

Game Changer:
Building DE&I into the
Gaming Industry's CEO Succession Process

As the video, mobile and online gaming industry continues to rapidly evolve and innovate, it needs imaginative leaders who reflect the diverse perspectives of their players and audience. However, gaming's lack of gender, ethnic and racial diversity is a well-known, consistent challenge - especially at the most senior leadership levels.

Recognizing the industry's need for more equitable representation, Russell Reynolds Associates set out to better understand the barriers that hinder promotion into executive positions for underrepresented communities and identify solutions that will reshape the leadership landscape. We analyzed 60+ global gaming companies to understand what their CEO succession pipelines look like today. Additionally, we interviewed board members, CEOs, GMs and CHROs at leading gaming companies to glean their perspective on gaming's lack of diversity at the top, and what measures can be taken to address this issue.



Here's what we found:

- **Consumers drive content, and gaming's growing customer base demands better representation:** The lack of diversity within gaming's content creation process has direct impact on customer reach and lifetime value. We identified that there is substantial opportunity to broaden studio hiring practices.
- **To improve DE&I outcomes, it must come from the top:** Attraction and acquisition of underrepresented talent is the hardest part of increasing diversity, whereas retention strategies are easier to deploy. Implementing internal policies and programs to promote and develop underrepresented talent will bolster the CEO succession pipeline and yield long term success.
- **Succession planning is improving—but not quickly enough:** Our analysis showed that CEO succession pipelines are slowly expanding to include more underrepresented talent - but there are still many opportunities for improvement.



Consumers drive content, and gaming’s growing customer base demands better representation

As the number of people who game [continues to surge and diversify](#), organizations need content creators who reflect their diversifying customer base and have the cultural competence to navigate new markets. For example, the discrepancy between gamer demographics and character representation in video games highlights this issue (see Figure 1).

“It is possible to make games more inclusive,” noted Activision Blizzard board member Dawn Ostroff. “The call for more diverse representation in games will drive the need for more diverse creators, designers and product talent, which will expand

Figure 1: Comparing the demographics of gamers and gaming characters

The current video gaming industry still has a way to go to be representative of our society

Chart 1A: Gender Diversity in Video Gamers

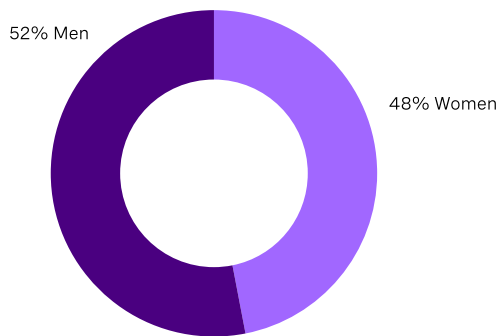
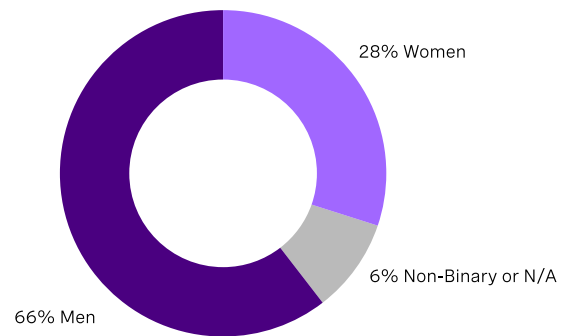


Chart 1B: Gender Diversity in Video Game Characters



*The labeling has been updated to reflect gender identity constructs rather than biological sex.

Source (1A): Statista, Entertainment Software Association via Dataprot.net, n = 214.4 million US gamers, as of August 2023 Source (1B): DiamondLobby's "Diversity in Gaming Report: An Analysis of Diversity in Video Game Characters", n = 810 characters from 93 of the highest selling games released between 2017 and 2021



When we looked at representation in our analysis, Heads of Studios were the least diverse group of gaming executives (86% of Studio GMs in the US and Canada are men). This matters because, according to our analysis, more than half of current global gaming CEOs have come from a Studio GM background. The two consistently cited barriers to expanding the diversity of this talent pool were: (1) candidates not having P&L experience and (2) candidates lacking oversight experience of significant game and creative development projects. Additionally, industry perceptions or biases about certain roles (such as assuming that certain games are inherently male-dominated, thereby requiring men to create them) may also perpetuate the lack of diversity in leadership positions.

To combat the lack of demographic diversity in executive leadership, future-focused leaders in the industry have implemented specific programs to support underrepresented talent in navigating these barriers. For example, Xbox launched the [JD@Xbox Developer Acceleration Program](#) to empower underrepresented creators with access to technical tools, financial resources and mentorship. Sarah Bond, Corporate Vice President of Xbox's Game Creator Experience & Ecosystem, maintained that these types of programs can address the systemic change needed in the industry, and that the "creative force that makes a game will naturally evolve and resolve with these types of programs. This is the frozen layer that will open up the most opportunities, but takes the longest to melt."

Beyond content creation, product managers, designers, and other corporate functions also need to have the ability to contribute new ideas with a knowledge base and sensibility towards diverse experiences.

This includes scoping great talent that holds these values and have high cultural awareness. Over the years, diversity in perspectives has been shorthand for strictly demographic diversity and representation. Representation is one important prong of a broader coordinated strategy to ensure companies stay relevant to a changing marketplace.

In essence, ensuring diversity in teams can lead to expanded representation in games and can create more interest from untapped audiences to grow customer reach. Supporting underrepresented groups in game design and development will create more diversity at the lower levels of studios and gaming companies, which—when paired with proper equitable talent management practices—will eventually lead to greater diversity at the top.





To improve DE&I outcomes, it must come from the top

Leadership is critical in driving DE&I. Senior leadership teams and boards have to own it, as they have outsized impact on driving real, top-down culture change. Sarah Bond emphasized that “culture change does not happen bottom up” and that at Microsoft, DE&I was central to its corporate strategy. Satya Nadella had set explicit goals for his leadership team around DE&I, which has helped evolve Xbox as an organization.

While there are many champions for diversity among senior leadership, the representation of gender and racial diversity at the top in the industry is staggering; just 5% of the 60+ gaming companies we analyzed have women leaders, and just 12% of these top leaders are racially diverse (see Figure 2).

Figure 2: Racial and gender diversity among CEOs in the gaming industry

Racial Diversity



■ Asian/American (8%)
 ■ African American/Black (0%)
 ■ White (82%)
 ■ Latinx (2%)
 ■ Middle Eastern (2%)
 ■ Other (2%)

Gender Diversity



■ Women (5%)
 ■ Men (95%)

Source: RRA analysis, n = 41 CEOs based in the US and Canada and 64 gaming companies across all global regions

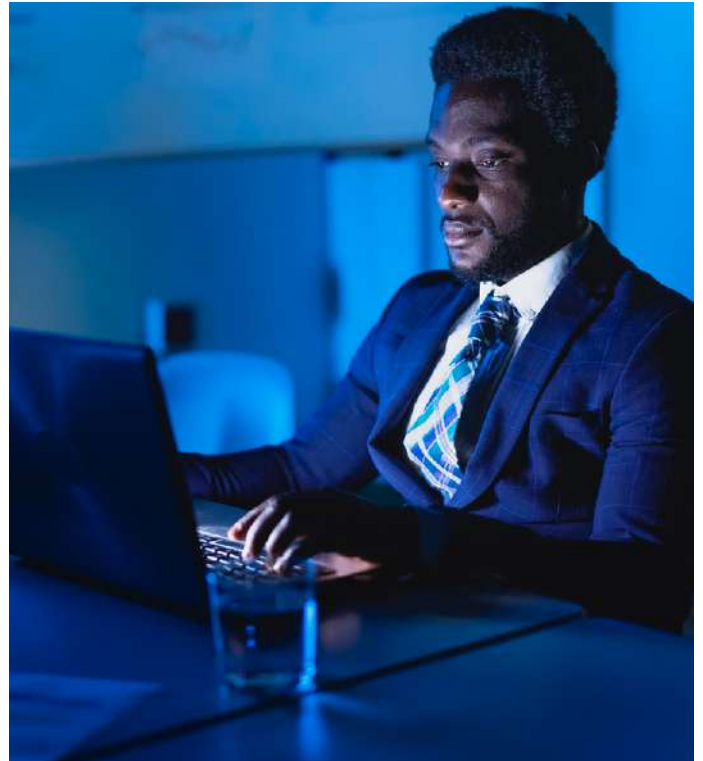
In light of the industry's historical lack of diversity, attracting underrepresented talent to the EVP/SVP and C-suite levels has been an uphill battle. How can the succession pipeline become more diverse?

There are a number of strategies that can help encourage gaming executives to improve ways of working, increase inclusive approaches, and retain underrepresented executive talent. These range from removing the gaming experience requirement for key successor roles, to incorporating inclusive leadership skills into success profiles for hiring and promotion. A C-level executive, who identifies as a Black woman, shared with us that she joined the gaming industry for the first time because she believed representation at the top was critical for the industry's future success, especially with respect to connecting with the next generation of gamers.

From the top, gaming executives can impact their company's internal environment and culture by continuing to examine their own hiring processes and internal policies ensuring equitable and inclusive practices. Diversity measures have compounding effects on organizational culture overall, increasing innovation and success in the product development process, and reducing turnover and burnout.

Roblox is an example of an industry-leading company with board and C-suite leadership enacting top-down initiatives focused on creating robust and diverse talent acquisition and retention programs. The company [measures and assesses](#) their recruiting funnel to detect and remedy any bias, and has implemented a simulation-based assessment system to reduce unconscious bias in the hiring process. Roblox then continuously tracks their progress by analyzing promotion rates, representation in leadership positions, pay equity, and employee satisfaction.

These concerted efforts at Roblox have led to improved outcomes. In a [July 2023 blog post](#), the company's founder and CEO acknowledged these improvements, citing "evidence of a fair and objective process, with promotion rates statistically equivalent across gender, racial and ethnic lines," and noting that Roblox has seen a 40% increase in women in leadership positions



from June 2020 to June 2023. Moreover, "as of May 2023, 64% of [their] employees are employees of color, up from 57% in 2020. [They] believe this is a result of broad recruiting outreach, coupled with equitable hiring practices." Finally, using employee satisfaction and engagement surveys to measure their culture, Roblox found that their employees are overwhelmingly satisfied and proud to work for Roblox, and that this sentiment holds across identities, with no significant difference between women and men.

Anecdotally, an anonymous executive of color that we interviewed shared a promising story. An African American man who had recently joined their company told this executive that it was the first time he saw a person of color in a senior leadership position within the industry, and that was inspiring to him.

Inclusive hiring practices help with retention, and retaining more diverse talent at the senior level can be a multiplier for organic diverse headcount growth.



Succession planning is improving—but not quickly enough

While CEO demographics in the video game industry are extremely skewed towards white men, our analysis found that the CEO succession pipeline shows a somewhat more optimistic picture.

The CEO pipeline—which includes the number two lieutenants and very senior executives—is growing more gender-diverse, with women in our analysis representing 25% of this talent pipeline (see Figure 3). This is significant when compared to the 5% representation among the current gaming CEOs highlighted in Graphic Our analysis did not see any significant difference in representation between racially diverse CEOs and their successor candidates.

Figure 3: Racial and gender diversity in the CEO succession pipeline in the gaming industry

Racial Diversity



■ Asian/Asian American (11%) ■ African American/Black (4%) ■ White (81%) ■ Latinx (2%) ■ Middle Eastern (0%)

Gender Diversity



■ Women (25%) ■ Men (75%)

Source: RRA analysis, n = 107 next-gen leaders based in the US and Canada and 64 gaming companies across all global regions

While this pipeline of future CEOs is promising, some of the leaders we spoke to maintained that this is simply not good enough, especially with the reported demographics of gamers shared earlier.

When searching for their next CEO, recruiting teams often face challenges in identifying underrepresented leaders who have led big creative or game development projects. To address this and expand the CEO succession pipeline, Activision Blizzard has recently launched [Level Up U](#), a three-month training program for engineering candidates to develop technical game content creation, engineering, and game development experience. This program allows for underrepresented talent to develop a key skillset often prioritized in gaming CEO success profiles, and has seen results: Activision Blizzard board member Dawn Ostroff shared with us that nearly half of the hires from this program were women or non-binary people.

Companies should consider hiring underrepresented talent, and, more broadly, talent with an inclusive mindset into early to mid-level management roles to develop core skillsets in preparation for the next level. This solution allows diverse and inclusive talent to develop the necessary experience and skills needed for C-suite roles and provides them with opportunities to learn and grow, bridging the gap between their current experience and the requirements for higher-level positions.



The future of DE&I in the gaming industry

More people are playing video games than ever before, and the lack of diversity in gaming's executive ranks will become increasingly problematic if not addressed. DE&I strategies are becoming an enabler to grow business, and leadership teams must set explicit DE&I goals for themselves to progressively evolve their organization.

Here are three key actions your company can take:

- Expand screening criteria to [scope in talent](#) outside of the gaming industry who have transferable skills and experiences
- Build on inclusive leadership competencies and cross-cultural education to support all employees in meeting the business imperative of reaching a diverse customer base
- [Improve succession pipelines](#) to prioritize equitable and inclusive leadership along with strong business acumen

Reimagining gaming's next-gen talent strategy to both meet and generate market demand will be critical for any company's future success within the industry. This requires strong partnerships between CEOs, boards, CHROs, GMs, and DE&I leaders to share accountability for an equitable and inclusive workplace that can positively impact the industry and its players. By taking an equitable approach to talent practices, organizations can slow down the drain on an already small pool of underrepresented talent, protect and grow their pipeline, and strengthen efforts to increase representation at the very top.

Methodology

We studied the top 64 public and private gaming companies in all global regions and interviewed 3 human resources officers, 2 board members, 1 CEO/Executive Chairman and 1 GM in the US to understand their perspectives on the reasons behind the lack of diversity among leadership within the industry, and what measures can be taken to address these issues. The interviews were held between July 24 and August 9 2023.

- Gaming industry verticals analyzed included video gaming, mobile gaming, online gaming, gaming platforms, esports, digital sports entertainment, online gambling, and AR/VR game developers.
- Gaming companies analyzed were at least \$200M in revenue.
- Next-gen gaming leaders analyzed included Chief Product Officers; GMs, Presidents and Studio Heads; Chief Financial Officers; Chief Operating Officers and Chief Strategy Officers at one level below the C-suite for gaming companies less than \$2B in revenue; and at two levels below the C-suite for gaming companies above that same threshold.
- Reportable racial and gender statistics were limited to gaming executives based in the US and Canada
- Pitchbook (2023, May 5) Top 100 Gaming Company Profiles. PitchBook. Retrieved from <https://www.pitchbook.com>



Authors

Robert Alexander is a member of Russell Reynolds Associates' Technology Knowledge team. He is based in New York City.

Jemi Crookes leads Russell Reynolds Associates' Technology Knowledge team. She is based in Washington, D.C.

Raffi Demirjian is a member of Russell Reynolds Associates' Technology Knowledge team. He is based in Dallas.

Farrell Murphy is a member of Russell Reynolds Associates' Technology practice. She is based in Los Angeles.

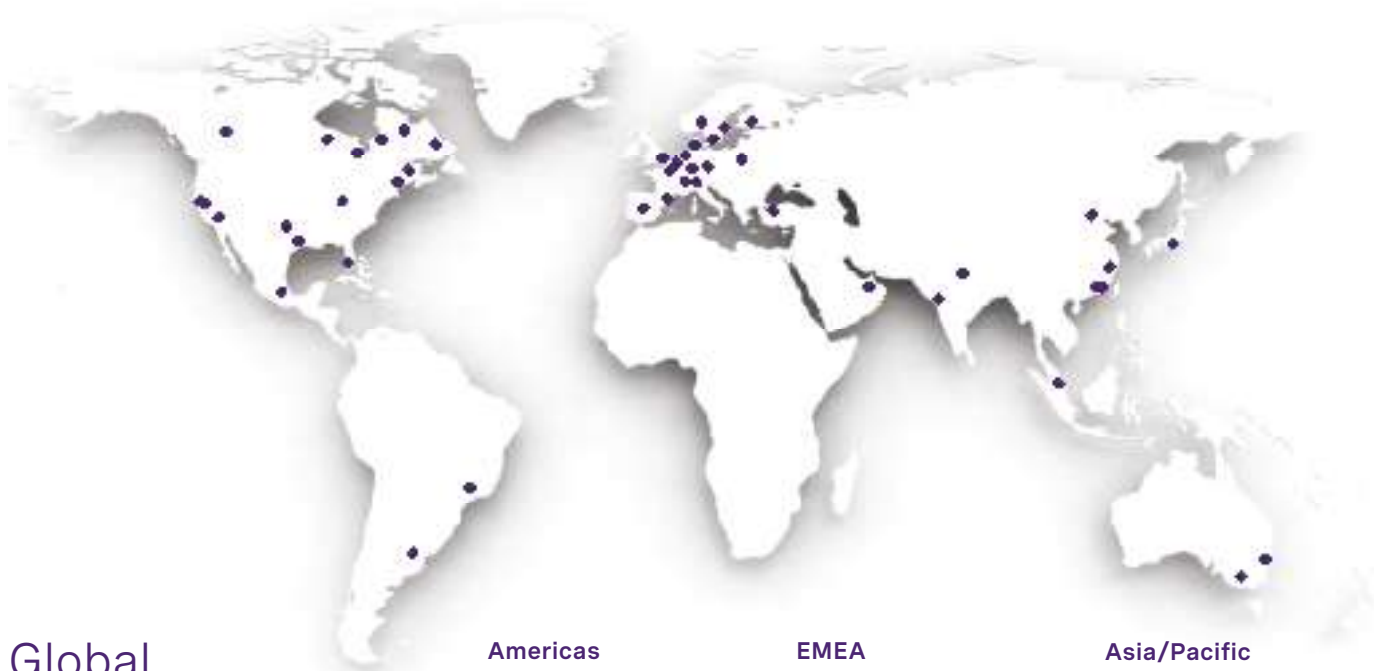
Yen Ling Shek is a member of Russell Reynolds Associates' Diversity, Equity, and Inclusion Advisory practice. She is based in Los Angeles.

Greg Sherman leads Russell Reynolds Associates' Gaming practice. He is based in Los Angeles.

About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory firm. Our 600+ consultants in 47 offices work with public, private, and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, sustainability, and political trends that are reshaping the global business environment. From helping boards with their structure, culture, and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

www.russellreynolds.com



Global offices

Americas

- Atlanta
- Boston
- Buenos Aires
- Calgary
- Chicago
- Dallas
- Houston
- Los Angeles
- Mexico City
- Miami
- Minneapolis/St.Paul
- Montreal
- New York
- Palo Alto
- San Francisco
- São Paulo
- Stamford
- Toronto
- Washington, D.C.

EMEA

- Amsterdam
- Barcelona
- Brussels
- Copenhagen
- Dubai
- Frankfurt
- Hamburg
- Helsinki
- Istanbul
- London
- Madrid
- Milan
- Munich
- Oslo
- Paris
- Stockholm
- Warsaw
- Zürich

Asia/Pacific

- Beijing
- Hong Kong
- Melbourne
- Mumbai
- New Delhi
- Shanghai
- Shenzhen
- Singapore
- Sydney
- Tokyo