

At the Crossroads of Game Studies and Business Ethics: What are the Sustainability Obligations of Stakeholders in the Game Industry?

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INTRODUCTION

Sustainability and corporate social responsibility (CSR) have gone mainstream in many industries, as initiatives such as the *UN Sustainable Development Goals* and the *UN Global Compact* have gained traction and many formerly voluntary sustainability practices have become mandatory for business, especially in the EU. Moreover, sustainability standards are now common, and environmental, social, and governance (ESG) criteria are routinely being used to screen investments (Clarkin, Sawyer & Levin, 2020). However, the game industry has made comparatively little systematic effort addressing its sustainability and CSR issues since scholars first raised the issue (Jones, Comfort & Hillier, 2013; Busch, 2015). In our paper, we will thus (1) present well-documented, high-profile challenges illustrating the game industry's struggles across the three classic pillars of sustainability, and (2) apply three critical business sustainability frameworks to identify the game industry's normative obligations regarding sustainability. This is to provide a stakeholder mapping that is intended to show how stakeholder groups can respond to these

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challenges. In doing so, we aim to introduce game studies scholars to highly relevant work in the field of business ethics that lends itself very well as a springboard to advancing interdisciplinary research.

Economic, social, and environmental sustainability challenges in the game industry

Recurring market disruptions indicate that the game industry's *economic sustainability* is questionable. For instance, shareholder-driven triple-A publishers such as *Activision*, *EA*, and *Ubisoft* have gone through major crises in recent years while many mid-sized developers have been acquired or shut down entirely. Furthermore, indie developers suffer from being invisible due to the flood of new releases on *Steam* and *XBox Game Pass*. On mobile, growth-driven strategies over the past decade have been focusing on user data extraction and exploiting “whales,” while many major console and PC game publishers have only been able to grow by relying on state subsidies, tax breaks, and short-term gains in market share by way of mergers and acquisitions instead of developing their respective businesses sustainably (Dyer-Witheford & de Peuter, 2009; Zackariasson & Wilson, 2012; Sotamaa & Švelch, 2021; Lehtonen, Gustafsson & Hassan, 2023).

When it comes to *social sustainability*, the game industry has been struggling with issues like “crunch” in game production and e-sports, unionization conflicts, and the self-exploitation of indie developers (Cote & Harris, 2021, 2023; Legault & Weststar, 2024). In the mobile market, free-to-play business models have triggered ethical debates and regulatory attention because loot boxes and gacha mechanics straddle the line towards gambling (Drummond et al., 2020; Paul, 2020; Xiao et al. 2022). Moreover, despite many laudable efforts across the more forward-thinking parts of the industry, addressing its obligations regarding diversity, equity, and inclusion in a sustainable fashion is still a major problem for the game industry as a whole (Consalvo, 2012; Busch, Chee & Harvey, 2016; Gray & Leonard, 2018; Humphreys, 2019; Gray, 2020; Mortensen & Sihvonen, 2020).

Lastly, regarding *environmental sustainability*, the industry's entire value chain is inextricably linked to the use of material resources, including studios' development kits and workstations, distribution networks like *Steam* and their data centers, and consumer hardware (Busch, 2015; Abraham, 2022; Asher, 2022). The “myth of clean tech” (Crawford, 2021: 41–46) promises efficiency gains, but those are negated by rebound effects, and e-waste continues to be an unsolved problem, especially in the global south (Dyer-Witheford & de Peuter, 2009). As large publishers have recently been promoting NFTs and similar technologies, and given the constant arms race when it comes to creating ever more powerful CPUs and GPUs, the overall carbon impact of the games industry will likely increase even further in the future (Barber, 2021; Tabuchi, 2021).

Identifying the game industry's obligations regarding business sustainability

Against this background, we have analyzed the relevant business ethics literature to identify the sustainability and CSR obligations companies have at the strategic level, i.e. at the interface of business and society at large. We identified three relevant frameworks addressing the normative sustainability obligations of companies: (1) the

EU-wide, commonly shared understanding of CSR, according to which companies have a responsibility to actively manage their impact on society, including the natural environment (European Commission, 2011); (2) Ulrich's (2008) *integrative economic ethics* framework, which takes a Habermasian approach arguing that companies have an obligation to engage only in those business activities that their stakeholders deem legitimate, and which was influential on the widely cited framework of *political CSR* by Scherer & Palazzo (2007, 2011); and (3) Dyllick & Muff's (2016) approach of *business sustainability 3.0*, which argues that companies should switch to an inside-out perspective and make use of their resources to help overcome global sustainability challenges instead of merely attempting to create shareholder value. Based on these macro-level, strategic frameworks, companies should then rethink their business models at the operational level and gear them towards sustainability from the ground up (Valente, 2015; Hope, 2018; Lüdeke-Freund, Breuer & Massa, 2022; Becker, 2023).

What does this mean for the strategic management of the game industry? When it comes to the sustainability obligations laid out above, it is important to recognize that the game industry is not a unified actor (Keogh, 2023; Legault & Weststar, 2024). Instead, it is divided into a wide range of stakeholders that can be clustered into groups of varying power and responsibility. To illustrate the respective interests and interplay of these stakeholder groups, we conducted an international stakeholder mapping, assessing game industry stakeholders' varying (a) awareness, (b) willingness, (c) capacity, and (d) practical ability to help overcome the industry's sustainability challenges. Our mapping demonstrates that stakeholder groups (such as large and small publishers, large and small development studios, trade associations, consumer groups, civil society and NGOs such as the newly formed *Sustainable Games Alliance*, policymakers, etc.) form a complex network of interests and obligations that are partially aligned in the same direction and partially conflicting with one another. This complex setup will make it difficult to overcome the industry's sustainability challenges in the near future, but it can be used productively if forward-thinking industry actors decide to form strategic alliances.

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