



The Impact of **Psychological Safety** on **Employee Engagement** and **Risk Management**

A joint report delivered in partnership by
Workplace Options and IIRSM



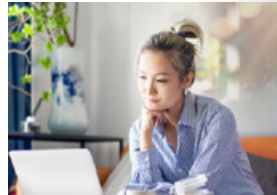
Collaborative Insight into Risk Reduction through Psychological Safety

Workplace Options (WPO), the global employee wellbeing solutions leader, and the International Institute of Risk & Safety Management (IIRSM), the professional membership organisation, have been working in partnership for more than three years.

With more than 40 years of experience, WPO offers individuals and organisations a continuum of **human-centred wellbeing solutions** that address emotional, practical, and physical needs anytime, anywhere, to support individual and organisational success.

IIRSM's vision is also of a future of thriving organisations, where people feel safe, supported, and empowered to identify and manage risks, protecting their environments and lives, and propelling their organisations forwards.

Both WPO and IIRSM have an international impact. WPO's offices and service centres support 88 million employees in 200 countries and territories, and IIRSM works with its communities of branches, fellows, ambassadors, and members throughout the world.



In partnership, WPO and IIRSM are coordinating efforts to help organisations succeed by addressing employee wellbeing, psychological safety, and psychosocial risk.

IIRSM has approved select WPO courses addressing the workplace impact of emotional wellbeing and diversity, equity and inclusion (DEI).

IIRSM's Director of Professional Services, Sabreena Roberts, recently contributed to WPO's virtual summit, 'Leading with Purpose: Employee Engagement Strategies to Inspire and Win'. The summit sparked important discussions on the critical role of employee engagement and psychological safety in the workplace.

Mary Ellen Gornick, founding partner of the WPO Consulting Group, is a regular contributor to IIRSM's members magazine, The Sentinel, inspiring readers with her insights into how organisations must support their people. WPO has also sponsored IIRSM's annual Risk Excellence Awards, which champion organisations with health and wellbeing strategies that are both preventative and proactive in approach.

The launch of this collaborative research initiative on psychological safety within organisations and its effect on employee wellbeing is the most recent step in our partnership. We present the results of our first study here. We hope it ignites further debate and resulting action.

WPO and IIRSM are proud to play a vital role, together, in reducing psychosocial risk and creating safe and healthy workplaces so that organisations and their people can thrive.

WPO President & CEO **Alan King**
IIRSM Chief Executive **Phillip Pearson**



BACKGROUND

Workplace Options (WPO), in collaboration with the International Institute of Risk & Safety Management (IIRSM), conducted a research initiative on psychosocial risk within organisations and its effect on employee wellbeing and psychological safety. The objectives of the study were to

Identify the psychosocial hazards that hinder psychological safety

Understand the risk profile of organisations – the extent to which organisations are aware of and responding to psychosocial risks

Understand the impact on the organisation when psychological safety is **not protected**



METHODOLOGY AND RESPONDENTS

The research team collected the data via a survey consisting of 30 questions sent to leaders and managers at more than 5,000 organisations in June and July of 2024.

- The 370 respondents included executive leaders, HR and operations managers, risk managers, health and safety leads, wellbeing leads, and others.
- Industries included health care, technology, manufacturing, financial services, energy, real estate, pharmaceuticals, professional services, and other sectors.
- The majority of respondents worked in large global organisations, but responses also came from employees of small- and medium-size organisations operating within a region or a single country.



DEFINITIONS

For the purposes of this research study, WPO defines wellbeing, psychosocial risk, and psychological safety as follows:

- **Wellbeing** – The state of being comfortable, healthy, and happy. It is a holistic measure that includes physical, mental, and social aspects, indicating how people perceive their lives and sense of flourishing fulfilment.
- **Psychological safety** – A belief that one can express thoughts, ideas, concerns, or mistakes without fear of negative consequences to self-image, status, or career. It is a shared sense of confidence that the team environment is safe for interpersonal risk-taking – a place where individuals feel respected and accepted.
- **Psychosocial risk** – The workplace factors that can expose employees to risk of psychological injury. The risks can contribute to stress, anxiety, depression, burnout, and other mental health issues and impact organisational performance by reducing productivity and overall employee wellbeing.

30
QUESTIONS

370
RESPONDENTS

5K+
ORGANISATIONS



RESULTS

EXTENT AND EFFECTIVENESS OF WORKPLACE WELLBEING STRATEGIES

Whilst most responding companies (88 per cent) have corporate strategies focused on wellbeing in the workplace, and these organisations acknowledge the benefit of having these initiatives in place, respondents are less confident in the reach and effectiveness of these efforts. Some 24 per cent of respondents believe the wellbeing programmes at their organisations are ‘lacking’, ‘somewhat lacking’ or ‘not sure’, and only 29 per cent consider these programmes to be ‘very comprehensive’. These answers stand in contrast to the 84 per cent of respondents who report that the overall state of wellbeing in their organisation is ‘good’ or ‘fair’, and the 81 per cent who believe that communication of wellbeing as a priority is ‘very clear’ or ‘somewhat clear’.

This disparity suggests both a gap and an opportunity: a gap between the organisations’ intentions and the effectiveness of their activities, and an opportunity to better understand the actual state of employee wellbeing with data. Only with a sound understanding of the true extent of employee wellbeing and psychosocial risk can

organisations prioritise, implement, and refine responses that make a real difference.

The responsibility for employee wellbeing most commonly lies with HR (73 per cent), but it is encouraging that in 57 per cent of organisations, the executive leadership team shares that ownership. Wellbeing committees were also cited by 36 per cent of respondents.

In their efforts to promote employee wellbeing, responding organisations relied most heavily on

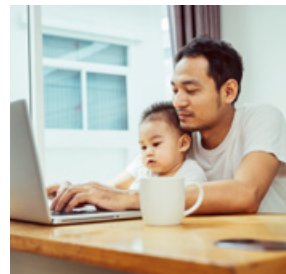
- ... Company **intranet** site: **67** per cent
- ... Digital or **printed flyers**: **63** per cent
- ... **Emails from leadership**: **56** per cent
- ... Postings to an **employee notice board**: **50** per cent
- ... **Wellbeing apps**: **48** per cent
- ... Onsite **wellbeing champions or ambassadors**: **40** per cent
- ... Inclusion as a standard **agenda item in meetings**: **23** per cent

“ ORGANISATIONS NEED A CLEAR HEALTH AND WELLBEING STRATEGY

Sabreena Roberts
Director Professional Services, IIRSM

These means of promoting employee wellbeing can contribute to an environment of psychological safety and reduced psychosocial risk, and can help guide employees to meaningful support. It’s important to note, however, that no single promotion tool can be effective in reaching all employees in all work environments. The many-pronged approaches taken by the surveyed organisations indicates the need for tailored strategies adapted to the unique aspects of varied work environments.

‘Organisations need a clear health and wellbeing strategy’, said Sabreena Roberts, Director Professional Services at IIRSM, ‘one that focuses on both physical and psychological wellbeing and is at the centre of the organisational strategy. But that alone is not enough. Leadership must drive the adoption of the strategy across all levels of the organisation, and it needs to be effectively integrated within day-to-day operations in order for risks to be managed, performance to improve, and the business to excel’.



WELLBEING AND ROI

The survey revealed wide agreement that a psychologically safe working environment is linked to employee wellbeing, productivity, and innovation, and that psychological safety has a positive impact on the bottom line. In fact, 93 per cent of respondents 'strongly agree' or 'agree' that this is the case. These responses show overwhelming acceptance of the clear correlation between a psychologically safe working environment and an organisation's bottom line.

When estimating the impact a psychologically safe working environment has on their organisations' return on investment (ROI), 9 out of 10 respondents estimated a return of at least 6 per cent, and more than one-third of respondents estimated a return of more than 20 per cent.

Whilst this study didn't directly measure the relationship between employee wellbeing and an organisation's financial returns – only the respondents' perception of that relationship – other studies have explored the links between organisational success and both psychological safety and psychosocial risk. Improvements in psychological safety have been tied to greater innovation and higher rates of employee engagement. Reductions in psychosocial risk have been found to drive gains in productivity and decreases in turnover, absenteeism, and burnout. Both increased psychological safety and decreased psychosocial risk have been shown to promote improvements to the bottom line.

When asked to identify the most important benefits of a strategy that prioritises worker wellbeing, respondents named

Stronger **corporate culture: 61** per cent

Enhanced **employer brand: 58** per cent

Increased **trust and credibility: 50** per cent

These same three factors were named as the most notable risks of not having a wellbeing strategy.

STRATEGIES TO MITIGATE RISK AND PROMOTE SAFETY

The survey responses showed a strong alignment to the strategies to mitigate risk to employees. These include

Enhancing employee **support and wellbeing programmes: 71** per cent

Improving **communications and reporting channels: 68** per cent

Fostering a **culture of safety and risk awareness: 61** per cent

Implementing regular **targeted training on risk management: 49** per cent

Conducting **frequent risk assessments** and audits: **45** per cent

Strategies to promote psychological safety include

Offering **mental health resources** and **support: 80** per cent

Promoting **diversity, equity, and inclusion (DEI): 74** per cent

Encouraging **open dialogue and feedback: 67** per cent

Providing **training on psychological safety and psychosocial risk: 44** per cent

Encouraging **learning from mistakes without blame: 42** per cent


Less than half (40 per cent) of the surveyed organisations have a team of identified individuals who are aware of and trained on the processes to identify and report on psychosocial risk. More than half of respondents (60 per cent) reported that their organisations have no such identified individuals or that they don't know if that preparation is in place.

In terms of psychological safety, a key factor is whether employees feel safe in raising concerns about problems in the organisation. Our survey didn't reach employees directly, but amongst the leaders we surveyed, 83 per cent said they would be 'comfortable' or 'very comfortable' alerting their leadership when they see situations that compromise

MITIGATING PSYCHOSOCIAL RISK AND ENHANCING PSYCHOLOGICAL SAFETY IN AN ORGANISATION ARE NOT SIMPLE OR QUICK PROPOSITIONS

Oliver Brecht

VP & General Manager of Enterprise Solutions
Workplace Options - The Consulting Group



worker wellbeing. Given their positions in the company, it's worth noting that 14 per cent said they would be only 'somewhat comfortable' or 'not comfortable'. We can assume that the rates of discomfort about raising concerns would be higher at lower levels of the organisation and amongst staff not tasked with responsibilities related to risk and employee wellbeing.

Whistleblower systems are another way to promote psychological safety and mitigate risk. Amongst responding organisations, 68 per cent of respondents have such a system in place, whilst 14 per cent don't, and 17 per cent don't know. To be effective, whistleblower systems must also be advertised and promoted. Just 56 per cent of respondents say that that is the case, whilst 44 per cent say that this is not the case, or that they're not sure.

'Mitigating psychosocial risk and enhancing psychological safety in an organisation are not simple or quick propositions', said Oliver Brecht, VP & General Manager of Enterprise Solutions in WPO's Consulting Group. 'It takes leadership from the top and a long-term commitment from stakeholders throughout the organisation to make these kinds of cultural changes, but the payoff can be enormous, with high-functioning teams, motivated and engaged employees, and a fearless drive to innovate'.



RISK ASSESSMENTS

Whilst the survey responses identified a wide range of measures that organisations take to mitigate risks, they also showed that regular risk assessments are not the norm.

When asked how frequently their organisations conduct psychosocial risk assessments, only 4 per cent of respondents said 'monthly', whilst 4 per cent reported 'biannually', 13 per cent 'annually', and 11 per cent 'less than annually'. A quarter of respondents said 'never', and a third of respondents were 'not sure'. Whilst awareness of mental health as a business issue is growing, it is not yet standard practice for organisations to conduct regular psychosocial risk assessments.

Without data from psychosocial risk assessments, efforts to mitigate risks can be haphazard – perhaps just guesses as to what the problems are and how to address them. Further, the survey suggests that organisational responses to risk assessment data, when it is obtained, are not always prompt or meaningful.

When recommendations for improvements are made from the

findings of risk assessments, only 6 per cent of respondents said that these are implemented immediately, whilst just under half (48 per cent) stated that 'recommendations are reviewed and prioritised before implementation'. However, 22 per cent stated that 'recommendations are discussed, but implementation is inconsistent' and 24 per cent said that recommendations are 'rarely implemented', 'not addressed at all' or 'not sure'.

When weighing the relative importance of physical and psychosocial risks, 51 per cent of respondents said that equal value is placed on both types of risk in their organisations, but just under half (42 per cent) indicated that physical risks are given more priority. A much smaller number (6 per cent) said that psychological risks are given more priority than physical risks.

'Without risk assessment data, it can be easy to overlook the negative effects of psychosocial problems on the organisation', said Christian Mainguy, Senior Global Consultant for Sales at WPO. 'Burnout and lack of effort or creativity among employees are silent drains on productivity and profits. They're not as visible as an equipment failure or the loss of a key customer, but as risks, they're just as real. Optimal operations, innovation, and growth depend on the full contributions of all employees'.

THE ROLE OF THE MANAGER OR SUPERVISOR









On the individual and team level, managers and supervisors play a critical role in identifying mental health problems and psychosocial risks. Here, too, the survey responses suggested gaps in knowledge and competence.

Whilst the respondents themselves, for the most part, felt confident that they can recognise and help employees in need, they don't have the same confidence in managers and supervisors as a whole (remember that the respondents are leaders in the organisation, many with responsibility for HR, risk management, or employee wellbeing).

When asked whether they, themselves, feel that they can take effective action to support a colleague whose wellbeing is compromised, 82 per cent said 'yes'. Only 4 per cent said 'no' and 14 per cent were 'not sure'. However, when asked whether managers and frontline supervisors recognise when a colleague's wellbeing is compromised, less than half (42 per cent) said 'always' or 'often', whilst 45 per cent said 'sometimes', and 11 per cent said "rarely".

Clearly, managers and frontline supervisors make up a layer of the organisation's psychosocial risk safety net that has opportunities for strengthening.

What indicators help you recognise that a team member's wellbeing is compromised?

-  ... Noticeable **changes in mood, behaviour, or attitude**: **68** per cent
-  ... **Withdrawal** from team activities or social interactions: **41** per cent
-  ... Increased **absenteeism or tardiness**: **35** per cent
-  ... Physical signs of **stress or fatigue**: **32** per cent
-  ... **Decreased productivity** or performance: **28** per cent
-  ... Frequent **complaints about workload** or stress: **26** per cent
-  ... **Loss of concentration** or focus: **20** per cent
-  ... Increased **conflict with colleagues**: **12** per cent

RESPONSE TO WORKPLACE CRISIS OR TRAUMA

When asked about how prepared their organisations were to handle a workplace crisis or major hazard, such as harassment, an on-site fatality, or a work accident or injury, only two-thirds (63 per cent) of respondents believed that they were 'very well' or 'well prepared', and 32 per cent said they were 'moderately' or 'somewhat prepared'. Worryingly, 4 per cent said they were not prepared at all.

These results were mirrored in the response to the question: *Does your organisation assess the efficacy of the support provided following a crisis?* Of the respondents, 64 per cent said

'yes always' or 'sometimes', but just over a third (37 per cent) said 'rarely', 'never' or 'not sure'.

'While crises and traumatic events are, almost by definition, unexpected, organisations must be prepared for them', said Gornick, 'Risk management strategies must factor in the potential for accidents, errors, and other disturbances, and those strategies must account for the effects trauma and disruption can have on employees and other stakeholders, including customers. Response plans must be communicated clearly and widely understood long before they are needed'.

WHILE CRISES AND TRAUMATIC EVENTS ARE, ALMOST BY DEFINITION, UNEXPECTED, ORGANISATIONS MUST BE PREPARED FOR THEM

Mary Ellen Gornick
 Founding Partner
 Workplace Options - The Consulting Group

RECOMMENDATIONS

The survey results represent a good sample of organisational responses to psychosocial risk and the need for psychological safety at a time when risk management priorities are only beginning to broaden to include psychological as well as physical risk. It's no surprise that physical risks continue to take priority over psychosocial risks at many organisations, but that balance must continue to shift. Physical and psychosocial risks are intimately related, and both can negatively impact an organisation's bottom line.



Closer coordination between risk management, HR, and staff with responsibility for employee wellbeing continues to be needed, with strong backing from executive leaders. Coordination must include clearly defined roles, responsibilities, and accountability.

Regular psychosocial risk assessments are needed to understand an organisation's vulnerabilities, which will vary by location and job function, and even by team. Only with knowledge of the specific problems within an organisation can strategies be developed and implemented to address psychosocial risk and take steps to enhance psychological safety.

Managers and front-line supervisors are in a unique position to notice and respond to individual concerns with wellbeing and team effectiveness. They are also the communicators of the organisation's culture and the bridge to guide employees to expert support when needed. Managers need training and encouragement to play these critical roles effectively. That training should also encourage managers to attend to their own wellbeing.

'Most organisations today recognise the importance of employee wellbeing and the value of psychological safety in the workplace, yet few are taking action with meaningful impact. An effective health and risk strategy involves the key steps of measuring, diagnosing, and evaluating solutions, then implementing programmes and following up with continuous improvement. It needs dedicated cross-functional resources accountable for outcomes. Wellbeing and its measures are a leadership responsibility, and the benefits are too immense to ignore', said **Dr. Mahua Ganguly**, a seasoned corporate medical professional and current employee health strategist, mental health educator, wellbeing enthusiast, and speaker.

Whilst growing in popularity, **digital wellbeing apps should be seen as an element in an organisation's strategy** to mitigate psychosocial risk and promote psychological safety, not as the keystone of those efforts. Solutions need to be many and varied – adapted to the unique needs of different work environments and employees. Leaders should work with data from risk assessments and other forms of input from employees and managers to customise support offerings and communications. The goal is to make meaningful support available to all employees and create an environment where they are comfortable reaching out for help – and know how to access it – when they need it.

Organisations must have **response systems in place for dealing with crises and traumatic events before they happen** as well as taking measures to minimise those risks. This should include a risk management framework with regular training for managers and frontline supervisors to recognise and respond to risks and access expert support when critical events occur. The risk mitigation and response strategy should include business continuity planning and recognition of the effect crises can have on employee mental health and wellbeing. It is essential that expert post-trauma support be available to those affected.

ABOUT WORKPLACE OPTIONS

Workplace Options creates an environment where people can be their authentic selves in every aspect of their lives. Our mission is to offer individuals and organisations a continuum of human-centred wellbeing solutions that address emotional, practical, and physical needs anytime, anywhere.

ABOUT IIRSM

IIRSM is a UK-based professional membership organisation with a global footprint. We help individuals and organisations around the world to feel safe, supported, and empowered to identify and manage risks, protecting their environments and lives. We aim to drive the holistic evolution of risk management in organisations by educating and protecting their people through our unique communities. We work together providing training, knowledge sharing, and networks to support the competence of risk and safety professionals.



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