Blizzard, Inc., the Santa Monica, California-based video game developer and home to big-name hits including *Call of Duty* and *World of Warcraft*, dropped to \$62.67 from a 52-week high of \$103.31 reached on February 12, 2021.¹ The nearly 40 percent drop resulted from a set of adverse events over several months and culminating in the previous two days.

On November 16 came the publication of a *Wall Street Journal* article² regarding charges of rampant gender discrimination and sexual harassment, which had initially been revealed in a July 2021 lawsuit filed by the California Department of Fair Employment and Housing (DFEH).³ The *Journal* report added significant revelations. One was the assertion that CEO Robert A. Kotick (he/him) had not kept the board of directors informed of employee issues at the company and that the DFEH lawsuit had blindsided the board. Second, the report indicated there was significant employee attrition at the company. Thus, it was unlikely that the company would be able to release current versions of their popular games on time.

The following day, a group of shareholders wrote a letter to the company demanding the removal of Kotick.⁴ Additionally, Sony, which accounted for 17 percent of Activision's revenues (via its PlayStation), pressured Activision to "better address sexual-misconduct issues."⁵ On the heels of these demands came a similar announcement from Microsoft, another major customer which accounted for 11 percent of Activision's revenues.⁶

Activision's board, led by lead independent director Robert J. Morgado (he/him) and chairman Brian Kelly (he/him), had to come up with a response. The urgency grew when nearly 17 percent of Activision's workforce demanded large-scale changes, via an online petition, and staged a walkout to demonstrate their displeasure.⁷ So, the company's board formed a "Workplace Responsibility Committee", led by independent directors Dawn Ostroff and Reveta Bowers, to oversee the company's actions to improve workplace culture. Kelly and Morgado awaited the recommendations from the only two women on the board.⁸

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