Corporate Mental Health Alliance AUSTRALIA

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Managing Psychosocial Risk in the Workplace:

Why recognising psychosocial risk is important

Mental health in the workplace

Awareness of the concept of mental health at work has increased in recent decades and includes recognition of the impact of work on mental health, and how workplaces have a role in promoting social awareness and reducing stigma. This has been in parallel to increased awareness of mental health issues in the broader community, outside the context of work. Protection of mental health (or psychological health) has long been an element of workplace health and safety duties, though a range of developments have increased awareness of these duties and spurred greater actions (e.g., National Guidance on workplace bullying; development of new Codes of Practice and International Standards; agreement on implementation of Regulation on Psychosocial hazards).

A range of challenges still exist for businesses when planning their responses to workplace mental health, including issues of terminology, lack of expertise in mental health, a lack of support from leaders, and a lack of clarity about who should be responsible for managing mental health improvement strategies within workplaces.

Poor mental health of workers can significantly impact organisations. It can lead to reduced productivity and job satisfaction, increased absenteeism, and staff turnover, resulting in increased organisational costs and economic strain. Mental health claims are the 4th most common category of compensated serious claims in Australia, the most costly, and result in the highest time off work. Costs of these claims have increased by 222% since 2000-01. (Safe Work Australia 2021).

Compensated injury remains a significant underrepresentation of total injuries and harm, due to issues in coverage, application, and success of claims. Conversely, research conducted by PricewaterhouseCoopers has identified that for every dollar spent on creating mentally healthy workplaces, a business can, on average, be rewarded with a positive return on investment of 2.3 (PricewaterhouseCoopers 2014).

As with physical health, mental health can vary on a continuum. As depicted in Figure 1, a person's mental health can change and vary between 'good' or mentally healthy state, and mental illness or mental ill-health. Psychosocial hazards can contribute to the mental ill-health of a person and so understanding the things that can cause harm and the likelihood of this occurring is important for reducing mental illness in workers and promoting a mentally healthy workplace.

Workplaces have been doing a great job in mental health promotion in the community – helping to normalise help-seeking behaviour and talking more openly about experiences of mental-ill-health (see Ai Group 2020; MacDonald & Evans 2006). The focus is moving to prevention of harm that may be contributed to by systems of work – i.e., how work is done. That's why identifying psychosocial hazards and assessing their risks has become a core part of an organisation's responsibilities to improving mental health of workers. This has major benefits for workers, for organisations, and the wider community.
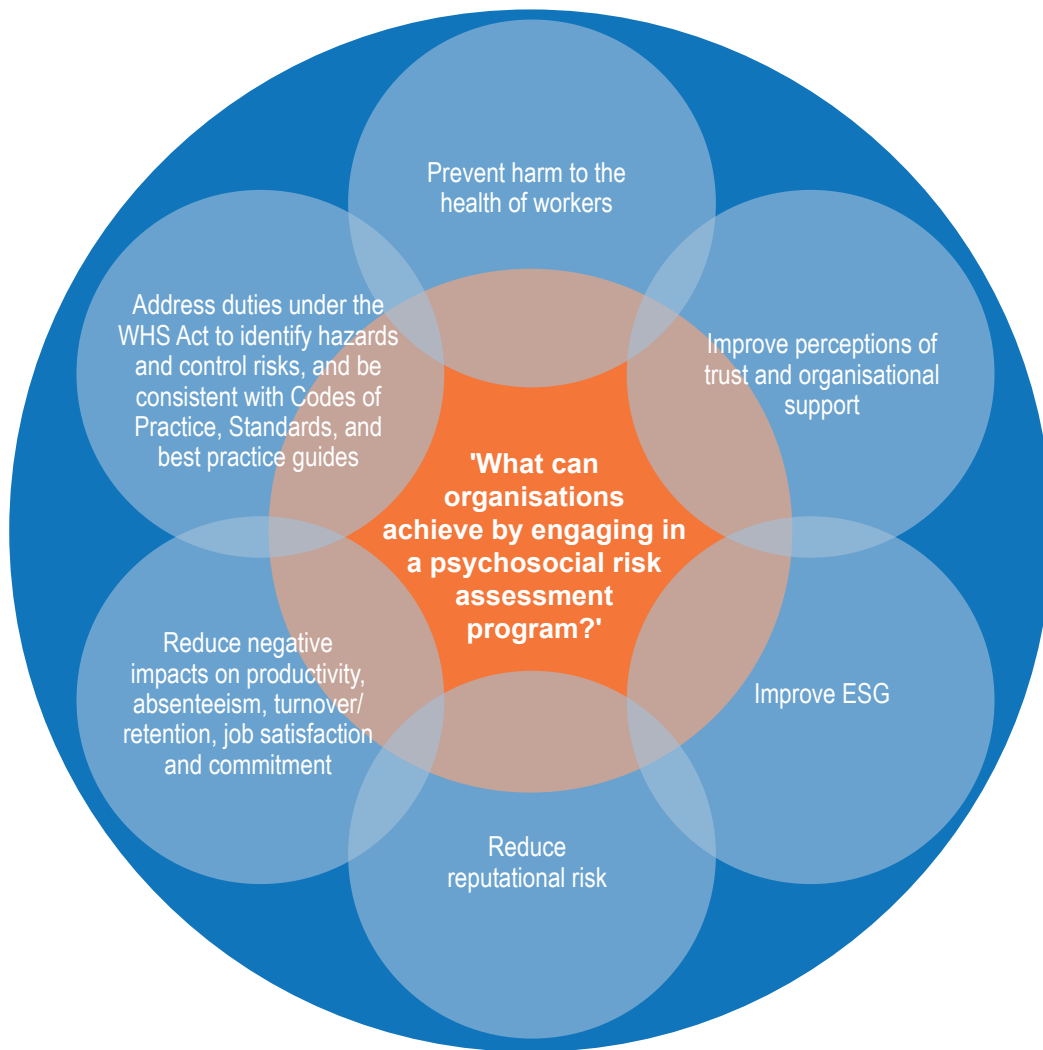
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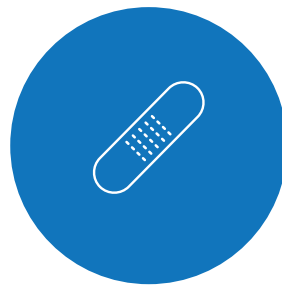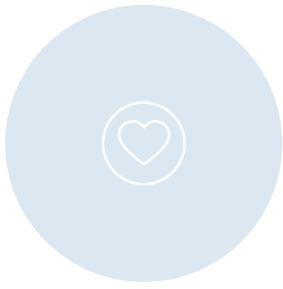
Health	Reacting	Injured	Unwell
Normal mood fluctuations	Nervousness, irritability	Anxiety, anger, sadness	Excessive anxiety, panic attacks, depressed mood
Consistent performance	Trouble sleeping, low energy	Negative attitude; recurrence, intrusive thoughts	Loss of cognitive ability
Normal sleep patterns	Decreased social and physical activity	Disturbed sleep	Suicidal thoughts/Intent
Calm/confident	Sadness, overwhelmed	Fatigue, aches and pains	Can't perform work duties
Physically and socially active	Intrusive thoughts	Avoidance, tardiness decreased performance	Can't fall asleep/stay asleep

Figure 1. The mental health continuum, adapted from Mental Health Commission of Canada (Caponecchia et al. 2022).

The central diagram addresses the question: **'What can organisations achieve by engaging in a psychosocial risk assessment program?'**

- Prevent harm to the health of workers
- Address duties under the WHS Act to identify hazards and control risks, and be consistent with Codes of Practice, Standards, and best practice guides
- Improve perceptions of trust and organisational support
- Reduce negative impacts on productivity, absenteeism, turnover/retention, job satisfaction and commitment
- Improve ESG
- Reduce reputational risk

Psychosocial hazards and risk

Psychosocial hazards are aspects of work related to the psychological and social conditions of the workplace that can cause psychological and physical harm to a worker (Cox et al. 2000). Psychosocial risk is the possibility of harm occurring after a person is exposed to a hazard.

Within the workplace, psychosocial hazards can derive from job design, work organisation, hazardous tasks, equipment and/or the work environment, and social factors and interactions at work. Some common examples of psychosocial hazards in the workplace are provided in Additional Resources.

An understanding of these hazards is key to effectively planning a psychosocial risk assessment, and this understanding of risks and hazards associated with the workplace is expected of employers for exercising due diligence.

Important things to remember regarding psychosocial risks and the management of psychosocial hazards include:

- **They don't occur in a vacuum**. Psychosocial hazards can co-occur with one another, and impact other hazards and risks (e.g., hazardous manual tasks which may lead to musculoskeletal disorders; see MacDonald & Evans, 2006). The impact of these hazards can be cumulative over time depending ton the nature of the hazard, and the duration and frequency of exposure.

- **Despite the name, their impact is more than psychological.** Psychosocial hazards affect both physiological and psychological functioning via the stress response.

- **Non-work factors are important, but not the focus**. It is important for organisations to recognise that workers' mental health can also be affected

by external sources (e.g., domestic violence, family and financial pressures), which can have an impact on their well-being whilst at work (Mayland et al., 2021). While organisations have a role in supporting workers with non-work related impacts on their mental health, (e.g. through social support, time off work, flexible work arrangements, referral to assistance), the main focus for organisations should be on assessing and controlling sources of harm in the work environment.

- ***Fix the work, not the person***. The key risk control for psychosocial risks is re-designing the way that work is done to avoid putting the onus on the individual. This could mean analysing the processes and systems, equipment and resources, people, tasks, and the physical environment to find slightly different ways to structure the work in a more holistic and considered way.

If both the physical and psychosocial aspects of the work environment are not designed for and managed appropriately, this can lead to psychosocial risk and result in poor mental health (e.g., anxiety, depression, post-traumatic stress disorders and sleep disorders), and physical health (e.g., musculoskeletal injuries, chronic disease and fatigue-related injuries) outcomes for workers.

Responsibilities and guidance

While some requirements differ by jurisdiction, the basic principles of workplace health and safety, whereby employers have a duty to identify potential sources of harm (hazards), and control them as far as reasonably practicable, extend to psychosocial risks. Over recent decades, several developments support psychosocial risks being firmly placed within the remit of WHS frameworks.

Broadly, these include:

- The definition of health explicitly including psychological health (Safe Work Australia 2022)
- National guidance on psychosocial risks, and psychological health at work (Safe Work Australia 2016; Safe Work Australia 2019)
- New Codes of Practice on psychosocial risks in several States (e.g., Safe Work Australia 2022; SafeWork NSW 2021; Work Health and Safety Commission n.d.)
- Agreement on the adoption of Regulation of psychosocial risk (ISO45003: 2021)
- The International Standard on psychological health at work (ISO45003: 2021)

As part of these frameworks, there is a requirement for employers to exercise due diligence.

Planning to act

With these responsibilities in mind, there are some broad principles in relation to actions that need to be taken in relation to psychosocial risks.

Consistency with existing WHS frameworks and practices. Psychosocial risks should be managed in a manner consistent with other health and safety hazards. This means applying the basic risk management steps of identification, assessment, control, monitoring and review, consultation and communication (see ISO31000: 2018; Safe Work Australia 2022). Where an organisation has a safety management system (see ISO45001: 2018), consideration should be given to how any proposed psychosocial risk assessment practices can be embedded within the existing safety management system.

Systems focus. Psychosocial risks arise from organisational systems, and systems of work. The focus for assessment, control and continual improvement should be on the organisational system, rather than focusing on intervening at the level of the individual. The focus is on fixing the work – the work tasks, timeframes, workflows, equipment, supervision, support, relationships, roles, skills and competencies – rather than fixing the person.

Key Points:

It is important for an organisation to recognise and understand psychosocial risks present within their workplace to meet their duties to health, safety and wellbeing. Controlling these risks appropriately through re-designing work tasks in an informed way benefits workers, the organisation and the wider community.

Due diligence involves:
Having knowledge of WHS issues
Understanding business operations, and associated risks and hazards
Ensuring there are adequate resources for eliminating risk
Ensuring the organisation is informed on incidents, hazards and risks, and responds in a timely manner
Ensuring that processes for legal compliance are implemented in the organisation
Ensuring that resources are available and appropriately used for the aforementioned points