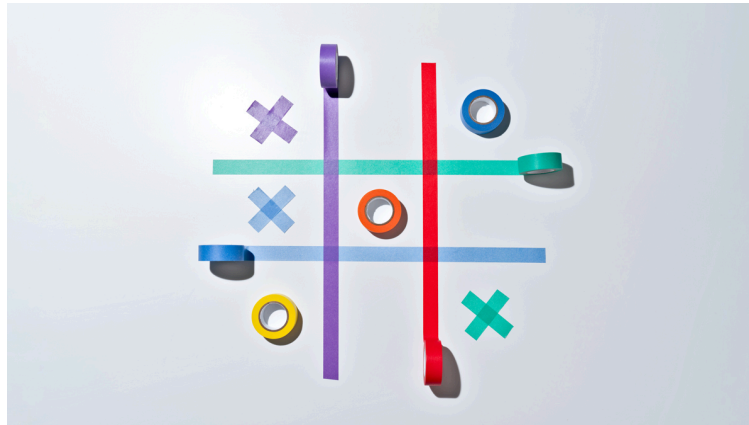


How Gamification Can Boost Employee Engagement

by Adrian R. Camilleri and Ananta Neelim

March 28, 2024



MirageC/Getty Images

Summary. Employee disengagement is a persistent problem, and attempts to inject excitement often fall flat. However, gamification — using elements of games to motivate — has serious potential when thoughtfully executed. This article explores the psychology behind... [more](#)

A core responsibility of every manager is to motivate and engage their employees. This is because disengaged employees show lower productivity and exhibit higher absenteeism. Traditional approaches to increasing employee engagement include giving workers more autonomy, a higher sense of belonging and purpose, and additional growth opportunities. Nevertheless, employee disengagement in the workplace hit a nine-year high in 2022 in the U.S., with approximately three-fourths of employees reporting being disengaged.

In light of difficulties maintaining employee engagement, some companies have begun to explore alternative approaches designed to generate excitement. For example, in 2018, United Airlines replaced a program that gave small quarterly bonuses to all employees with one that entered every employee with perfect quarterly attendance into a lottery with huge prizes on offer. However, employees immediately rebelled and the lottery program was quickly removed.

Was the introduction of “gamification” at United Airlines an inherently flawed idea or was the backlash due to the poor execution? We believe it is the latter.

In this article, our aim is to highlight cutting-edge research from behavioral science to help managers effectively incorporate gamification elements in their workplace. We focus on employee reward programs because compensation and benefits is the top factor people consider when pursuing new jobs and also because we believe it is an underutilized way to boost employee engagement.

Unleashing the Power of Gamification

Gamification takes the essence of games — fun, play, rules, uncertainty, and challenge — and applies it to non-game contexts. There are numerous gamification mechanics that can be drawn upon: *goals* relating what needs to be done, *points* that track progress, *feedback* on how actions have affected progress, *badges* signaling accomplishments, and *leaderboards* revealing relative standing versus competitors.

Gamification can enhance engagement because its mechanics activate three core elements of our motivational system. First, we need to feel *autonomous*; the desire to direct our own life. Games allow us the ability to choose a path. Second, we need to feel *competent*; the desire to be demonstrably effective. Games allow us to experience progress towards mastery. Third, we need to feel *relatedness*; the desire to be connected with others. Games allow us to work with and against others and builds a community around a shared interest.

Gamification is already starting to find its way into organizations to motivate employees, particularly in the context of training. The gamification market size is expected to grow annually by 27.4% between 2020 and 2025. Although still relatively uncommon, there are some excellent examples of successful implementations of gamified compensation programs. At insurance agency Ansay & Associates, top performers receive a spin on the “Wheel of Wow” and each employee walks away with a special prize. In 2019, Uber allowed drivers with platinum or better status to earn tickets for each trip completed into lottery offering a \$5,000 prize. At Southwest Airlines, employees can reward other employees with “Kick Tails”, which become tickets into a monthly lottery.

Performance-based compensation is another avenue where gamification can be utilized. If employees are motivated to work due to their incentive program, they may be less likely to be disengaged and look for newer jobs. If implemented well, gamification can address the two major limitations of traditional incentive programs. First, traditional programs — for example, sell a certain number of widgets in a month to earn a bonus — are boring. Most employees can predict the outcome. Second, lower-performing employees are less likely to be motivated by such programs because they do not expect to earn much performance-based pay. According to the 2019 Gamification at Work Survey, 89% of employees said that they would be more productive if their work was more gamified. We decided to put this finding to the test.

Probabilistic Rewards Increase Motivation

In recent research, we formulated a “single lottery” probabilistic bonus program by combining gamified elements of goal pursuit and uncertainty resolution, each of which have been shown to positively influence motivation and performance in prior research, albeit very different contexts. Under this program, worker performance was tied to the accumulation of lottery tickets in the worker’s own personal lottery that yielded a moderate jackpot as a bonus. For example, they could play a lottery with an additional 20% chance of winning \$100 for every

10 widgets created. Rather than creating widgets, in our studies, however, workers were awarded tickets for solving math problems while under time pressure. A key feature of this program was that workers could potentially accumulate all the available lottery tickets and were thus guaranteed winning the jackpot. Some high performers actually did this by successfully completing 24 out of 30 math problems.

Across a set of seven studies conducted with a total of 455 university student participants in England and Australia and 1,431 U.S. workers recruited from an online crowdsourcing labor market, we compared this single lottery program against traditional reward programs and other probabilistic rewards programs. These other programs included lump sum (e.g., receive \$500 if 50 widgets are created), piece-rate (e.g., receive an additional \$20 for every 10 widgets created), and multiple-lottery (e.g., play a new lottery, each with a 20% chance of winning \$100, for every 10 widgets created). We found that the single lottery program increased worker motivation and performance relative to the other programs, and was particularly effective for lower-performing workers.

Harnessing the Potential of Probabilistic Rewards

Managers looking to engage employees and drive performance should seriously consider incorporating probabilistic rewards within a performance-related pay incentive program. To avoid the disaster at United Airlines and more closely mimic the success at Southwest Airlines, the program must be carefully designed to manage expectations and avoid violating trust. We recommend the following guidelines to consider when designing and implementing your own gamification strategy:

First, a probabilistic reward program that cannot accurately measure employee performance is doomed to fail. The program is most appropriate when employee output is independent, easy to divide into sub-goals, and both cheap and easy to measure objectively.

Second, a probabilistic reward program that is interpreted as a loss will cause an uprising. The program should not replace an existing bonus program, particularly one that is so predictable that employees already expect it, but be entirely new or build on top of an existing program.

Third, a probabilistic reward program that is deemed unfair will ultimately backfire. The program should offer frequent, modest individual rewards and management should be transparent, even to the point of publicly exhibiting the strong connection between better performance and more rewards over the long-term.

Effectively leveraging gamification in the workplace, potentially by incorporating a well-designed probabilistic reward program, can boost employee engagement. This approach, which provides autonomy, facilitates competence, and fosters community, addresses the critical need for more dynamic and inclusive engagement strategies in modern management.