Psychosocial risk management

How we can proactively manage psychosocial risk in a way which helps employees and leads to improved organisational performance

The impacts of mental illness and ill-health in the workplace have never been higher or more visible. Despite this, many organisations continue to struggle with the effective management of psychosocial risks. These risks, which cover the combined influence that psychological factors and the surrounding social environment have on people's physical and mental wellbeing, directly relate to our ability to function.

We see an ongoing reliance on the reactive management of mental health 'cases' as they arise, or initiatives to help employees 'cope' better. These alone are not enough. A new approach is needed.

The value of supportive leadership in responding to mental health issues is well documented, and is critical. This paper, however, focuses on the need to apply evidence-based, proactive risk management approaches to psychosocial risks that will minimise harm to workers, and enhance organisational performance through improved productivity and innovation.

Psychosocial risk on the rise

As our world changes, so does the work we do. For most workplaces, this means increased exposure to psychosocial hazards such as high job demands, remote or isolated work, and poor organisational structures. For some workplaces, there are additional exposures to hazards such as violence and aggression, bullying and harassment, and traumatising events.

Many organisations are currently managing the risks associated with these hazards through initiatives such as resilience training, lunchtime meditation, and referrals to the Employee Assistance Program (EAP). However, guidance from regulators confirms that these initiatives – while beneficial – are simply not enough. Injuries and illnesses continue to occur. The risk remains high and the cost is great.

Employers must acknowledge these risks and take responsibility for the impact work has on the wellbeing of employees. The time for placing the sole focus on individuals to manage their own psychological safety has passed. It is now time for everyone to accept their portion of the responsibility.

An evidence-based approach

We're all familiar with the traditional approach to managing risk: identify, assess, and control the risk, consult and communicate with employees, and perform assurance activities to confirm the effectiveness and implementation of the allocated controls. While traditional, this approach is based on a solid foundation of evidence which supports ongoing and effective risk management.

This approach provides an opportunity for us to follow a well-trodden path to a mentally healthy workplace. It does not replace the need for supportive leadership when mental health concerns are raised. Rather, this paper highlights the value of a proactive, preventative approach to the identification, assessment, control, and monitoring of psychosocial risk.

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Establishing a strategic direction

Without a clear vision, it is unlikely there will be a coordinated and effective reduction in psychosocial risks in a workplace. Having a defined strategy which includes mental health, or one which focuses specifically on mental health, is critical in order to have a progressive position on issues such as:

- The investment required to reduce psychosocial risks to as low as reasonably practicable

- The extent the organisation is willing to innovate to positively influence employee mental health

- How to focus on both prevention and management of mental ill-health

With a clear strategy, established through robust consultation with relevant stakeholders, the next steps towards a mentally healthy workplace through better risk management are far easier to take.

Understanding the risk and how to manage it

Consider how you would manage the risk associated with a physical hazard. For example, a collision between a forklift and pedestrian in a corner of a warehouse. It goes without saying that you would have identified the hazard separately to other traffic hazards, assessed the risk, and implemented controls in line with the hierarchy of control. Through implementation of a designated walkway, installation of physical barriers, mandatory high visibility clothing in the warehouse, and training of staff and visitors, you might consider the residual risk to below.

We must apply this same microscopic lens to all hazards which present elevated risks to our people — including psychosocial hazards. For example, interacting with aggressive clients can be managed through a combination of tailored controls such as design of work to minimise exposure, situational training, setting clear standards regarding clients' behavioural expectations, and accessibility to an EAP. It is only through this targeted approach that we can truly understand the risk and minimise it through tailored controls.

When it is put this way, it is not surprising that even many health and safety professionals struggle to think of innovative solutions to effectively manage psychosocial risks in the workplace. The line of sight is often not deep enough.

Instead of considering the impact of psychosocial risk generally on the whole workforce, we need to consider each specific hazard separately and in consultation with our people. This could include identifying hazards such as:

- Interacting with clients face-to-face

- Interacting with clients over the phone

- Managing a heavy workload, at a particular time of year

- Working in isolation for a long period of time

Risks should also be assessed differently for those with pre-existing mental health conditions. The risk of more severe or frequent consequences is greater, therefore additional controls may need to be allocated to effectively prevent exacerbating pre-existing conditions.

Thinking carefully about the right solution

Identifying effective controls to reduce psychosocial risk may appear challenging, however, is clearer once the hazards have been identified comprehensively. Applying the hierarchy of controls to each hazard offers a better way of tackling the challenge of providing mentally healthy workplaces.

Examples of the types of controls which should be considered include:

1. Elimination: Elimination of isolated work for long periods of time
2. Substitution: Replacement of leaders who are known sources of bullying
3. Engineering: Automatic re-direction of calls from aggressive customers
4. Administration: Resilience training
5. Personal protective measures: Healthy meal plans, lunchtime meditation

Personal protective measures and administrative level controls, when implemented in isolation, are unlikely to be effective in the long term. Controls are also likely to be ineffective if they are not developed with careful consideration of the nature of the workforce (for example, if the same controls will work for both regional employees and those based in major cities) or available research.

When it comes to managing psychosocial risk in the workplace the three levels of health promotion framework should be central, i.e. having the right balance between primary, secondary, and tertiary interventions. This ensures that workplace measures aim to prevent mental illness or injury (primary), look to reduce the impact once exposure to a psychosocial hazard has occurred (secondary), and soften the impact of a mental health illness or injury to minimise any chronic effect (tertiary). A combined approach, inclusive of all three levels of intervention as different forms of controls, is most effective.

A combined proactive and reactive approach will boost morale, better leverage resources, and improve organisational productivity.

Ensuring controls are implemented and effective

Like any other control, controls implemented to reduce psychosocial risk must be monitored for compliance and effectiveness.

To ensure a comprehensive view is obtained, with governance and leadership oversight, monitoring should be completed through application of the 'Three Lines of Defence' model, outlined below.

First line of defence:	Workplace inspections, self assessments	
Second line of defence:	System audits, deep dives	Governance and leadership oversight
Third line of defence:	Independent assurance	

It is commonplace for these assurance activities to focus solely on controls allocated to minimise physical risks, as due to their objective nature, it is often easier to confirm implementation. This is dangerous, as it promotes tacit acceptance of non-conforming practices relating to psychosocial risks, and in turn can lead to an even higher proportion of unhealthy behaviours.

To continuously improve in this space, auditors must not only include an assessment of the implementation and effectiveness of psychosocial risk controls, but also focus on identifying the root cause of any control gaps identified (regardless of whether a finding is subjective – for example, the presence of a manager who exhibits intimidating behaviours on an ongoing basis), and provide recommendations to rectify these. It is then the responsibility of leadership and governing parties to act upon improvement opportunities identified.

Got a capability gap?

Psychosocial risk management is relatively new in most industries, and not all organisations have the in-house capability to successfully identify psychosocial risks and controls, or to design and deliver valuable assurance programs to monitor the effectiveness of controls. It is important that specialist support be engaged when required. EY teams of organisational psychologists and health and safety professionals are able to assist organisations so that efforts to manage psychosocial risks are effective and support the achievement of commercial objectives.

How effectively are psychosocial risks being managed?

Does your organisation provide EAP services, train employees to build resilience, and offer gym membership discounts? Great – but that is simply not enough, particularly when implemented in isolation.

So, how can you proactively manage risk in a way which is meaningful for your people, and benefit your organisation?

The following, developed in consultation with the workforce (and supported by effective leadership practices), is critical:

- ☑ Mental health strategy
- ☑ Psychosocial risk assessment
- ☑ Tailored controls
- ☑ Assurance program, targeted to assess psychosocial risk control effectiveness
- ☑ Corrective action and improvement plan

Only through these activities can you successfully manage psychosocial risks effectively on an ongoing basis; in turn, improving overall organisational performance as a result of a healthier, more productive, and innovative workforce.

Learning more

The importance of leadership and EY's health and safety philosophy are discussed in our thought leadership publications 'The Future of Health and Safety', 'Why Should I Trust You?', and 'The Plus Side of Mental Health' – available on our website, http://www.ey.com/au/en/services/specialty-services/climate-change-and-sustainability-services/ey-climate-change-and-sustainability-services-OHS-matters

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