

## Direct Employee Participation: From Ideal to Insight

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During the financial crisis of 2008, my wife came home with a striking story. At her workplace, there was a 10% budget cut, and layoffs were imminent. Not because of poor performance, but simply because money needed to be saved. What affected her most was that employees had absolutely no say in this drastic decision.

“It’s a shame,” she said, “because there are plenty of colleagues who would actually prefer to work fewer hours. That way, we could meet the savings target and retain valuable knowledge.”

That conversation has always stuck with me. When I hired my first employee in 2012, I resolved to do things fundamentally differently. I wanted to build an organisation with people at its heart—where employees actively think along and help make decisions. Not just about their own work, but also about strategic choices such as new clients, salary policy, and the direction of growth.

In this blog, I share my journey: the ideals I started with, the hard lessons I learned, and the renewed perspective on employee participation that resulted. Not as a blueprint, but as inspiration for leaders who believe that engaged employees are the foundation of sustainable organisations.

### What is Direct Employee Participation?

Direct employee participation means that employees influence decisions within the organisation without intermediaries. It goes beyond a works council or annual employee satisfaction surveys. Think of team meetings where policy decisions are discussed, or direct feedback to management about changes in direction.

This form of participation requires a safe work environment, mutual trust, and the willingness of leaders to share power. And that last point, I would learn, is easier said than done.

### Putting Ideals into Practice

My first years as an employer were characterised by idealism. Together with my employees, I considered everything: the design of the office, accepting new clients, even each other’s salaries. We called it “co-entrepreneurship,” and the energy was tangible.

The advantages were clear:

- **Engagement:** Employees felt taken seriously and ownership grew.
- **Transparency:** Open communication led to mutual understanding.
- **Innovation:** Diverse perspectives led to more creative solutions.

Yet something was simmering beneath the surface. Because how do you deal with differences of opinion when everyone has a voice? And what happens when not all voices are heard equally?

### Failing in Growth

Six years later, the team had grown to about 20 employees. That’s when the first cracks began to appear. During sessions with an external advisor, outside the walls of the office, we examined our

working structure. The outcome was painful: my approach to direct employee participation had failed.

What went wrong?

- **Lack of frameworks:** The freedom I offered was sometimes experienced as vague or unsafe. Employees did not always know what they could influence or what was expected of them.
- **No clear direction:** In the drive for consensus, I forgot to make clear decisions. This led to indecisiveness and frustration.
- **Loss of listening:** In a crucial phase—the acquisition talks with Occhio—I did not sufficiently involve the employees. Precisely at that moment of uncertainty, they needed clarity and input.

The consequences were palpable: stress, misunderstanding, and loss of trust. Ultimately, I decided to sell my shares and step down as leader. A difficult, but necessary step.

### What is Valuable Employee Participation?

After my departure, the theme of employee participation didn't let go of me. In fact, it became my personal mission to investigate: What is the most valuable form of employee participation?

In that search, I noticed something: in many organisations, participation is still something formal. The works council acts as a buffer, and real engagement remains limited. There's too little room for critical voices, let alone fundamental influence on direction and policy.

I am convinced that real participation requires:

- **Psychological safety:** People need to dare to disagree without fear of repercussions.
- **Clear direction:** Participation only works if the framework is clear. Not free discussion about everything, but targeted influence on relevant topics.
- **Reciprocity:** If employees are given influence, they must also take responsibility for the collective result.

### The Family Business as a Source of Inspiration

An interesting source of inspiration in this debate is the family business. While publicly traded companies are often driven by shareholders and quarterly results, family businesses tend to think in generations. Continuity and culture weigh heavier than short-term profits.

In family businesses, you often see that the voice of employees carries more weight, though not always in a formal sense. Employees feel part of a larger whole. Loyalty, engagement, and knowledge transfer are more deeply rooted. The lesson? An organisational culture in which employees feel seen and heard contributes to both stability and innovation. Participation is not an end in itself, but a means to sustainable collaboration.

### Scarcity and Specialisation

Looking at the next 10 to 15 years, I see a new urgency emerging for employee participation. The labor market is fundamentally changing:

- **Limited workforce growth:** Due to ageing, the number of available workers will barely increase.
- **Increasing demand for specialists:** Automation and technological development require specific knowledge and skills.
- **Long learning curves:** It takes years to train new specialists, leading to scarcity.

This situation can lead to inequality and dissatisfaction in the workplace. But it can also be an opportunity to redesign organisations. Because if specialists are scarce, their engagement becomes crucial. Organisations that invest in participation, connection, and development will be better able to handle this structural challenge.

### **People-Centred Entrepreneurship is Not a Hype, But a Necessity**

What started as a personal belief became a life lesson. Direct employee participation is wonderful, but requires clear frameworks, mature communication, and a culture of mutual respect. It's no guarantee of success, but without participation, many organisations will get stuck in the coming years.

We are entering an era in which sustainable relationships between people and organizations are more important than ever. Leaders who dare to invest in this not only build resilient companies, but also contribute to a healthier society.

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