

INVESTING IN HUMAN CAPITAL: ACHIEVING ORGANIZATIONAL COMPETITIVENESS THROUGH GAMIFICATION

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ABSTRACT

To achieve success for companies starting in gamification, the first design point is to motivate players to achieve their goals – and those goals should overlap with the business goals. – Brian Burke (2013).

*Human capital is the key to organizational competitiveness. Human resource management is concerned with the management of people within organizations. The field is primarily concerned with the selection, training and development and leadership of human resources. Human Resource Management is a science because experimental and field studies are conducted to explore how best to utilize human resources as a competitive advantage. In his book, *Competitive Advantage Through People*, Jeffrey Pfeffer (1994) explains that organizations can gain a competitive advantage through their employees by ensuring that they use the best talent management strategies to identify, promote and sustain top talent within the organization.*

Pfeiffer argues that organizations have become complacent about the impact of employees on organizational effectiveness and that organizations need to be aware that one of the biggest assets they have is through the people who work for them; this leverage of people provides organizations with a competitive advantage. Human Resources professionals act as consultants to organizations to help them create effective systems that leverage this talent. For example, an HR consultant can provide organizations with strategic performance appraisal systems that allow organizations to provide feedback to all employees and to also identify top employees in order to reward them through compensation and promotion.

KEYWORDS: *Human Capital, Competitive Advantage, Gamification, Human Resource Management Training and Development, Employee Motivation, Employee Retention*

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INTRODUCTION

Corporations have many ways to gain a competitive advantage in today's global economy. Many corporations, like Apple, have innovative products that are on the cutting-edge of technology. Other corporations, like Southwest Airlines, provide economical and convenient flights to consumers. The other way in which corporations can gain a competitive advantage is through people (Pfeiffer, 1994). However, this is a challenge for many organizations because the management of people is a complex task because it is not always easy or feasible to predict human behavior (Walsh, Sturman & Longstreet, 2010). Walsh and colleagues raise the question of what type of HR interventions yield the

highest return for organizations. There has been a plethora of research examining the effect of HRM policy on organizational outcomes, such as productivity, turnover of staff, and market value (Walsh et al., 2010). Walsh and colleagues provide one example of how one organization's HR recruitment and selection system improved market value by \$15,000 to \$16,000 per employee.

One way in which human resource professionals are leveraging talent is through gamification. Gamification occurs when professionals apply game-design elements and principles in non-game situations such as business and decision-making. Gamification can be utilized to increase organizational productivity and to fully invest in human resource practices such as recruitment, employee training, performance appraisal systems, and reward systems. This paper reviews how the application of gamification can help foster organizational effectiveness through an investment in human capital.

Gamification as an HRM Strategy

The concept of gamification is derived from psychological principles that focus on providing individuals with fun and enjoyment to increase motivation and individual effectiveness (Burke, 2014). There is a variety of ways in which game concepts can be used to effectively manage human resources. The use of gamification can be used to attract, train, develop, engage and retain talented employees. Organization's aim to recruit individuals who will perform well and well-established organizations appreciate that successful recruitment and selection tools can aid in discovering the top performers. In the past, organizations have relied on a range of selection tools including in-basket exercises, cognitive ability and personality tests to determine whom to select for key job positions. However, through advances in technology, corporations are able to utilize information that is available on line. For example, there has been a merging of data analytics and human resource management (King, 2016). Data analytics utilizes quantitative and statistical techniques to analyze and detect patterns that lead to excellence in a particular domain. Data Analytics can be used in various human resources areas such as talent management, worker compensation, and employee health and well-being.

A recent review on the linkage between technology and human resource management, focused on key advances that link the two areas including digital interviewing and voice profiling, social media analytics, Big Data Analytics and Gamification (Winsborough & Chamorro-Premuzic, 2016). The authors describe how gamification replaces traditional methods yet also assesses conventional areas of competence. Gamification is useful for measuring key predictors of job performance, including general ability or intelligence, domain-specific knowledge that is relevant for the position, personality traits as measured by the Big Five (Costa & McCrae, 1992). Gamification can enhance the traditional methods of self-report, IQ tests, and situational judgement tests through an inclusion of game-like elements. There are numerous digital tools that allow recruiters to enhance the selection process. These tools are appealing because of the vast number of Americans who play videogames (Winsborough & Chamorro-Premuzic, 2016). One of the applications is called Pymetrics and this can be used by recruiters to test candidates through utilization of various games; these games measure cognitive skills and emotional capacity, allowing for recruiters to determine if candidates are suitable for the positions. Moreover, this application can be used in employee development to allow for identification of talent management within the incumbent pool (Winsborough & Chamorro-Premuzic, 2016). Knack is an organization that identifies occupational competencies through participants engaging in puzzle-solving games. The organization claim to extract a large number of 'talents' through examining the results from the games. In addition, Knack make participation fun for the game-players through awarding merit badges to game players (Winsborough & Chamorro-Premuzic, 2016).

The other consequence of gamification that is relatively unexplored is that increase the attractiveness of the organization if they use games to recruitment and selection. One of the principles in Human Resource Management is that top organizations are able to attract, select and retain employees who are the perfect fit for the organization. The Attraction-Selection-Attrition Model proposes that people make the place and is based on an interaction a list model to suggest that not only do environments change human behavior but that individuals can also change environments (Robbins & Judge, 2016). The model is useful for the use of gamification in HRM because an organization can analyze the values, motives and attributes of employees and then examine the structure and culture of the organization to determine organizational effectiveness. Gamification is one technique that allows organizations to accomplish this congruency between organizational goals and individual effectiveness.

The use of serious games in human resource management is part of the broader area of gamification (Fetzer, 2015). There is a distinction between serious games and the concept of gamification because serious games engages participants to engage in actual games whereas gamification is broader in that it concerns the application of game-like elements in all aspects of organizational life. However, insight can be gleaned from the use of serious games and how these endeavors are linked to human resource management and organizational effectiveness. The first serious game was implemented by the Military through the use of the Video game “America’s Army” (Fetzer, 2015). Because the military was struggling to recruit young people, used America’s Army as a recruitment tool to attract a demographic that is digitally savvy. This game turned into an extremely effective recruitment tool (Fetzer, 2015). Gamification has primarily been used in recruitment and selection yet there is optimism for this approach in other areas of human resource management. One recent innovation is through its usage in performance appraisal (Association for Talent Development, 2014). An IT organization called Persistent hired Emee, a gamification provider, to assist in developing a performance evaluation system that incorporated game-like concepts. The system is designed to provide year-round evaluation rather than the traditional once-a-year performance review. Moreover, each employee at Persistent has a virtual avatar and is similar to the virtual reality game, Second Life. The use of virtual avatars allows managers and employees to give each other rewards and these rewards afford points that are used as metrics in the performance appraisal system. The system has been in place for three years and the results have been positive (ATD, 2014). Employee attrition has decreased and customer ratings and employee ratings have increased. Moreover, the organization has decreased financial costs through elimination of the traditional performance appraisal system (ATD, 2014).

CONCLUSIONS

In conclusion, this paper describes current trends in gamification and human resource management. Most of the innovations in gamification and HRM have evolved from the area of recruitment and selection. However, the use of game-like concepts in other areas of HRM will emerge over time, as evidenced by the performance appraisal system utilized by Persistent (ATD, 2014). There are other potential areas for gamification, particularly employee training and development. Many organizations now use e-learning and simulations as part of their employee training courses (Wilson et al., 2009). Simulations involve game-like elements whereby participants assume roles within a business context and make decisions regarding a firm’s operations (Salas, Wildman & Piccolo, 2009). There are also other areas of potential for gamification such as compensation and reward systems. Organizations can use game-like concepts in issuing commission and other incentives to employees to enhance engagement and performance.

The future for use of gamification in human resource practices is promising and more scientific research into the validity of this concept is encouraged.

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