Fostering Employee Engagement Through Gamification: AirBaltic Forecaster Tool

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Next to the employee productivity or indicators for staff turnover and absenteeism in organizations, Employee Engagement stands out as one of the most significant measurements for Human Resource Management efficiency. With younger generation representatives joining the workforce companies are bound to investigate and pursue some of the new tools and techniques that respond more effectively to engagement triggers of generations Y and Z. At AirBaltic Corporation in Riga, Latvia, management has been trying to foster engagement of the workforce through introduction of a business game, called Forecaster. According to management belief, in addition to improved internal communication, Forecaster has potential to save up to 1 million EUR annually due to the resulting better quality management decisions. Within the article author looks at the theory and research related to application and effects of gamification within corporate settings, as well as reviews workplace environment at AirBaltic Corporation. Further in the article, Forecaster game is described in more detail and its impact on employee engagement and organizational performance is analysed. Finally, recommendations are drawn for organizations to consider when gamifying people management processes in their organizations.

Key words: employee engagement, generation Z, gamification

Employee Engagement

Most adults spend a significant amount of time working, and yet only 20 percent of them are highly engaged in their work. According to ‘Oxford Handbook of Positive Psychology and Work’ the majority of workers are either relatively indifferent to or have quite negative perceptions of their work (Linley, Harrington, and Garcea 2010). In consumer driven society, the motivation to work has traditionally come from the need to earn a living and is often seen largely as a means to an end (Reeves 2001).

The first use of the term ‘employee engagement’ was mentioned in a 1990 Academy of Management Journal by Professor William A.
Kahn. However, still today, there is no clear definition of employee engagement; instead, there are extensive variations.

Former General Electric CEO Jack Welch has stated that employee engagement should come first, with customer satisfaction and free cash flow coming in second and third, respectively (Mello 2015). Within the last 15 years employee engagement has become hot topic for companies and HR departments. All over the world, most HR leaders carefully watch their employee engagement scores, and businesses all over the world are trying to build inclusive, passionate, multi-generational teams (Bersin 2014a) to outperform increasing competition. Management literature and research offers a number of employee engagement drivers that can boost productivity, among those caring management and visionary leadership, inspiring goals, meaningful work, personal growth and development, etc. In addition to these, most sources insist that being informed about business goals and processes is critically important for employees to feel true ownership for their duties and be engaged with the company.

**COMMUNICATION FOR ENGAGEMENT**

Effective communication processes lie in a background of every company that wants to be successful in a long term (Purves 2005). Basic purpose of internal communication is facilitating strategic connections and conversations within an organization. This communication takes place between leaders, managers and employees, or employee-to-employee (Melcrum n.d.).

When considering internal communication as a process that either drives or deters employee engagement one needs to look at it from two perspectives. Firstly – what is company’s general strategy, values, culture (the ‘content’ part of communication) and secondly – how clear and situationally appropriate this strategy, values, culture is reflected in day-to-day communication (the ‘process part’ of communication).

Any piece of communication can be broken down to the following process. Sender encodes the message, the message is sent over specific medium. Receiver decodes the message and encodes his feedback. Sender decodes the feedback (Lunenburg 2010).

In internal communication, senders and receivers can be any company employee either horizontally or vertically related. The message can be either work related (communicating tasks, reporting status etc.), company related (information about processes, career options etc.) or non-work related (personal experiences, views etc.). Mediums for this purpose might be tête-à-tête, video calls, phone calls,
instant messaging, emails, written mails, notes, intranet and others. Rich mediums are those where the receiver can observe several mediums, with tête-à-tête being probably the richest. The more complex the message, the richer channel should be used.

According to Frost and Sullivan companies with engaged and empowered employees are increasing their customer satisfaction by over 40 percent, improving profitability by nearly 30 percent, and boosting overall performance by 36 percent (Melcrum n.d.).

Wanting engaged and empowered employees is obvious. Creating an environment, which facilitates high performance, is much more difficult and complex. Company has to be able to communicate mission and values, it has to train managers and leaders to follow these values and have to hire employees who fit the culture. Even more, the environment has to be continuously improved (Bersin 2014b).

Research conducted by Forbes (Bersin 2014b) indicates that building a highly engaged workforce takes a combination of many things (providing meaningful work, hands on management, positive work environment, growth opportunity, trust in leadership), each impacting people in different ways. In addition, the surge of younger workers and the increased use of technology at work require the whole environment be even more flexible and transparent, including effective internal information flow.

So how can communication help keep people motivated? M. Welch suggests that engagement consists of three components: emotional, cognitive and physical dimensions. Three psychological conditions necessary for engagement are meaningfulness, safety and availability. Communication is a psychological need of employees, which organizations have to meet to maintain and develop employee engagement (Welch 2011).

Interestingly, Watson Wyatt in his study of engagement in the workplace found that when it comes to communication companies have to heavily involve senior management. According to the study, not only did senior leaders appear to have much stronger influence than immediate supervisors in improving engagement through communication, but also that employees are largely losing confidence in the ability of senior managers to ensure the long-term competitiveness of their respective companies (Watson Wyatt 2006). This concept is confirmed by Roger D’Aprix, creator of ‘The Manager’s Communication Model’ (Holwerda 2007).

According to research developed by Chartered Institute of Public Relations (Ruck and Pilkington 2013) and Centre for Advanced Human Research Studies (Holwerda 2007), if companies want to in-
crease their engagement through communication, between other activities they should:

1. Cover basic communication needs. Make sure that employees know what to do on the job, recognize and acknowledge workers for superior performance, facilitate a setting where discussion of performance and progress occurs frequently. This allows to focus on their work instead of worrying about how to do the work.

2. Encourage more face-to-face communication and networking by providing opportunities for staff to work together and informal spaces to meet and socialize (Ruck and Pilkington 2013).

3. Create feedback opportunities by developing a cascade process for communication that ensures a two-way flow of information between staff and management (Ruck and Pilkington 2013).

4. Increase leadership visibility by encouraging senior managers to ‘walk the floor’ and provide regular updates on the organization’s strategic progress through corporate communication channels (Ruck and Pilkington 2013).

5. Create open environment where information is shared freely among organizational members without fear and where meaningful communicative interactions take place regularly (Holwerda 2007).

**Gamification for Engagement**

Gamification in Human Resource Management is the usage of game-thinking and game mechanics in non-game scenarios, specifically in recruitment, training and development, and motivation, in order to engage users and solve problems (Deterding 2011). The term first appeared in 2002 (Marczewski 2012), but since 2010 has experienced major popularity boom. As discussed above, one of the most common problems in the business world is getting people engaged. Evidence suggests that games are one of the most engaging mediums, so much that doctors are beginning to employ them as a form of pain relief for victims of severe burns and other extreme trauma, as reported by Science Daily, based on Loyola University Health System (2008) research People are quite literally so engaged by gaming content that they are able to enjoy a measure of pain relief. Common elements that are typically ‘borrowed’ from traditional games and applied in nongame contexts include levels, badges, points, progress bars, leader boards and virtual goods. Each serves to motivate users by providing feedback, recognition, status, and the potential for competition among users (Muntean 2011).
Objective of gamification in business is to take techniques from game design and implement them in non-game contexts, so that the overall experience for the employee is more engaging.

Quite many organizations globally are using gaming to improve workforce alignment, enhance employee skills, solve complicated issues and tap into new talent pools. Typical game design techniques consist of goal setting, competition, real-time feedback and rewards. There are also platforms such as eMee (http://www.emee.co.in) and MindTickle (http://www.mindtickle.com), as well as many others that facilitate Gamification of people management processes in organizations.

The power of Gamification utilizes the competitive streak people have and while playing a game, they become more absorbed and engaged, they feel a greater sense of achievement and are more willing to go the extra mile in either making more effort to choose the right people, or completing more training programs, or even helping other employees to stay motivated. In addition, as they progress, they continue to increase their engagement with the game and thus reach new levels. Human Resources management can use the traditional gamification principles to enhance the engagement of employees into different processes.

Competition is a core principle behind the performance management system, as everyone likes to be appraised as the top performer. However, the gamification can add another element to the system. For example, employees can compete who will be the first employee to finish the entire performance appraisal cycle. Most HR Teams send reminders to complete the assessment. When employees compete – they can see the progress of others. They can be motivated to speed up and finish the document as soon as possible.

Achievement and status are closely connected – everyone who reaches the threshold is awarded for the achievement. However, few selected ones can be also awarded a higher status, which is an emotional prize that has a great value. However, the best principles for Human Resources are altruism and collaboration – making people to work with others to win as a team is most often the best option. The team spirit should be the driving force behind most games and competitions run by the HR department, as the key intention of HR is to form the group into an efficient team. Gamified solutions in Human Resource management can be used in such processes as recruitment, on-boarding, learning and education, training, performance management, talent and retention, occupational health and safety (Herger 2014).
There are certain important game elements that are essential to engage the players. Between those such as rewarding users for returning in a short time period, allowing users to create without typing, showing progress everywhere on everything, enabling self-expression, offering increasing levels of complexity for mastery and having surprises and limited time events have been outlined (Michaelson 2011).

Flow theory (a flow can occur when an activity challenges an individual enough to encourage playful and exploratory behaviours (challenges), without the activity being beyond the individual’s reach and control (skills)) by Csikszentmihalyi and Csikszentmihalyi (1992) is the one that most obviously stands behind the idea of applying gamification to work situations.

There are numerous examples of suggestion driven improvement practices through gamification that are successfully implemented by different companies. For example, KBC – one of Belgium’s biggest financial institutions. They launched ‘the pitch’ – a crowdsourcing game, asking employees to design a new product or process to improve their company. Employees could join teams that were having similar ideas, others could buy shares of ideas they believed in. Ideas that won were given resources and were treated like a real start-up.

Another example – TE connectivity, it is a Swiss company providing connector and sensor solutions. TE connectivity did a Business generation, innovation and efficiency improvement project. Employees generated over 88 ideas where one efficiency improvement saves several million Euros a year. They started in 2012 with this initiative and repeated it yearly with success (Herger 2014)

Company Bunchball (www.bunchball.com) that offers gamified solutions for enterprises has promising statistics about users of the business games that they develop:

- 30% play the game without any extra motivation,
- 85% of the players would play again,
- 80% believe the best ideas were implemented.

**Generation Z**

There are different opinions regarding exact name or exact range of birth dates for the generation that is following generation Y or Millennials. Some sources would quote this generation starts at the mid (McCrindle and Wolfinger 2014) or late 1990s (Horovitz 2012) or even from the mid-2000s (Poggi 2013) to the present day.

Understanding the generations is playing an increasingly bigger
role today, with more diversity now existing between the generations than ever before (McCrindle and Wolfinger 2014).

Innovations and technological developments that took years or even decades before, now are happening with increasing frequency. There are upgrades and new versions for what technology can do to improve people lives and way organizations work, every month. This makes people to feel like the world today is changing faster than ever before. According to Daniel Pink, author of A Whole New Mind, Why Right-Brainers Will Rule the Future, we have entered the Conceptual Age. This Age calls for people who are able to conceptualize, to empathize, to create, to see the big picture in a first place (Pink 2008). Generation Z representatives are relatively less influenced by the old, outdated structures and thought frameworks that have been aimed at rather achieving discipline and obedience than foster innovation and creativity. As such, they would be more naturally possessing capabilities required by current age. Consequently, management needs to know them very well to build organizational systems and processes to support their natural strengths and cover up for their weaknesses. It needs to prepare workplace systems and processes that would rather support and foster engagement of the younger generation. The reason global managerial thought becomes more occupied with generation Z related issues is that their parents, teachers, managers and marketing professionals try to understand and engage with this new generation to understand them better in terms of raising, teaching, leading and also offering products and services that they would chose as today’s and tomorrow’s consumers. Generation Z is relatively least researched generation. Comparing to Generations X and Y, there is still a large gap into understanding of what are the main driving forces and strongest motivators for this generation to perform at work. Reasons for this are simple, the oldest representatives of gen Z are still in universities (first ones started in 2013), and so there has been not much opportunity to observe them at workplaces.

Still, some research has been carried out and there are sources that offer conclusions and observations. These sources provide good starting point for further research, as well as for experimenting with systems and approaches within the organizations to test validity of observations. Generation Z representatives are being characterized as most socially networked in history, thus able to instantly access, consume and digest large quantities of information. They expect immediate responses to questions and would go directly to decision makers. They are also likely to change jobs frequently and be inter-
ested in starting their own business (Branson and Oelwang 2014).

According to McCrindle, generation Z are the most materially endowed, technological saturated, globally connected, formally educated generation our world has ever seen. Technology has played a heavy role in shaping this generation. The age at which people first use technology determines how embedded it becomes in their lifestyle. Generation Z representatives have used technology from the early age; they have seamlessly integrated technology into almost all areas of their lives. That is the reason they are also called digital integrators. They are growing up in a world where there are 5.1 billion Google searches per day, 4 billion YouTube views, over one billion active Facebook accounts and over one million applications in the iTunes App Store (McCrindle and Wolfinger 2014).

Many of this generation rather would watch a video summarising an issue than read an article discussing it. As we live in an era of information overload that is increasing every minute, messages have become image based and marketing has learned to communicate across the language barriers with colour and picture rather than words and phrases.

Comparing to all other generations, young people are extensively connected to and to a high extent shaped by their peers. Opinion and views of social network friends often is more influential for them than the one offered by parents or teachers. In a recent study by McCrindle Research (McCrindle and Wolfinger 2014), it was found that while nearly all the generations had the same amount of close friends (an average of 13). Generations Y and Z had almost twice as many Facebook friends than the older generations. Therefore, the network that influences them is greater numerically, geographically and being technology based, is connected 24/7. This is an important fact in the context of the research question of how to engage people through gamification, as game environment offers many opportunities for interaction and peer feedback.

McCrindle and Wolfinger (2014) also describe the ways that generation Z individuals are different in terms of being engaged with their learning environments. Elder generations were used to verbal messages, sitting and listening to the teacher, focused on content – what to learn, centred on curriculum of a subject, used to a closed book exams, which required severe memorizing of the information. Generation Z prefers and best learns when message is visualized, they need to try and see instead of listening, teacher has to take a role of facilitator for them, they are more focused on process – how they learn, and the process has to be learner-centric, they do not ac-
cept blind memorizing of the information, they strongly prefer open book world where the answer is found through browsing loads of information, not trying to recall something that has been read last night. Hence, learning through gamified environment is much more appropriate for them. Game environment is something very much familiar and ‘native’ to them, thus it can be assumed that their engagement levels can be positively influenced through creating appropriate work environment where game elements are present.

**AirBaltic Forecaster**

AirBaltic Corporation is Latvian national airline that underwent crisis in 2011 and subsequent restructuring during 2012–2014. As a result, company faces low employee commitment scores according to trim survey, as carried out by company tns. AirBaltic employee commitment is well below the market levels (where only 8% remained truly engaged, so called ‘drivers’). TNS Latvia is the partner providing annual Employee Commitment Survey for AirBaltic. According to trim methodology that is used by tns, engagement is an essential element into total commitment concept, with the others being staff motivation, retention, loyalty, job satisfaction. Both concepts, commitment and engagement (as defined and measured by Gallup 2013), stand close, therefore it would be appropriate to draw a link between those.

Throughout the years, management at AirBaltic Corporation has been testing different measures to improve commitment scores. Consistently, during annual surveys, employees have kept voicing their opinion that information and communication about the business goals and overall business processes is insufficient. Considering company workforce statistics that show 81% of the employees being under the age of 40 and 43% under the age 30, with growing population of generation Z representatives, management has been searching for tools that would have potential to engage young employees through solving concern of being insufficiently informed about business goals and processes. As a result, in 2014 business game called AirBaltic Forecaster was introduced. In planning the Forecaster tool, it was assumed that in order for it to be most effective and solicit maximum input from staff above and beyond their direct responsibilities, the tool had to be simple, fun, present basic project information, enable comments and questions, and reward participation.

Tool was launched as a separate website in a simple prediction game format, with the chance to win financial prizes for the most
accurate predictions and most insightful comments, thus providing additional incentive for staff to get involved. The idea behind the game was to post in the platform information about different business related projects, upcoming decisions, business ideas, goals, etc. Posts were called Forecaster Projects, and each project offered employees to voice their opinion, whether they believed particular business idea, or upcoming decision was good or not so good, whether particular goal would be reached or not, etc. They were doing so through buying or selling shares of the specific Project (where buying was behaviour in case of positive opinion and selling in the case of negative opinion). Certain amount of virtual money, called Air-Baltic coins, was allocated to each player at the beginning of a game ‘season’ (each game period lasted for about 1–2 months, where winners of the game were announced at the end of such ‘season’ and a new ‘season’ launched). Project ‘owners,’ the ones who were posting specific projects, tried to foster discussion and comments around those, to have maximum feedback from the staff and to provide additional information in cases where description turned out to be insufficiently clear. It enabled management to pitch ideas in a simple format, and staff to provide insight in a fun way. Moreover, according to management belief, Forecaster had the capacity to save up to 1 million EUR annually due to resulting better quality management decisions. History showed that out of the total investment decisions that management is making during a year there is certain small percentage that are later reversed as incorrect. Belief was that by more staff involvement into decision-making those would be of a better quality and thus company would be able to minimize money lost due to low quality decisions. Therefore, comments and predictions were collected on the Forecaster site and taken into consideration by management team when making final decision about the project in question, thus ensuring staff participation in the decision making process.

Usually, internal communication about business related projects reaches staff after the decisions have been made and implementation started. Forecaster was devised to improve the information flow between staff at all levels throughout the decision making process, thus providing a new approach to improving internal awareness, drastically improving staff involvement in the decision making process, and, in turn, by tapping into the competencies and qualifications of the staff, increasing the quality of the management decisions being made.

The trial or pilot period lasted 5 months (May–September 2014)
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Figure 1: Example of a Project on Forecaster

during which almost 50 projects were suggested and 20 prizes (4 each month) distributed. 60 staff members took part in the trial period.

At the end of the trial period, feedback from those involved in the Forecaster prediction game indicated that they enjoyed the process, felt more informed about current projects at management level; project owners felt better prepared and could make decisions that are more informed.

The trial period was completed according to plan, and Forecaster was launched for all staff members throughout the company at the beginning of October. Within the first two weeks of being launched throughout the company, over 250 staff members joined, and almost 20 new projects were added. Soon number of employees signed up for the game reached 300, which was close to 30% of all staff.

Participation in the trial period and the high take up of the project within the first two weeks of being rolled out throughout the company indicated staff enthusiasm for the tool, and the opportunities it provided for participation in decision-making.

Results

Employee feedback was collected through staff interviews and impact of the new engagement tool was analysed six months after the Forecaster game introduction. Most of the comments were positive.
People outlined even such benefits that management did not foresee or plan at introducing the game. For example, they outlined that having own project posted on Forecaster creates a higher feeling of responsibility because owner does not want to fail the project and its deadline, as it is public. It turned out that information that was available on Forecaster, as well as progress towards business goals or upcoming decisions or suggested projects got a lot discussed by employees in the corridors and throughout internal grapevine. Positive commentators outlined that it is much more exciting to learn business news in this fun way than from a formal newsletter. They liked the projects where players were encouraged to predict whether the Board of the company will approve certain business case or not, as that gave them a detailed insight into most strategic decisions. Even those who were not active players of the game and didn’t enjoy ‘selling and buying’ part, used to log on few times a week to see new projects, read or post comments and learn more about business in general.

There was also sufficient number of suggestions and further improvement ideas generated by staff members. They suggested, for example, that not only managers but also other employees should be able to submit projects on Forecaster to engage employees and make them feel responsible. One suggestion was to enhance the platform towards idea crowdsourcing tool thus foster creativity and innovation within company. People commented that the user interface should become more user friendly and some additional features, similar to those available on social networks, should be introduced.

On the negative note, few people claimed that they feel burdened by colleagues who approach them with questions to get more insight into specific projects where they do not have sufficient expertise or knowledge to judge on quality of upcoming decision. In this specific game setting finance and commercial department, employees had more natural chances to ‘win’ the game because of access to relevant data. Few had concerns regarding potential confidentiality issues if sensitive information from Forecaster would leak outside the company.

Overall observation was that people who take part in the Forecaster game felt better informed and more engaged with the business, as they had a perception of being more knowledgeable about all plans, actual projects, upcoming decisions and key targets for the company. They also valued the opportunity to provide their feedback regarding different upcoming management decisions through ‘voting’ with their virtual shares for one or another project.
During March and April of 2015, annual Employee commitment survey was repeatedly carried out and results showed slight but considerable improvement in employee commitment score by 5 percentage points. It would not be correct to attribute this improvement entirely to the effect of Forecaster; nevertheless, the belief is that it has played a certain role. Share of employees who were active users of this internal business game were generally very positive in terms of their feedback, which allows to draw conclusion that their overall engagement with the workplace positively correlates with the fact that company offers them new, fun way to learn more about business processes and to participate in those through feedback and opinion demonstration.

Conclusions and Recommendations

Given the fact that employee engagement/commitment scores at AirBaltic are below local market average, any measures that are addressed towards improvement of those are welcomed. First year of Forecaster use has turned out to bring some success but also some learning and conclusions regarding potential developments that are required if company aims at higher involvement of its employees. It is clear that gamification alone cannot solve the problem of low engagement. Nevertheless, it can be improved by further developing engaging, fun environment, where Forecaster is of a good help.

Companies that consider introducing similar business games could use some of the learning and conclusions from AirBaltic Forecaster experience. Perhaps, one major learning is around importance of communication plan when introducing a game like Forecaster, where detailed actions are well thought through and consistently implemented. Such a plan might help to involve larger numbers of employee than AirBaltic has managed to do so far.

Sharing lot of information regarding upcoming business ideas and decisions is sensitive. Confidentiality might be an issue and company should consider carefully its culture and also the content of information shared not to risk revealing too much of a sensitive information that may harm the company in case it gets accessed by outsiders.

Organization thinking of a similar solution might want to add features of ideas crowdsourcing, design user-friendly interface, have opportunity for people to interact on the game platform and ask questions or share knowledge. This might enhance usage of the game beyond initial purpose of sharing information and gathering feedback.

Game dynamics have to be maintained constantly by adding new
projects, launching new opinion polls, posting comments and answering questions.

Monetary rewards are contradictive and may harm or distort intrinsic user motivation to play. It is rather advised to use different types of reward, e.g. status, experience or emotions related. However, once monetary rewards are introduced, those cannot be removed without risking to lose user interest.

By no means, further research into this direction is required to prove or dismiss correlation between employee engagement and use of gamification within the working environment. Gamification applied to poor work processes or products will not work. Gamification needs a clear purpose and strategy to succeed. It requires understanding of users (target audience) and what motivates them to engage with the business. Main question of a user always is what is in it for me?

Gamification is only attractive if the action being gamified has intrinsically motivating characteristics. The game on its own is not enough. Material incentives work temporarily but have a negative effect on the long run (e.g. promotes cheating). Gamification has a potential to support reaching business goals through multiplied competence and common wisdom of individuals who are close to specific business processes. A lot of knowledge and creativity is hidden amongst the employees. Getting them to share ideas can improve the business and save money in efficiency improvements. Game settings might be the right environment for people to open up and suggest their ideas, especially if those employees belong to generations Y or Z.

Unique value of the Forecaster is in its standing between internal communication tool and a platform for improved business decisions. It will be interesting to observe further developments of the Forecaster tool and its impact on employee engagement in a longer run.

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