



October 30, 2023

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Dear Mr. Gelpi:

Corporate social activism is not necessarily at the forefront of most gaming companies, especially as they are just starting out. Since Perfect Storm is a newer company, it is understandable that there is no solid dedication to any corporate social responsibilities yet. And with such a charged political environment, should Perfect Storm even involve itself with Corporate Social Activism at such an early stage in the company's development?

What Exactly is Corporate Social Activism?

I'd like to clarify the meaning of corporate social activism (CSA) as it is often misconstrued with corporate social responsibility (CSR). CSR is typically less divisive and operates within universally understood ethics in business like valuing inclusion and improving working conditions, for example. However, corporate social activism is taking a stand for or against an issue that is largely seen as more partisan in the political spectrum like supporting strict environmental policies, gun reform, defunding military and police forces, supporting access to abortions, and more. You're probably wondering what business an esports company has with such hot-button topics and whether it should even involve itself in this arena.

Why should you Participate in Corporate Social Activism?

There should always be solid reasoning behind CSA efforts. Here are some questions to ask while choosing whether or not to support a certain cause, according to The Conference Board's article on CSA, "Choosing Wisely: How Companies Can Make Decisions and a Difference on Social Issues."

- Is this issue related to the company's core values or core business?
 - Perfect Storm's main publicized values lie in teamwork and positive community building. Having more clear values posted on your website would be a good idea, especially when it comes to backing up any activism efforts.

- Is the company able to make a meaningful impact?
 - Perfect Storm is still small, but once it grows as an openly vocal company, it has the potential to shift attitudes in the esports community.
- Is the CEO passionate about the issue?
 - In our discussions, you mentioned that you value community and creating a positive gameplay experience. This can lend itself to a desire to stand up for issues that will lead your company, and the esports community, down a path of more positive interactions within the gaming spaces.
- Does the company feel pressure from customers, employees, and investors?
 - Perfect Storm is still young and likely doesn't face this type of pressure yet. However, taking a stand for issues the company is passionate about at this point in time, driven by intrinsic motives, will show that the company is solid in its values and beliefs. This would prove that Perfect Storm does not simply bandwagon by following trending CSA efforts made by other businesses when faced with pressure.

Given the analysis of these criteria, I would say that CSA is worth considering for Perfect Storm.

How can Perfect Storm Participate in CSA?

Given that Perfect Storm's values align with teamwork, positive gaming experiences, and community building, I would recommend tackling the toxic culture surrounding esports and gaming as a whole. It is no secret that certain games are known to have "toxic" fanbases, usually due to "a range of behaviours including racism, sexism, aggression, spamming, and trolling" (Huston et al., 2023). Toxicity can also include the use of foul language, anti LGBTQ+ rhetoric, and a slew of other obscenities that go unchecked in voice chats, discord channels, and social media in general. We even see this toxic culture migrate offline and into the workplace with Riot Games who recently had to settle in a sex discrimination lawsuit for \$100 Million (Shepherd 2023). Fighting against this toxicity aligns with Perfect Storm's goals to create a more positive gaming community, so it would make sense to pursue CSA to eliminate features of this toxicity like sexism, racism, and homophobia.

I would recommend taking a stance on gender disparities in gaming by supporting initiatives to stop sexual harassment, imposter syndrome in gaming, and similar gender-based initiatives (Lindsey et al., 2023). I recommend taking a stand on this specific topic because while there are a number of things that contribute to toxicity, spreading CSA efforts across too many issues may read as inauthentic. Additionally, sexism is and has been a major issue in the gaming space for a long time. The recent Riot Games lawsuit made this hot-button issue in the gaming industry resurface. This recommendation is also backed by data showing that female gamers are fairly prominent and make up almost half of the gaming audience (see figure 1). This shows that there is an audience in the gaming community that would be appreciative of inclusion initiatives,

alongside those who are sympathetic to these causes despite not personally identifying with these marginalized groups.

Distribution of Video Gamers in the United States from 2006 to 2022, By Gender

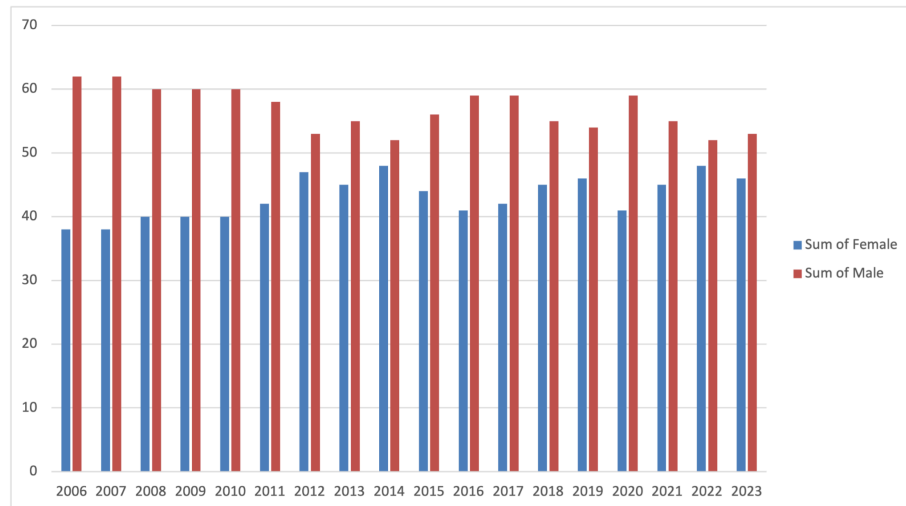


Figure 1: Data from Entertainment Software Association

Benefits, Risks, and Implementation

With this topic, what could CSA look like? While there are a range of intensities with which a company could pursue CSA, simply stating that “sexism is wrong” is not true activism; this is generally agreed upon and largely bi-partisan, even if some gamers would call this too political in itself. To align more with what corporate social activism entails, your company would have to align with something more partisan, like an affirmative action plan to hire more female and non-binary employees, for example. Another example of a partisan way to support female individuals would be openly supporting access to birth control and abortions, especially at a time when reproductive rights have been or are at risk of being taken away in many US states.

Alongside aligning with company values, there are benefits of pursuing corporate social activism; this is an opportunity to differentiate Perfect Storm. In an industry that is known for toxicity, being a company that openly rejects aspects of this culture is valuable. However, there are also risks associated with taking stances on these topics. For example, Perfect Storm can be seen as insincere with accusations of bandwagoning, rainbow washing, and hypocrisy. While it is easy for a company to say they support something, it can backfire if they don’t practice what they preach. This is a potential risk for Perfect Storm, seeing as your team is arguably not very diverse with regard to race and gender. There is also the risk of alienating fans who view topics of inclusion as inherently too political since there has been an ongoing plea from certain parts of the gaming industry to “keep politics out of my media.” While your company values don’t align

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with this train of thought, it is still worth considering if this audience makes up the overwhelming majority of your consumer base.

Now that we have an initiative that aligns with company values, how intensely should Perfect Storm pursue CSA? This depends on factors also suggested in the “Choosing Wisely” article.

- Low involvement – Monitor and watch: Perfect Storm can pursue this tier since the company is relatively small and young; there may not be enough resources in the company for outward engagement. However, this doesn't mean the company should disregard the issue. If resources allow, a higher tier could be better.
- Medium involvement – Educate and support: This tier is for “issue[s]... of material or operational importance to corporate performance and/or to stakeholders but doesn't connect to the company's core mission or values.” (Washington et al., 2018) This issue is important to Perfect Storm’s stakeholders (gamers, employees, future employees, etc.) and connects to company values, so if resources allow, this would be a good tier of CSA for Perfect Storm to pursue.
- High involvement – Engage and participate: this issue relates to the values of Perfect Storm, has no operational impact, and has some stakeholder impact. This tier applies to situations where “it's better to take a participatory approach rather than an active leadership stance” (Washington et al., 2018). This is also an attainable CSA tier for Perfect Storm, but with the size of the company, there may not be enough resources to dedicate to meaningful engagement and participation.
- Extremely High involvement – Embrace and lead: while this issue aligns with Perfect Storm’s values, it doesn’t directly affect operations; the company does not need to be among the first to speak out publicly.

Given this tier analysis, Medium CSA involvement, educating and supporting initiatives, would likely be best. This can look like spreading educational resources about advancements for women and non-binary individuals in male-dominated fields or spreading information about where individuals in states where access is limited can receive an abortion or gender-affirming care, alongside a plethora of other alternatives. These initiatives lean toward partisanship due to attitudes surrounding accusations of affirmative action, transgender rights, and abortion rights.

If you choose to pursue CSA efforts, please don’t hesitate to reach out with any additional questions or concerns; I’m looking forward to hearing your thoughts. My firm is happy to help your company create a CSA action plan.

Sincerely,

Jakarta Robinson

Research Analyst

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AI Attestation

I attest that this paper did not use Artificial Intelligence at any stage in its development or in the creation of any of its components.