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## *Psychosocial risks*

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# Psychosocial risks: Employer's guide

## What's involved in managing psychosocial risks?

### Introduction

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*A common trend we are seeing in the world of work is the increasing importance of managing psychosocial risks to prevent psychological harm and create mentally healthy workplaces.*

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The first international standard on psychological health and safety at work is the [ISO 45003](#). The ISO 45003 provides guidelines for managing psychosocial risks at work and is applicable to organisations of all sizes and sectors. Along with its parent standard, ISO 45001, on occupational health and safety management, it aims to support organisations in preventing work-related psychological and physical harm and promoting wellbeing at work.

However, these international guidelines are unfortunately behind a paywall – which may not be accessible to all employers. Because of this, the Umbrella team developed this guide to shed light on this important topic.

Psychosocial risks refer to environmental, relational and operational hazards at work that may cause harm to people's psychological and physical health. Examples of these factors include high workloads, tight deadlines, bullying, and lack of autonomy in the workplace.

When employees experience excessive job demands, this hinders their ability to cope with them. This may result in an increased risk of mental health challenges such as burnout, anxiety and depression. Prolonged stress might also be associated with developing physical health problems, such as cardiovascular disease or musculoskeletal disorders.

For the organisation, the negative consequences of psychosocial risks include tired and disengaged employees, poor overall business performance and productivity, increased absenteeism and presenteeism, higher staff turnover and greater costs spent on employment relationship problems. These consequences can further feed into poor organisational culture and dysfunctional teams, which highlights the critical need for organisations to proactively address and manage psychosocial risks.

When it comes to psychosocial risk management, being proactive ensures a preventative approach to creating what WorkSafe calls “mentally healthy work” (work where risks to employees' mental health are eliminated or minimised, and their wellbeing is prioritised). It's not only about eliminating or reducing psychosocial risks, but also about promoting a psychologically healthy work environment that's beneficial for people's wellbeing and productivity at work.

This article is specifically written for Board members or professionals in Executive Leadership Teams or Health & Safety to understand their responsibilities when it comes to identifying and managing psychosocial risks.



## Why should we care about psychosocial risks?

A recent WorkSafe New Zealand report nicely summarised why work-related health matters.

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*“Healthy workers are vital for a prosperous New Zealand and, in turn, good work is important for a person’s long-term health. Work contributes to a person’s health and wellbeing when it is stimulating and potential risks are managed well. When a person is in good health and has high levels of wellbeing, they are more likely to be productive, engaged and attend work regularly.”*

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### There are many evidence-based reasons why it’s important to manage psychosocial risks at work.

Three key reasons are that:

- managing psychosocial risks is a legal requirement - like physical health and safety
- the conversation on psychosocial risks is constantly changing and growing
- psychosocial risk management and mentally healthy work is good for business and the bottom line.

We covered these three points in greater detail in our recent article on our Umbrella Thinking Hub. Check it out [here](#).

### What’s involved in managing psychosocial risks?

Using a [risk management approach](#) is the most common way for organisations to manage psychosocial risks. This often involves four critical steps:

1. Identifying hazards (What can cause harm?)
2. Assessing the risks those hazards present (Who will be harmed and how?)
3. Managing the risks by implementing control measures to eliminate or minimise those risks (What can we do to prevent harm?)

4. Regularly monitoring and reviewing control measures (What’s working well or not so well? What can we do better to address any new and existing hazards?).

It’s important to note that a risk management process can be implemented in different ways, depending on the size of your organisation and the nature of your work. Larger organisations, or industries where workers are exposed to higher risks, are likely to need to have more complex and comprehensive risk management processes in place.

As stated in the [New South Wales Code of Practice on managing psychosocial hazards](#), before starting a psychosocial risk management process, you will need to explain the process, get commitment from senior leaders and managers, identify who needs to be involved, and decide on the process and how its outcomes will be measured, recorded and communicated to the rest of your organisation.

We do need to acknowledge that managing psychosocial risks can be a big task. It’s imperfect and impossible to “solve” everything. What matters is that you are thinking about it, asking the *right* questions, implementing processes to monitor and control what you can, and being responsive to new hazards as they arise. Throwing your hands in the air and saying, “It’s too hard” or “We’re too scared to look” is not an ethical or justifiable approach.

Alongside these four key steps that we will unpack, having a good strategic internal programme is critical. This includes taking an iterative approach and keeping the programme alive. Many organisations tend to do the research, write the strategy, and then fail to implement any of the actions. Or make much slower progress than expected and quickly give up. Ultimately, robust governance and assurance practices are where it all begins and ends.



## Step 1: How to identify hazards

As stated earlier, psychosocial hazards are aspects of work and situations that may cause a stress response, which in turn can lead to psychological or physical harm. In most cases, hazards will not occur alone but will often arise in combination, compounding each other. The more psychosocial hazards that are present, the more likely it is that harm will occur.

There are a wide range of factors – both at work and outside of work - that positively or negatively affect an individual's wellbeing. Many of these factors also influence other aspects that are critical to organisational and employee outcomes, such as engagement, productivity and turnover.

### These hazards can often stem from:

- the way the tasks or job are designed, organised and managed
- tasks or jobs which pose inherent hazards and risks
- the equipment or working environment
- social factors at work such as workplace relationships.

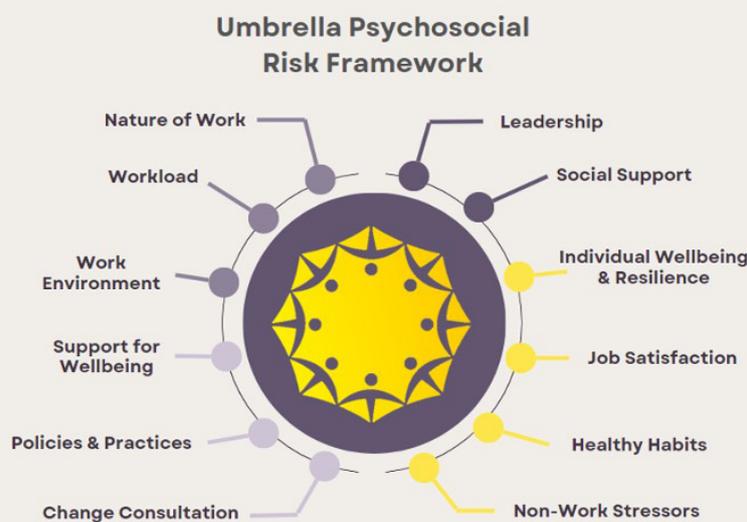
Given that every workplace is unique, psychosocial hazards and appropriate controls can vary depending on:

- organisational context (e.g., industry, type and size of business, organisational structure, culture, contractual agreements, economic pressures, technology) and
- content of the work (e.g., workload, roles and responsibilities, required activities to provide a good or service).

When it comes to identifying potential hazards, there seems to be a lot to consider. The first step to effectively identify hazards is to adopt a solid framework. A good psychosocial risk framework helps you to pin down and categorise key hazards in your workplace that might pose risks to your employees.

For example, at Umbrella we have our own 12-Factor Psychosocial Risk Framework that is underpinned by the ISO 45003 standards of assessment and the WorkSafe guidelines for managing psychosocial hazards in the work environment.

Some of the key factors that we identify include policy and practices, support for wellbeing, work environment, workload, nature of work, social support and non-work stressors. You can see the full framework that we use below.





These factors are aspects of work that can be modified, using an informed and proactive approach, to reduce health and safety risks and support employee wellbeing.

Having a framework to categorise key hazards is a great place to start. Some other simple suggestions for ways to find hazards in the workplace include:

- Inspect your workplace. Walk around, look at how people work, and see how things are done, to see what could cause harm to people.
- Receive insights. Try to gain insights through feedback and reporting processes from line managers about the hazards that their teams are exposed to. This is more inclusive than simply inspecting the workplace, as hazards and risks can vary across teams, too.
- Make a comprehensive list of the hazards you find, including the ones that are already being addressed. It might be helpful to categorise these hazards into chronic, low-grade risks as well as more significant, acute, or ad hoc, trauma-type incidents. Continue updating this list as new hazards arise to maintain a thorough understanding of the spectrum of risks in the workplace.
- Consult your people. Ask your employees about any psychological health and wellbeing problems they have encountered at work. A great way to do this is by conducting surveys. Umbrella offers a [Wellbeing Assessment Survey](#) which allows organisations to identify key hazards and risks specific to their workplace.
- Review existing information and resources about hazards and risks from your specific industry. Revisit health and safety records, workplace incidents, complaints and sick leave usage.



## Step 2: How to assess risks

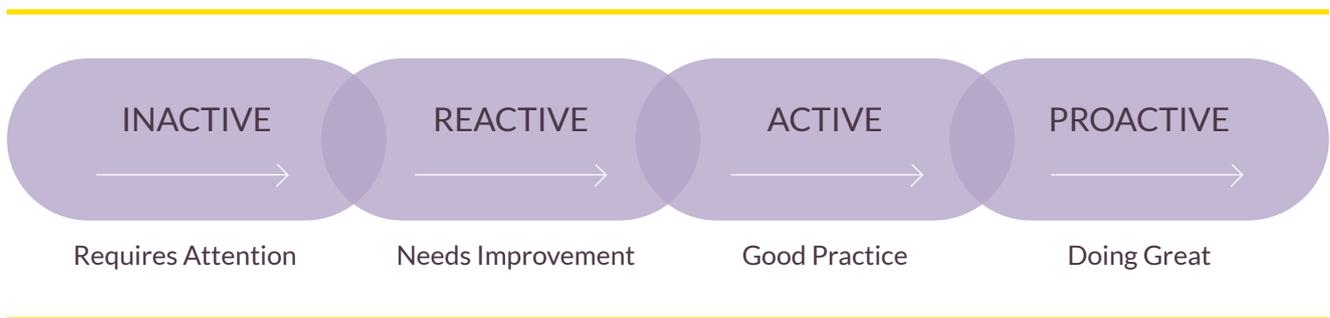
The next step involves assessing the risks that might arise from the psychosocial hazards. This includes putting the hazards in the context of the work and the working environment.

A risk assessment involves both understanding what might happen if someone is exposed to a hazard, and the likelihood of such an exposure happening. Risk assessments can help organisations to determine the severity of a risk, whether existing control measures are effective, what action can be taken to better control the risk, and how urgent the action is that needs to be taken.

It can be difficult to know when or how to carry out a risk assessment. As part of Umbrella’s strategy consulting, we have developed a [Psychosocial Risk Assessment](#) using our 12-Factor Psychosocial Risk Framework. This helps you identify, in your organisation, the key risks that may cause harm to mental health and wellbeing. Each risk factor is assessed against a 4-point rating scale of concern, from “inactive” to “proactive”:

Feel free to use a rating scale that suits your organisation’s context and needs. The key here is having a system that ranks the degree of risk that different hazards might pose. This might include looking at the duration (how long are employees exposed to the hazards/risks?), frequency (how often are employees exposed to the hazards/risks?), and severity (how severe are the hazards and risks posed?).

For a more in-depth psychosocial risk assessment, you might want to consider letting Umbrella do the work with you. We use the Umbrella Wellbeing Assessment Tool to gain input from across the organisation; review your organisational policies, guidelines and data; and conduct interviews and focus groups.





### Step 3: How to control risks

After identifying hazards and assessing risks, it's important to implement control measures to eliminate or minimise these risks, so far as is reasonably practicable.

The tricky thing here is that controlling risks is very *context-dependent*. Unfortunately, there is no "one-size-fits-all" process to implementing appropriate controls. As we stated before, hazards, risks and controls will vary for every workplace, and sometimes even between groups of workers.

To put effective controls in place, we need to carefully assess the components of the work, industry and environment that give rise to risks. We also need to consider what resources are available, what levers can be pulled, and the severity of the consequences of the risk, as highlighted in Step 2.

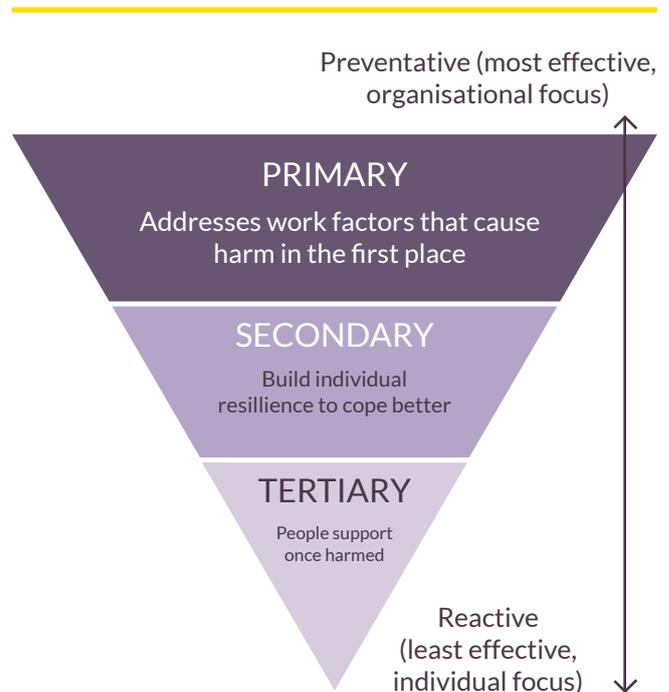
The best control measures will be tailored to your organisation's size, employees' needs, and the type of work you do, so that risks are managed during everyday operations and in emergency situations.

**As a guide to help you determine what is "reasonably practicable" to manage psychosocial risks, the Code of Practice by SafeWork NSW outlines three steps:**

1. Identify as many possible control measures as you can.
2. Consider which of these control measures are most effective.
3. Consider which controls are reasonably practicable in the circumstances (also take into account the cost of potential control measures).

There are many ways to control risks and what might be effective in one organisation may not be as effective in another. However, generally, there are three different levels of interventions for preventing and managing psychosocial risks: primary, secondary and tertiary (as mentioned in the Mentally Healthy Work 101 Guide by the New Zealand Government Health and Safety Lead 2023).

One way you may want to use this model is by identifying a key risk factor in your workplace and seeing what primary, secondary and tertiary interventions can be put in place to eliminate or minimise the risk of exposure.



This step is one of the most crucial parts of the risk management process. Implementing control measures is complex, organisationally specific, takes time and requires careful consideration. Because of this, we have integrated the key principles of the model above into our own Psychosocial Risk Framework to help you manage your organisation's unique risks.

Our team of experts and registered organisational psychologists can work alongside your organisation to set an effective risk management system in place, to ensure you're on the right track when it comes to meeting your legal requirements, protecting your employees, and creating mentally healthy work for your people.



## Step 4: How to review control measures

Just like most organisational policies and practices, control measures need to be regularly reviewed to make sure they are working as planned, or modified as necessary. It's very important that organisations do this on a regular basis, rather than waiting until something goes wrong.

This means having processes in place to evaluate your control measures for specific risks, and identifying if changes are required. Using our Psychosocial Risk Assessment, we can work with you through this stage and beyond. We also make sure your strategy around managing psychosocial risks and wellbeing is based on our Pillars of Success Model, to build the necessary foundations for successful wellbeing outcomes.

## Conclusion

Ultimately, good psychosocial risk management is good for business. Managing risks in health and safety involves a systematic and evidence-based approach to inform the design of the risk-management process and its interventions.

If psychosocial risks are managed effectively and risks to workers' mental health are eliminated or minimised, and their wellbeing is prioritised, this can create what we call "mentally healthy work". When work is "mentally healthy", it does not cause psychological harm and may improve overall employee wellbeing. This is known as "good work". Both mentally healthy and good work are important factors that contribute to improving employee experience and organisational success.

It goes without saying that psychosocial risk management is essential for fostering mentally healthy workplaces. Offering mentally healthy work is an important value proposition for being an employer of choice – especially as employees have become pickier than ever about who they work for and how the work serves them.

Note: If psychosocial harm has already occurred, steps should be taken to minimise the impact of harm. Support should be in place internally, to assist employees who may be experiencing psychosocial harm. This may include policies and practices to address psychosocial harm, employee assistance programmes, and training programmes.

**If employees need additional support from external services, here are some viable options and resources:**

- [The Employment New Zealand website](#)
- Visiting your local general practitioner or counselling services
- [WorkSafe's webpage](#) on information for workers – where to get help
- [Mental Health Foundation's webpage](#) on accessing mental health services
- If anyone in your workplace is in immediate danger including yourself, please call 111 or take them to the nearest hospital.

*Our Psychosocial Risks Assessment and Strategy & Consulting services aim to guide organisations through the complex landscape of psychosocial risks, helping you navigate legal obligations, assess psychosocial risks, implement effective risk management policies, and cultivate a positive work environment.*

**Get in touch if you'd like to find out more about how our registered clinical and organisational psychologists can help.**