The background of the page is a photograph of three business professionals in a meeting. A woman in the center is looking at a laptop, while two men on either side are pointing at the screen and holding documents. The setting is a bright office with large windows in the background.

# The Why and How of Psychological Risk Assessment

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The impact of psychological well-being on an organization's performance is substantial. Excessive stress, anxiety and depression cost companies billions globally as the result of employee absences, high turnover and reduced productivity. The good news is that organizations that invest in the psychological health of their team can experience a fourfold return on that investment in the form of motivation, creativity, resilience and improved performance.

### The Costs of 'Ill-Being'

Poor psychological health is expensive. The latest estimates by the World Health Organization (WHO) place the global price tag for depression and anxiety at 1 trillion USD in lost productivity<sup>1</sup>. In January of 2020, Deloitte published a study revealing that mental health issues in the workforce cost UK employers up to 45 billion pounds annually<sup>2</sup>. It is unlikely that those numbers have improved over the last two years, considering the disruption companies and employees have faced during the global pandemic.

1 <https://www.who.int/teams/mental-health-and-substance-use/promotion-prevention/mental-health-in-the-workplace#:~:text=A%20recent%20WHO%2Dled%20study,or%20getting%20work%20is%20protective>

2 <https://www2.deloitte.com/uk/en/pages/press-releases/articles/poor-mental-health-costs-uk-employers-up-to-pound-45-billion-a-year.html>

**Globally 264 million people suffer from depression**



**Resulting in 1 trillion USD costs for lost productivity**



**For every US\$ 1 put into scaled up treatment for common mental disorders, there is a return of US\$ 4 in improved health and productivity.**

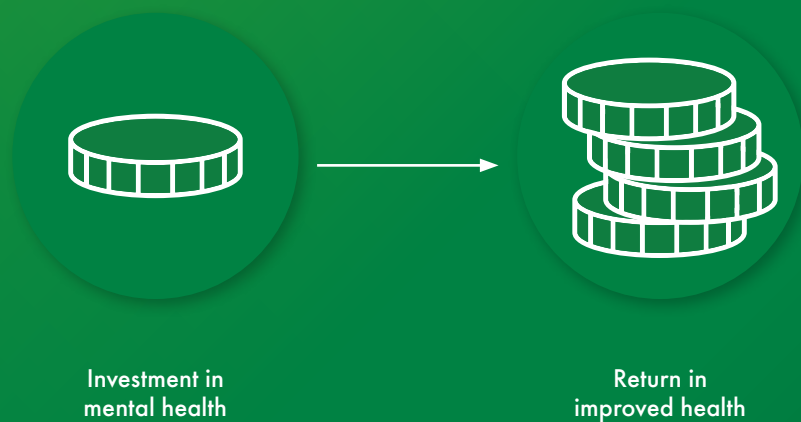


Figure 1. Return of investment for mental disorder treatments

The problem is not just that low levels of psychological well-being lead to absenteeism, although that is one consequence. “Presenteeism” is damaging as well—that’s when stressed, anxious or unhappy people report to work anyway. They are often less engaged and less focused, for example, meaning their productivity suffers. They might even contribute to a negative work environment. They are also more likely to leave their jobs, which can result in unwanted churn and hurt recruiting efforts.

The news is not all bad, however. The WHO report asserts that, “Workplaces that promote mental health and support people with mental disorders are more likely to reduce absenteeism, increase productivity and benefit from associated economic gains.” In fact, they report, “For every US\$ 1 put into scaled up treatment for common mental disorders, there is a return of US\$ 4 in improved health and productivity” (Figure 1). The Deloitte analysis backs up these findings, stating, “On average, for every £1 spent on supporting their people’s mental health, employers get £5 back on their investment in reduced presenteeism, absenteeism and staff turnover.”

Recognizing the importance of a psychologically healthy workforce, some governments (France and Germany among them) have enacted legal requirements for organizations to protect employees from job-related stress, including carrying out and acting on **Psychological Risk Assessments (PRA)**. In addition, ISO 45003 provides guidance for managing psychosocial risk for companies with a health and safety management system set up according to ISO 45001. Still, addressing employees’ well-being, and by extension the fitness of the organization as a whole, can be a daunting task, especially for small and medium-sized enterprises.

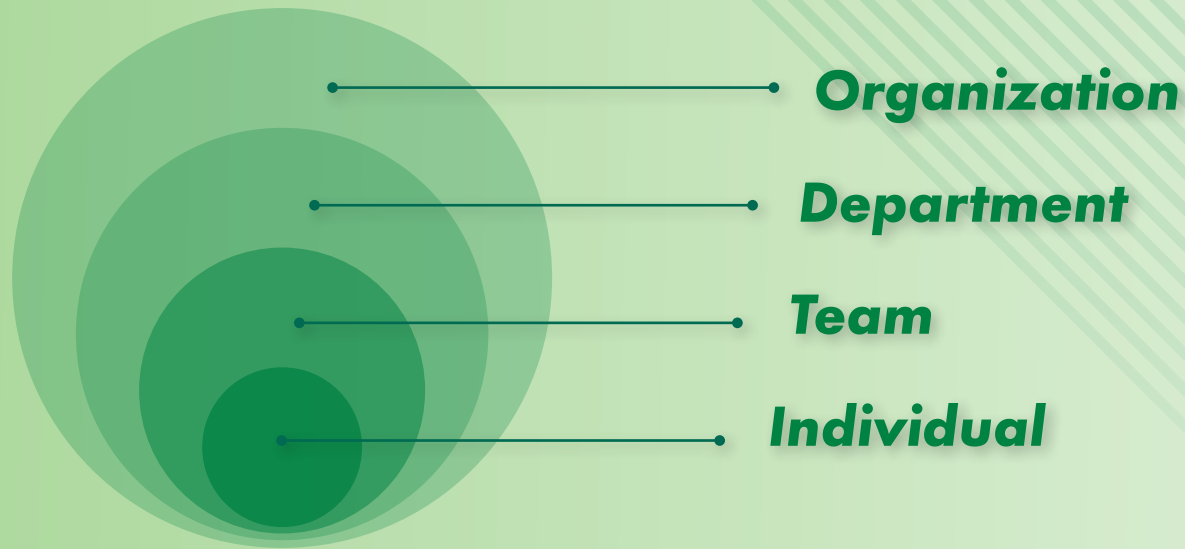


Figure 2. The four levels influencing organizational mental health

## Start with Risk Assessment

For companies that want to promote psychological well-being across their organization, the first step is to assess the status quo. The UK's Health and Safety Executive (HSE) identifies 6 areas<sup>3</sup> that influence stress levels and affect individuals' ability to thrive. When designing a PRA, these are the areas that must be addressed:

- > **Demands:** Are the expected tasks and scope of work perceived as manageable by the employee?
- > **Control:** How much agency do workers have regarding how they carry out their job?
- > **Support:** Can employees access assistance when needed? Are they provided with all the information they need to do their job well?

- > **Relationships:** Are interpersonal relationships harmonious or problematic?
- > **Role:** Does each worker understand their role and responsibilities?
- > **Change:** When changes occur, are employees fully engaged and informed?

It is important to keep in mind that the PRA aims to evaluate the psychosocial health of the organization rather than any single individual. While the personal perspective of each employee concerning the constraints or advantages they perceive in doing their job is a central factor, equally as important are team dynamics and interactions with colleagues; leadership styles and relationships; and the adaptability, vision and strategies of the organization as a whole. Attention to each of these layers (Figure 2) and how they interrelate is essential to creating a thorough PRA.

<sup>3</sup> <https://www.hse.gov.uk/stress/overview.htm>

## Avoid PRA Pitfalls

A flawlessly designed PRA is useless if members of the organization don't participate in sufficient numbers or give thoughtful, honest feedback. Since the topic of psychological health is highly personal and still carries some stigma, ensuring personnel are willing to share their perspectives requires a good deal of trust. In the best-case scenario, the organization has already cultivated a trusting relationship with its employees, who enthusiastically embrace this effort to ensure and improve well-being. In any case, before asking for buy-in from the rank-and-file, the goals and methods of the PRA must be made clear, especially as concerns confidentiality. Another way to build trust following an initial assessment is to openly share the results as well as a plan of action to address weaknesses and, finally, to follow through with concrete measures. When the follow-up assessment takes place, organizations that have been transparent about the process and committed to making improvements will have earned employees' trust.

And follow ups are essential. Establishing and maintaining well-being across an organization is an ongoing, multi-step process, not a box to be checked or a hashtag to be tweeted. Once the initial assessment results are in, the hard work begins making sure that proposed solutions address root causes and not just the symptoms. For example, if heavy workloads are identified as major problem, providing a fruit basket in the breakroom or even an "employee appreciation" day off won't fix it. Often times employees themselves are best positioned to see how issues can be resolved, and asking for their input demonstrates trust and sparks motivation.



# **Investing in the psychological health of your team is smart, forwardthinking and a sensible way to save costs in the long run.**

In addition, even well-designed initiatives take time to make a difference. For instance, if an organization decides to set up an employee assistance program that provides external counseling services, people may not immediately take advantage of it for a number of reasons. That's why allowing ample time to pass between assessments is so important—at least a year.

That's not to say that well-being should be revisited on an annual basis. On the contrary, company efforts to boost the psychological health of employees should be communicated regularly, becoming an integral part of what the company values in word and deed.

## **Building Resilience**

The global pandemic has certainly helped shine a light on the importance of psychological health in the workplace, providing a dramatic example of how external factors affect an organization's internal climate. While the drastic events of

the last two years have demonstrated the need for resilience and flexibility in the workforce, there are other changes underway, especially related to advances in technology, that will require employees and organizations to adapt, think creatively and respond thoughtfully. This is only possible when psychological well-being is valued and fostered.

At DEKRA we have a long history as trusted advisors to companies in a range of sectors all over the world. Recently, we have faced the challenges of the pandemic alongside our clients and have used our experience to design and fine-tune a digital PRA solution backed by expert support that makes what can be a complicated process simpler and more accessible.

In addition, we offer a range of **workplace health and well-being solutions** to help our clients create an environment where people thrive. With all the uncertainty the world is facing, investing in the psychological health of your team is smart, forward-thinking and a sensible way to save costs in the long run.



### Carlene Smith

Carlene Smith has worked at DEKRA since 2012. She has supported many clients in developing a positive culture through conducting cultural assessment and implementing solutions to bring about sustainable change. In her current role as part of Service Division Consulting, she is responsible for workplace wellbeing solutions including psychological risk assessments.



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