

Abstract

The service sector is becoming increasingly important, and many companies, such as those in the fields of education, health care or leisure activities, are characterized by a growing sense of competition. More than ever, employees are discerned as success factors needed to boost business productivity and, therefore, financial incentives must be established in order to manage employee performance in line with enterprise performance.

The aim of this paper is to identify the requirements for a performance pay system in personal services as well as which compensation models can be used. A cautious comparison between theory and praxis will be given. Therefore, an empirical study as a type of qualitative research was carried out. For this reason, interviews in eight service companies with direct or indirect personal references were conducted.

The results of the empirical study showed that non-profit companies do not measure employee performance and, therefore, performance pay is non-existent. In for-profit companies, only quantitative, measurable indicators are used as a basis for performance remuneration. Qualitative indicators are merely used for personnel appraisal and personnel development. However, the potential of these ratios is underestimated in terms of its governing effect for personal services. Performance remuneration exists in the form of a premium wage, which consists of a standard wage and the variable rate in the form of various premiums. By utilizing performance pay systems, an increased motivation and job satisfaction can primarily be achieved.