sciendo

Player Exploitation in Esports
Esports Organizations Policies and Business Strategies

Teodora DOMINTEANU[*]
Bucharest University of Economic Studies, Bucharest, Romania[1]
[*]*Corresponding author, teodora.dominteanu@defs.ase.ro*

Neluța SMÎDU
Bucharest University of Economic Studies, Bucharest, Romania[2]
neluta.smidu@defs.ase.ro

Andreea VOINEA
Bucharest University of Economic Studies, Bucharest, Romania[3]
andreea_voinea1981@yahoo.com

Corina-Claudia DINCIU
Bucharest University of Economic Studies, Bucharest, Romania[4]
corina.dinciu@defs.ase.ro

Maria-Cristiana PORFIREANU
Bucharest University of Economic Studies, Bucharest, Romania[5]
maria.porfireanu@defs.ase.ro

Adrian IACOBINI
Bucharest University of Economic Studies, Bucharest, Romania[6]
adrian.iacobini@defs.ase.ro

Abstract. *Player exploitation in esports refers to the practice of exploiting players for financial or other gain without providing fair compensation or benefits. This can include issues such as low wages lack of job security and poor working conditions. Examples of player exploitation in esports include signing players with long-term contracts with low wages and no benefits and the use of non-disclosure agreements. Agreement (NDA) prevents players from discussing their pay or working conditions. This situation makes it difficult for players to negotiate better contracts or speak out against abuse leaving teams if they are unhappy with their situation. Another example is the lack of proper training support and benefits for players such as healthcare and mental health. Many esports teams do not provide enough resources for players to improve their skills and maintain good physical condition. This can lead to fatigue and injuries which can seriously affect a player's career. Many esports players are young and the lack of access to these resources makes them vulnerable to exploitation. The esports industry is still relatively new and unregulated which can make it easy for companies and teams to exploit players. However, there are many organizations and advocacy groups working to improve working conditions and ensure fair treatment for sports athletes. Athlete exploitation in esports in general is a serious issue that needs to be addressed to ensure that athletes are treated fairly and have the resources they need to succeed in their careers.*

Keywords: esports players, mistreatment, organizations policies, business strategies.

[1, 2, 3, 4, 5, 6] *Department of Physical Education and Sports*

DOI: 10.2478/picbe-2023-0127
© 2023 T. Dominteanu; N. Smîdu; A. Voinea; C. C. Dinciu; M. C. Porfireanu; A. Iacobini, published by Sciendo.
This work is licensed under the Creative Commons Attribution 4.0 License.

Introduction

Player exploitation in esports refers to the exploitation of players by organizations, teams, and other entities in the industry. (Schöber T. & Stadtmann G., 2022) This can take many forms, including:

- **Unfair contracts:** Players may be asked to enter highly arbitrary contracts with organizations or teams without adequate compensation or protection. This may include restrictions that limit a player's ability to transfer to another team or organization or allow a team or organization to completely control the players´ image and appearance.
- **Low pay:** Athletes may be paid very little to participate in sports events. Although they spend a lot of time and energy training and competing. This makes it difficult for players to make ends meet and can lead to burnout and early retirement.
- **Lack of support:** Athletes may not receive adequate support from teams or institutions including medical mental health support or training. Rest makes it difficult for athletes to perform at their best and can lead to injuries and other health problems.
- **Lack of attendance.** Athletes may not be adequately represented in the esports industry and may not have a voice in important decisions about the direction and future of the industry. This can make it difficult for players to protect their rights and can lead to a lack of growth and development in the industry.

Esports athletes also known as professional video gamers compete in organized competitions and tournaments for cash prizes and fame. These players showcase their skills and strategies in a variety of popular esports games such as:

1. League of Legends
2. DOTA 2
3. Counterstrike: Global Offensive
4. Overwatch
5. Fortnite
6. Hearthstone
7. PUBG
8. Rocket League
9. Super Smash Bros
10. StarCraft II

These athletes are often part of professional teams and organizations that provide athletic equipment and support to their athletes. They are also known for their high level of commitment and teamwork. Esports players are often highly respected in the gaming community and have a large following of fans and supporters. (Anne T., 2020)

It is important that organizations treat players transparently and fairly to create a positive and sustainable esports ecosystem. Players unions and fair labor organizations help protect players rights. Additionally, industry-wide efforts to standardize contracts and regulations can help prevent exploitation and promote fair treatment of players.

According to Haiqing Y. (2018), esports organizations usually develop policies to control all aspects of their operations including player management team operations and overall business strategy. These policies can vary greatly between organizations but some common areas that may be covered include:

- **Player compensation and benefits:** The organization may outline a policy on how players are paid including salary bonuses and other compensation payments. They may have policies regarding benefits such as health insurance and privacy policies.

- **Contracts:** Organizations may have standard sports contracts that specify the terms of employment for players. Such as travel practice course schedule and other logistical details.
- **Team Management:** Organizations may have policies outlining how teams are managed including team travel training schedules and other logistical details.
- **Business Strategy:** Organizations may have a strategy that defines their overall business strategy that includes things like marketing partnerships that generate revenue.
- **Player conduct:** Organizations may have policies for player conduct on and off the field.

Sports organizations must have clear and fair policies to ensure that all parties including players coaches and management understand their rights and responsibilities. This helps in promoting a positive and sustainable sports environment. (Haiqing Y., 2018) However it should be noted that the esports industry is still in its early stages of development so policies and regulations have not been standardized across the industry. Also, in some cases policies may not be enforced resulting in the exploitation and loss of players. (Hai Ching Y., 2018)

The research questions are:

- What is the relationship between esports organizations and players?
- How can players be affected by the policies of esports organizations?
- What are the trends in the esports industry?

Literature reviews

The esports sector is worth $1 billion and is expanding quickly. Competitive gaming, where video game players compete in front of stadium-sized crowds, has moved out of the darkened basement and into Super Bowl ads and network TV shows. (Mia C., 2016)

Esports leagues have been a marketing windfall for owners of video game developers like Activision Blizzard, which produced a $75 billion industry in 2018. Esports leagues are still working out how to be lucrative. Net gain. A record year for sports sales resulted in millions of dollars for corporate executives. However, this corporate success hides the industry's unfavorable side, which is a sizable underclass of poorly paid independent contractors and freelancers. Activision Blizzard executives' seven- and eight-figure salaries are only made feasible by the swarms of young freelancers who are lured by the idea of making money from video games and accept odd jobs for low salaries with no benefits. It is practically impossible for someone to break into the esports sector without receiving some sort of financial incentive because few esports organizations give freelancers genuine money. (Schöber T. & Stadtmann G., 2022)

When he signed on as an independent contractor for one of the league's teams, one former LCS analyst, who spoke on the condition of anonymity, was 18 years old and lived with his parents. Working remotely for $2,000 a month made him feel like he was always pressed for time.” If I hadn't been living with my parents, it would not have been feasible”, the analyst claimed.” I thought of it as a steppingstone to greater and better things in the industry at the time. But this was false”. The analyst left esports after working with several LCS teams since it became evident that his way of life was unsustainable. It was an isolating atmosphere.

Important freelancers frequently labor for less than a living wage in the esports industry. This is also typical of the well-known *League of Legends* esport. Teams of players work together to coordinate cartoon champions to demolish the opponent team's base in this multiplayer online battle arena game. Developer *Riot Games* gave the league $15 billion last year. That important competition attracted more viewers than the *Super Bowl*. However, many employees of the *League of Legends Champions Series* (commonly referred to as the LCS in North American sports leagues)

are paid in dividends, and many work unpaid overtime, even though Riot Games executive salaries easily reach six figures. (Anne T., 2020)

Not all essential employees in the esports ecosystem are competing for survival, such as tournament organizers and data analysts. Unsurprisingly, players-the people responsible for most of the esports' value-are among its underused allies. While their counterparts in lesser known esports are frequently relegated to independent contractor status, competitors in well-known games like League of Legends receive salaries and benefits. (Hilvoorde van I., 2016)

Avery Wilson, the world's #21-ranked *Super Smash Bros.* player, is the only one who truly understands this. He participates in *Melee bouts*, a *2001 GameCube* game that has, for the past two and a half years, pitted well-known *Nintendo* characters against one another in brutal combat. Wilson is an independent contractor who is constantly looking for new opportunities, in contrast to compensated athletes in traditional sports. (Hilvoorde van I. & Pot N., 2016)

Most of the Wilson's income comes from monthly subscriptions from viewers of his Twitch live streams because the team's contract is four months short. According to Wilson, "I typically make more money from streaming than I do from playing Smash." Wilson placed seventh in the greatest Melee Genesis 6 competition of 2019, earning less than $300. Esports competition is practiced, at least in part, to draw spectators and earn money. Traditional athletes train to enhance their play to win.

Although it is clear how companies and their investors benefit from sports it is not clear how much the player benefits. While many people believe that professional esports players earn millions while playing video games at their desks, the truth is very different. Players have little control over their positions and are vulnerable to the arbitrary actions of their team. (Schaeperkoetter C., C. et al., 2017)

Results and discussions

Some players are better than others. League of Legends is one sport where the players receive a lot of compensation. Players can make anything from $3 to $5000 per month in some more competitive markets, such as the US and China. Players on the Major League Soccer (MLS) and North American League LCS circuits make the same amount of money. While playing other games, players can enter tournaments and potentially win money, but this is not always the case. Teams that don't qualify for the DOTA 2 international prize pool can cash in their wins from several lower-level competitions held all year.

There are some concerns about the quality of life and abuse of athletes by organizations particularly in South Korea. Korean companies have been accused of refusing to pay competitive wages which has slowed the growth of Korean players in other markets. (Schaeperkoetter C., C. et al., 2017)

Even side jobs like studio managers referees commentators are affected in this environment. Because of this, professional esports players depend on developers to build systems that enable them to pay employees on a regular basis - organized leagues and competitive seasons - and any corporate sponsorship they can get. Ultimately esports remains a platform for developers to improve their games despite all the growth and international attention. Professional leagues are maintained and developed by non-profit organizations that operate under them. (Michael B. & Dal Yong J., 2013)

Negative environment and side effects

In an interview, League of Legends player Bae "Dade" Eo-jin said that "Korean players wake up at 1 pm and play until 5 am" and suggested that the 16-hour play schedule was a significant factor in causing burnout. Concerns over the mental health of players intensified in 2014 when League of Legends player Cheong "Promise" Min-Ki attempted suicide a week after admitting to match fixing. (Zhouxiang L., 2016)

Sports games require many actions per minute and some players can develop repetitive strain injuries that can cause hand or wrist pain. Sports medicine and game related injuries were neglected by players and organizations during the early development of the eSports industry leading to the early retirement of some players. (Zhouxiang L., 2016)

To combat the negative environment Korean League of Legends teams have been given new rules requiring minimum wage contracts for professional players and individual streaming players to earn additional revenue. (Dylan B. et al., 2020)

League of Legends Championship Series and League of Legends Champions Korea provide guaranteed salaries to players. While online streaming is preferred by some players in some cases streaming is more lucrative than competing against teams and streaming can dictate their schedules. The international competition pays $10 million to the winner although teams that don't achieve the same level of success often lack financial stability and often disband after failing to win. (Dylan P. et al. 2020)

SuperData Research projected that the global esports sector made about US$748.8 million in revenue in 2015. With almost $321 million in sales, Asia is the largest esports market, followed by North America ($224 million) and Europe ($172 million). The combined value of the remainder of the world is roughly $29 million. By 2018, the market for eSports was predicted to generate $1.9 billion. (Anne T., 2020)

Female viewers of esports have been increasing; it is believed that 30% of esports viewers were female in 2013, a considerable rise from 15% the year before. (Hilvoorde van I., 2016) The majority of mainstream female gamers are visible in female-only events, particularly for Counterstrike: Dead or Alive 4 and StarCraft II. The Flag Dolls and the PMS Clan are now playing as women's sports teams. At the 2023 HLTV Awards in Stockholm, Sweden, Anna Dumbrava-"ANa" (Romania) was named the best Counterstrike: Global Offensive player in the world by a 23-year-old professional media player. Along with Ksenia "Vilga" Kluenkova, there are other nominees for the year's best girl group.

The most important development tool today revolves around the core dilemma of the so-called game rights. This problem is particularly illustrated in player contracts. In the European Union and the United States, players must be at least 18 years old to sign contracts; however, in some nations, such as Scotland, contracts can be signed at the age of 16. (Anne T., 2020)

In the early days of esports they used contract law because the only source of revenue for players was winning tournaments. Players are trained as employees to give teams more control over schedules and player behavior. It creates legal ambiguity that can cause problems. The publishers themselves and other factions theoretically divide the leagues of teams (wrestlers fighting simultaneously in North America cannot be held in Korea). Currently, publishers set standards for teams that want to participate in leagues and permit teams to include these provisions in player contracts. (Michael B. & Dal Yong J., 2013)

No matter where they work, freelancers consistently receive the short end of the stick in emerging industries other than esports. However, the esports sector is currently utilizing a pool of young independent contractors eager to work for wages below the minimum wage. The majority

live with their parents and have health insurance, and they are in their late teens or early twenties. The 18- to 34-year-old esports population is losing access to these luxuries, and as a result, these individuals are looking for more stable employment in other sectors to cover their expenses. (Schaeperkoetter C., C. et al., 2017)

There is a de facto age restriction for individuals wanting to develop a stable freelance career in a field that is being lauded as the next major frontier in marketing and entertainment. Years of institutional memory in the esports sector are lost as more seasoned staff go. Unless something changes enthusiastic newcomers will eventually grow old from esports. The companies behind esports certainly can increase the salaries of their freelancers. Investors have poured nearly $65 billion into the industry over the last two years and *Forbes* recently valued the top 10 esports teams at $24 billion. (Anne T., 2020)

DOTA 2 International has the biggest prize pool in esports ever with the International 9 played in 2019 with a staggering prize pool of $30 million. DOTA 2 can be expected to be the focus sport as opposed to League Worlds 2019s USD 2.2 million. But it is not for good reason. Valves current marketing strategy is to make The International the cornerstone of the annual DOTA 2 seasons. Teams do not guarantee the salaries of their players and instead rely on tournament earnings to continue their DOTA 2 careers. (Anne T., 2020)

In fact, most teams gain something from the competition. But dissolution and rest for teams and non-playing players is almost immediate. In fact, DOTA 2 continues to be a major sporting event as the international continues to break records year after year. With numbers like these it is no wonder young freelancers are turning esports into a career where they can easily build a rewarding and lucrative career. However, it is not the only one. Only a managing investor and a select group of lucky players make huge money from sports. Players are constantly in a state of uncertainty, and concentrating only on one match has a detrimental effect on other professional circuits. (Juho H. & Max S., 2016).

Some of the best-paid esports athletes of all time are DOTA 2 champions. Between $36 million and $69 million was earned by the top 11 DOTA 2 players. However, it seems unlikely that Dota 2's long-term structure will endure. (Dylan P. et al., 2020) However, Riot coalitions were created for more stability. If, a team wants to participate in Riots professional league it must ensure that the players minimum salary is 75000 US dollars.

In North America a player association has been established to sign a tripartite agreement on behalf of the players. Riot will soon have three or four franchise leagues the NLCS European LEC the Chinese LPL with a Korean LCK franchise in 2021 and several non-franchise tours. As, payouts increase over time the prize pool shrinks. Teams pay players more than make up the difference between salaries and Riot perks.

The composition of the professional circle is also very international. Korea has been the league's best exporter with players featuring Korean nationals in nearly all 13 countries in the league. The European Circle is a heterogeneous group that covers almost all of Europe but is concentrated with many Danes and Eastern Europeans (many Bulgarians, Hungarians, and Romanians). The North American circuit relies heavily on imports with about 1/4 American players, 1/3 Canadian players and the rest imported. Turkey has surprisingly exported many players to Europe and North America. China basically does not send players overseas while Vietnam has a few players scattered around Korea and Taiwan. Vietnam is unique Vietnam because Korea is unique Korea. The Japanese teams are about 55% Japanese, 40% Korean, and 5% Australian. Latin American teams exist throughout Central and South America including Mexico as well as some Koreans but apart from the Brazilians they have their own regions. There are only two Portuguese

professionals playing in Brazil and no Chinese players for Hong Kong's treatment. (Michael B. & Dal Yong J., 2013)

This variety of movement means that spectators have less direct contact with players of different races or nationalities than with the regions and teams in which they are playing. Additionally, since organizations like the World Esports Federation Professional, the Esports Association, and the International Esports Federation compete for the top spot in directing and policing esports, players may eventually join their own social circles. The association, which serves as the industry's worldwide governing body, may set forward a set of uniform regulations that all esports organizations can broadly abide by, with game creators filling in the remaining regulatory gaps.

Conclusion

Continued and growing presence of esports in the event calendar of major international sporting bodies could pave the way for its official participation in the medal event at the 2026 Commonwealth Games in Victoria, Australia. Doors remain open for the 2028 Olympics in Los Angeles even as the IOC says it is too early for the 2024 Olympics to become a medal event. So esports has a tremendous opportunity to create a legacy that can change public perceptions of modern sports despite some glaring problems.

While millions of these elites play competitive games, freelancers are compelled to live with their parents and put in unpaid overtime to maintain their way of life. Something must be done to generate revenues and a living while the industry grows. Otherwise, there would be no player or tournament organizer to entertain the stadiums and crowds that will forever fill their careers.

References

Anne, T. (2020). What's next? Calling beer-drinking a sport?!: virtual resistance to considering eSport as sport. *Sport, Business and Management. 11 (1): 72–88*. doi:10.1108/SBM-10-2019-0085. ISSN 2042-678X. S2CID 224973999.

Dylan, P. et al. (2020). Stress and Coping in Esports and the Influence of Mental Toughness. *Frontiers in Psychology*. 11: 628. doi:10.3389/fpsyg.2020.00628. PMC 7191198. PMID 32390900.

Haiqing, Y. (2018). Game On: The Rise of the eSports Middle Kingdom. *Media Industries. 5 (1)*. doi:10.3998/mij.15031809.0005.106.

Hilvoorde, v. I. (2016). Sport and play in a digital world. *Sport, Ethics and Philosophy*, 10:1, 1 4, doi:10.1080/17511321.2016.1171252

Hilvoorde, v. I., & Pot, N. (2016). Embodiment and fundamental motor skills in eSports, *Sport, Ethics and Philosophy*, 10:1, 14–27, doi:10.1080/17511321.2016.1159246.

Juho, H., Max, S. (2016). What is eSports and why do people watch it? 27 (2): 211–6. 232. doi:10.1108/IntR-04-2016-0085.

Mia, C. (2016). Atari to Zelda: Japan's Videogames in Global Contexts. *MIT Press.* Pp. 201 3. ISBN 978-0262034395.

Michael, B., Dal Yong, J. (2013). Pioneering E-Sport: The Experience Economy and the Marketing of Early 1980s Arcade Gaming Contests. *International Journal of Communication*. 7: 2254–2274. ISSN 1932-8036.

Schaeperkoetter, C., C., Mays, J., Hyland, S., T., Wilkerson, Z., Oja, B., Krueger, K., Ronald, C.,

Bass, J., R. (2017). The "New" Student-Athlete: An Exploratory Examination of Scholarship e Sports Players. *Journal of Intercollegiate Sport. 10: 1–21.* doi:10.1123/jis.2016-0011.
Schöber, T., & Stadtmann, G. (2022). The dark side of e-sports – An analysis of cheating, doping. & Match-fixing activities and their countermeasures. *International Journal of Esports*, 1(1).
Zhouxiang, L. (2016). From E-Heroin to E-Sports: The Development of Competitive Gaming in China. *The International Journal of the History of Sport. 33 (18): 2186–2206.* doi:10.1080/09523367.2017.1358167. ISSN 0952-3367. S2CID 148906225.
https://en.wikipedia.org/wiki/Esports
https://en.wikipedia.org/wiki/Esports#Criticisms_and_legal_problems
https://www.cnbc.com/2019/01/20/heres-why-esports-can-become-a-billion-dollar-industry-in-2019.html

Acknowledgments:

All authors had equal contribution to this manuscript. All authors approved the final version of the paper.