Enhancing Performance Management System Through Gamification: A Comprehensive Review and Improvement

Meningkatkan Sistem Manajemen Kinerja Melalui Gamifikasi: Tinjauan Komprehensif dan Perbaikan

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ABSTRACT

Traditional Performance Management Systems (PMS) often face criticism for being rigid and demotivating. Gamification, the use of game design elements in non-game contexts, has emerged as an innovative approach to enhance PMSs by engaging and motivating employees. PT XTA's PMS faces challenges such as a lack of transparency, motivation, and engagement. Employees seek clarity on how performance assessments impact their career progression and remuneration. The current PMS lacks stimulating elements, leading to decreased motivation and participation. This research aims to review and improve the existing PMS at PT XTA by integrating gamification. The data was analyzed using qualitative techniques, including content analysis for interviews and interpretative observation for observations. The research concludes that while PT XTA's PMS has advantages like facilitating SMART goal setting and multi-source feedback, it faces significant challenges such as a lack of transparency and overly ambitious goals leading to employee stress. Gamification can address these challenges by enhancing transparency, motivation, engagement, and continuous learning. Recommendations for incorporating gamification into the PMS are proposed based on the findings.

Keywords *: Performance Management, Employee Performance, Gamification, Organizational Improvement.*

ABSTRAK

Sistem Manajemen Kinerja (PMS) tradisional sering kali mendapat kritik karena kaku dan kurang memotivasi. Gamifikasi, yaitu penggunaan elemen desain permainan dalam konteks non-permainan, telah muncul sebagai pendekatan inovatif untuk meningkatkan PMS dengan melibatkan dan memotivasi karyawan. PMS di PT XTA menghadapi tantangan seperti kurangnya transparansi, motivasi, dan keterlibatan. Karyawan menginginkan kejelasan mengenai bagaimana penilaian kinerja memengaruhi perkembangan karier dan remunerasi mereka. PMS saat ini kurang memiliki elemen yang merangsang, sehingga menyebabkan penurunan motivasi dan partisipasi. Penelitian ini bertujuan untuk meninjau dan memperbaiki PMS yang ada di PT XTA dengan mengintegrasikan gamifikasi. Data dianalisis menggunakan teknik kualitatif, termasuk analisis konten untuk wawancara dan observasi interpretatif untuk pengamatan. Hasil penelitian menunjukkan bahwa meskipun PMS di PT XTA memiliki keunggulan seperti memfasilitasi penetapan tujuan SMART dan umpan balik dari berbagai sumber, sistem ini menghadapi tantangan signifikan, seperti kurangnya transparansi dan target yang terlalu ambisius yang dapat menyebabkan stres pada karyawan. Gamifikasi dapat mengatasi tantangan ini dengan meningkatkan transparansi, motivasi, keterlibatan, dan pembelajaran berkelanjutan. Rekomendasi untuk mengintegrasikan gamifikasi ke dalam PMS disusun berdasarkan temuan penelitian ini.

Kata kunci: Manajemen Kinerja, Kinerja Karyawan, Gamifikasi, Peningkatan Organisasi.

1. Introduction

Gamification has emerged as a significant approach in human resource management to enhance employee engagement, motivation, and performance (Murawski, 2021; Santos & Silva, 2023). The integration of game elements into work environments has demonstrated its potential to improve job satisfaction and operational efficiency (Liu, Huang, & Zhang, 2018; Adhiatma, Sari, & Fachrunnisa, 2022). Despite the growing interest in gamification, research remains fragmented regarding its long-term impact on employee behavior and corporate culture, particularly in entrepreneurial firms (Nolte, 2022; Rachmawati & Irawan, 2021). While gamification has been successfully applied in various business sectors, there is still a lack of consensus on its effectiveness in different organizational contexts, highlighting a research gap that necessitates further exploration (Mohanty & Christopher, 2024; Putranti et al., 2024).

Previous studies have focused on gamification's role in enhancing employee engagement and learning experiences (Barata et al., 2016; Bastiaens & Ten Cate, 2021). However, its influence on corporate culture and efficiency at the international level remains underexplored (Getman, Ivanova, & Karpova, 2024; Surendeleg & Park, 2022). Theoretical models suggest that gamification can contribute to employee motivation and performance improvement (Koivisto & Hamari, 2019; Sailer et al., 2017), yet empirical evidence on its sustainability and impact on work assessment mechanisms is still limited (Pratama & Purnamasari, 2023; Zhang & Li, 2023). This gap underscores the need for a comprehensive understanding of gamification strategies tailored to different organizational structures and cultural settings (Seaborn & Fels, 2015; Frantz & Andreoli, 2023).

Gamification has been increasingly recognized as a tool to foster employee engagement, particularly through incentive mechanisms and interactive learning environments (Anderson & Dill, 2017; Hamari, Koivisto, & Sarsa, 2014). While studies highlight its effectiveness in improving workplace motivation, there is still debate over which game elements yield the most significant impact on psychological needs and behavioral outcomes (Mekler et al., 2017; Sailer et al., 2017). Some research indicates that elements such as leaderboards, challenges, and rewards contribute positively to engagement, while others argue that over-reliance on extrinsic motivators can undermine intrinsic motivation (Koivisto & Hamari, 2019; Seaborn & Fels, 2015).

The novelty of this study lies in its examination of gamification not only as a tool for employee engagement but also as a mechanism for performance assessment and corporate culture transformation (Getman et al., 2024; Santos & Silva, 2023). While earlier works have explored the psychological and motivational aspects of gamification (Mekler et al., 2017; Murawski, 2021), this study aims to provide a broader perspective by integrating insights from international corporate environments and HRM practices (Putranti et al., 2024; Frantz & Andreoli, 2023). By analyzing specific game design elements and their psychological impacts, this research contributes to the existing literature by offering new insights into the application of gamification in diverse business landscapes (Mohanty & Christopher, 2024; Nolte, 2022).

This study also considers the role of gamification in shaping corporate culture and improving organizational efficiency (Surendeleg & Park, 2022; Getman et al., 2024). The implementation of gamification strategies in multinational corporations and diverse work environments has shown varying degrees of success (Zhang & Li, 2023; Pratama &

Purnamasari, 2023). Understanding how cultural and structural differences influence gamification outcomes is crucial for designing effective HRM policies (Murawski, 2021; Liu et al., 2018). Moreover, by evaluating the role of personal dexterity and incentive gamification, this research seeks to establish a framework that optimizes the effectiveness of gamification interventions in organizations (Adhiatma et al., 2022; Rachmawati & Irawan, 2021).

This study aims to investigate the effectiveness of gamification strategies in improving employee motivation, engagement, and performance assessment. Additionally, it seeks to explore how gamification influences corporate culture and organizational dynamics in various industries. By synthesizing findings from prior research and applying them to contemporary HRM challenges, this research provides a comprehensive understanding of gamification's role in shaping modern workplaces.

2. Literature Review

The Gamification Framework in HRM

Gamification refers to the use of game design elements in non-game contexts to influence behavior (Seaborn & Fels, 2015). In HRM, gamification frameworks typically include mechanics such as points, levels, achievements, social interactions, and feedback loops to drive employee engagement (Koivisto & Hamari, 2019; Hamari, Koivisto, & Sarsa, 2014). A well-structured gamification strategy in performance management systems must align with organizational goals, be adaptable to different workforce demographics, and integrate real-time performance analytics (Frantz & Andreoli, 2023; Santos & Silva, 2023). International organizations particularly benefit from gamification strategies that foster cultural inclusivity and cross-border collaboration, ensuring that employees from diverse backgrounds remain engaged and motivated (Getman, Ivanova, & Karpova, 2024; Zhang & Li, 2023).

Gamification frameworks in HRM also emphasize personalized experiences through adaptive difficulty levels and tailored rewards (Adhiatma, Sari, & Fachrunnisa, 2022; Mekler et al., 2017). This personalization helps sustain employee interest and prevents disengagement over time (Sailer et al., 2017). In entrepreneurial firms, gamification elements can create a sense of challenge and accomplishment, promoting a culture of continuous learning and innovation (Nolte, 2022; Rachmawati & Irawan, 2021).

The Impact of Gamification on Performance Management

Recent research highlights that gamification can transform traditional performance management systems by making performance tracking more interactive and transparent (Putranti et al., 2024; Mohanty & Christopher, 2024). Studies demonstrate that gamified performance management leads to improved employee learning experiences and skill development (Adhiatma et al., 2022; Barata et al., 2016). Intrinsic motivation plays a crucial role in determining the long-term success of gamification interventions in performance assessment (Mekler et al., 2017; Sailer et al., 2017).

One significant impact of gamification is its ability to provide real-time feedback, which enhances employees' self-awareness regarding their performance and progress (Frantz & Andreoli, 2023; Liu, Huang, & Zhang, 2018). By integrating gamified dashboards, organizations enable employees to track their achievements and receive immediate recognition, reinforcing positive behaviors (Koivisto & Hamari, 2019; Santos & Silva, 2023). Furthermore, gamification improves employee engagement by making routine tasks more enjoyable and competitive (Hamari et al., 2014; Anderson & Dill, 2017).

Another key advantage is its potential to drive collaboration among employees. Social elements such as team-based challenges, peer recognition, and cooperative missions foster a

sense of community and enhance overall work culture (Getman et al., 2024; Surendeleg & Park, 2022). By implementing leaderboards and performance-based rewards, organizations can create a balance between friendly competition and teamwork, leading to increased motivation and productivity (Mekler et al., 2017; Sailer et al., 2017).

Despite these benefits, some studies caution against over-reliance on gamification, emphasizing the need for thoughtful implementation (Murawski, 2021; Seaborn & Fels, 2015). Gamification must be strategically designed to avoid extrinsic motivation overshadowing intrinsic motivation, which could lead to short-term engagement but long-term disengagement (Mekler et al., 2017; Koivisto & Hamari, 2019). An excessive focus on rewards and points may diminish employees' genuine interest in tasks, making it essential for organizations to balance motivational elements effectively (Sailer et al., 2017; Murawski, 2021).

3. Methods

The research utilized both primary and secondary data collection methods to gain a comprehensive understanding of the implementation and functioning of the Performance Management System (PMS) within the organization. Primary data was gathered through structured interviews and direct observations to capture firsthand insights from employees regarding their experiences with the PMS. Structured interviews were conducted with employees across various departments to collect in-depth information about their perceptions and experiences with the PMS. The interview questions were carefully crafted to ensure alignment with the research objectives and to address specific research questions.

This study draws on qualitative data obtained from both primary and secondary sources. Primary data was collected through interviews and observations, while secondary data consisted of internal company documents and literature reviews. Interviews were conducted with employees at PT XTA to gather their perspectives on performance management processes. The data was analyzed using content analysis for interviews and interpretative observation for observations, with secondary data reinforcing the findings. This comprehensive approach enabled the identification and interpretation of key themes and patterns related to the performance management system at PT XTA.

3. Results and Discussion

Strengths of the Performance Management System (PMS) at PT XTA

Based on observations and in-depth interviews with six employees from various divisions at PT XTA, several key findings emerged regarding the implementation of the Performance Management System (PMS). These findings highlight both the strengths and weaknesses of the current system, as well as opportunities for improvement.

One of the primary strengths of the PMS is its ability to facilitate the setting of clear and measurable goals for both individual employees and teams. This goal-setting process, often utilizing the Objectives and Key Results (OKR) framework, ensures that employees have a clear understanding of what is expected of them and how their individual contributions align with the broader objectives of the company. By establishing specific, measurable, achievable, relevant, and time-bound (SMART) goals, employees can prioritize their tasks, allocate resources effectively, and track their progress towards achieving desired outcomes.

The PMS also fosters a sense of ownership and empowerment among employees. Employees are actively involved in the goal-setting process, collaborating with their managers to define objectives that are both challenging and attainable. This participatory approach enhances the relevance and meaningfulness of the goals while increasing employee commitment and motivation.

Additionally, the PMS ensures that goals are aligned with the company's overall strategic objectives through a cascading process, where company-level goals are translated into departmental goals and then further broken down into individual goals. Another strength of the PMS at PT XTA is the inclusion of regular performance reviews, typically conducted on a quarterly basis, providing a structured platform for employees and managers to discuss performance, provide feedback, and identify areas for improvement.

Moreover, the PMS at PT XTA incorporates various tools and techniques to enhance the effectiveness of performance reviews. Some departments use 360-degree feedback, where employees receive input not only from their managers but also from peers and subordinates, providing a more comprehensive view of performance. Self-assessment tools are also utilized, allowing employees to reflect on their own performance and identify areas for growth.

Weaknesses of the PMS

While the PMS at PT XTA demonstrates several strengths, it also has notable weaknesses that need to be addressed. One significant issue is the lack of transparency regarding the correlation between performance scores and career advancement, including salary increases. This lack of clarity can lead to demotivation, as employees may feel that their efforts are not being recognized or rewarded appropriately.

Another identified weakness is the setting of overly ambitious goals. Some employees feel that the goals set within the PMS are unrealistic given their current skills, resources, and workload. This can result in stress, burnout, and disengagement, as employees may feel overwhelmed by the perceived impossibility of achieving their goals.

Discussion

The findings align with existing research on gamification in HRM and performance management. According to Werbach and Hunter (2012), gamification can transform traditional performance management by making performance tracking more interactive and transparent. By implementing elements such as points, badges, and leaderboards, organizations can increase employee motivation and engagement.

One key issue in PT XTA's PMS is the lack of transparency in career progression and rewards. As highlighted by Mekler et al. (2017), intrinsic motivation plays a crucial role in determining the long-term success of gamification interventions. A more transparent system that clearly communicates the relationship between performance and rewards can help address these concerns and improve employee trust in the PMS.

Additionally, the challenges related to unrealistic goal-setting reflect findings from Kapp (2012), which suggest that gamification can help employees set and track more realistic goals. By integrating game mechanics such as progress tracking, goal adjustment mechanisms, and personalized feedback, PT XTA can mitigate the negative effects of overly ambitious targets.

The multi-source feedback system in PT XTA's PMS aligns with Robson et al. (2016), who emphasize that a well-structured gamification strategy in PMS must integrate real-time performance analytics and be adaptable to different workforce demographics. The existing 360-degree feedback and self-assessment tools at PT XTA provide a solid foundation for gamification-based enhancements.

Overall, the findings indicate that implementing a gamified PMS at PT XTA could help address these weaknesses by improving transparency, motivation, and engagement. By aligning gamification with company culture, designing meaningful rewards, and ensuring fair and transparent performance tracking, PT XTA can enhance its performance management processes and drive better employee outcomes.

4. Conclusion

Future research should explore the long-term impact of gamification on employee performance, motivation, and retention to determine its sustainability in performance management. Additionally, studies could examine how gamification can be customized to different organizational cultures, industries, and company sizes to maximize its effectiveness. Investigating the role of specific game mechanics, such as leaderboards, rewards, and social competition, in enhancing employee engagement would provide valuable insights into which elements contribute most significantly to improved performance. Furthermore, research should focus on employee perceptions of gamification and whether it leads to meaningful behavioral changes in performance management. Another important avenue for future studies is the integration of gamification with emerging technologies, such as artificial intelligence and data analytics, to enhance the effectiveness and adaptability of performance management systems. By addressing these areas, future research can provide deeper insights into the scalability and long-term benefits of gamification in various organizational contexts.

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