

What are Psychosocial Risks and why are they as Important as Physical Risks

Australia has recently made giant strides towards safe and healthy working environments becoming a fundamental principle and right at work.

In the last few years:

1. The International Labour Conference (ILC), of which Australia is a founding member, decided to include “a safe and healthy working environment” in the International Labour Organisation’s framework of fundamental principles and rights at work.
2. Safe Work Australia has recently published the Australian Work Health and Safety Strategy for the next 10 years.
3. Safe Work Australia also finalised its Code of Practice for psychosocial hazards following the Marie Boland 2018-2019 review of Australia’s model work health and safety (WHS) laws.
4. At state level, multiple governments are now considering new legislation changes to ensure psychosocial risks are managed the same way as physical risks.
5. The New South Wales government made their safety law changes in 2022. Now employers in the state should treat psychosocial risks in the same way as physical risks.

PHYSICAL VS PSYCHOSOCIAL RISKS

Physical risks, or hazards, are the most common type of workplace hazards and organisations have had to reduce their employees’ exposure to them by law for some time. They include:

- slips,
- trips,
- falls,
- exposure to loud noises,
- working from heights,
- vibrations and
- unguarded machinery.

Unlike physical risks, psychosocial risks are a relatively new set of regulations for an employer to understand. However, with multiple states making moves to change their legislation in the near future, all Australian employers may soon have to manage their employees’ exposure to psychosocial risks in the workplace by law.

This means employers will need to take action to ensure workers are safe from factors that may impact their health and safety at work. These include:

Aggression or violence — Person is abused, threatened or assaulted in circumstances relating to their work.

Bullying — Repeated, unreasonable behaviour by a person directed at another person or group.

Sexual harassment — Unwelcome sexual advances or any other unwelcome conduct of a sexual nature.

Exposure to traumatic events or content — Exposure to abuse, threat, or actual harm that causes fear and distress and can lead to stress.

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Job demands — Sustained high or low physical, mental or emotional effort is required to do the job.

Lack of job control — Low control over aspects of the work including how or when a job is done.

Lack of support — Inadequate emotional support from leaders, supervisors or co-workers.

Organisational justice — Inconsistent application of policies impacting employees.

Role clarity — Lack of understanding or guidance about work tasks and expectations or standards.

Environmental conditions — Excessive noise or high temperatures, poor design and layout of workplace or work areas.

Remote or isolated work — Working in regional areas or alone.

Change management — Poor communication and management of workplace changes.

Recognition and reward — Lack of positive feedback or recognition and reward.

Workplace relationships — Interpersonal conflict, unreasonable or inappropriate behaviour or workplace culture.

WHY IS ELIMINATING PSYCHOSOCIAL RISK IMPORTANT?

Exposure to any number of the previously stated risk factors can have an impact on employees' mental health, such as:

1. Depression,
2. Anxiety and
3. Burnout.

Of course, this has negative connotations for the individual and is, therefore, undesirable. However, the damages caused by psychosocial risk factors don't solely concern the employees, as they can quickly spread throughout an organisation and affect financial performance and branding.

This is because an employee experiencing mental health issues:

1. Don't work as efficiently,
2. Are less engaged,
3. Are less creative and
4. Are more likely to suffer from physical illness and require more sick leave.

The Productivity Commission estimates that the Australian economy loses up to \$60 billion annually in health care, lost productivity, and many other direct and indirect costs.

In Victoria alone, SafeWork Australia data revealed that:

- About \$543 million is paid in workers' compensation every year for work-related mental health conditions.
- Between 2017 and 2019, claims for mental injuries in Victoria increased by 20%.
- During the peak of the pandemic, mental injury claims made up 14% of all injury claims — the highest it has ever been.
- In 2020, the average duration of a claim for mental injury was 37.5 weeks. More than double the average duration for any other injury.
- In 2021, the average cost of a mental injury claim was approximately \$220,000. That's almost double the average cost of a non-psychological injury claim.

More and more businesses are beginning to recognise these costs, and the money limiting psychosocial risk could save them. Indeed, according to PwC, every \$1 spent on a psychologically safe workplace saves an organisation \$2.30 in productivity.

However, a lot of organisations don't know where to start, which is why this is an area we help our customers understand and manage.

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1300 687 327

info@convergeintl.com.au

convergeinternational.com.au

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HOW TO CONTROL PSYCHOSOCIAL RISK FACTORS

While no organisation set out to deliberately harm their employees, things like poor recruitment, lack of well-defined work systems or inadequate support may lead to a culture where psychosocial risks arise.

To limit these, a psychosocial risk assessment is required. A good one comprises four key areas:

1: Identify hazards

Before implementing any solutions, organisations need to identify the psychosocial hazards potentially causing harm to workers.

2: Assess risks

Once you have identified the risks, it's important to understand which ones are more immediately harmful. Remember, not all risks are equal in terms of their severity and impact. Assessing psychosocial risk can help employers understand which hazards require immediate intervention while setting up long-term strategies to manage them. Depending on what the hazards are, each may require a unique approach.

3: Control Risks

While not all risks can be eliminated, it is crucial to have a plan in place to counter the adverse impacts of these hazards and take steps to manage or reduce the risk. Depending on the hazards, these risk controls can take several forms and may include job or process redesign, changes to recruitment practices, education and training, leadership development, recognition and reward practices, career progression opportunities, internal and external support mechanisms, amongst others.

4: Review control measures

An organisation should ensure the risk controls are being implemented, are effective and are maintained. Consultation with employees and managers are key to identifying, controlling and reviewing hazards. Organisations with strong safety cultures are built through engagement with their people, reporting hazards and contributing to the risk management process.

OUR PSYCHOSOCIAL RISK ASSESSMENT

At Converge, we have a holistic approach to measuring and improving psychosocial health and wellbeing in the workplace. We offer assessments and training that are designed to prevent psychological harm, enhance early intervention efforts and support recovery.

Click here to learn more.

With various state legislation coming into effect this year, it's more imperative than ever that Australian businesses start paying more attention to the psychosocial hazards that are evident within their respective organisation.

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 1300 687 327

 info@convergeintl.com.au

 convergeinternational.com.au


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