

Psychosocial Risk Management in Practice Handbook

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Businesses of Marsh McLennan



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Executive Summary

Every workplace in Australia has a legal duty of care to their employees to protect them from psychosocial hazards such as bullying and harassment, violence in the workplace, remote and isolated work, and burnout.

Over the past 12 months, Marsh has observed a notable increase in workers' compensation and salary continuance (income protection) claims for mental health.

There is increasing pressure on functions responsible for managing, as far as is reasonably practical, exposure to psychosocial hazards at work. However, the pandemic pressure-cooker with its fast-paced change and blurred lines between home and work lives has highlighted just how unclear an employer's responsibilities can be.

Mentally Healthy Workplaces

Mental Health Landscape

Given we spend up to 23.3% of our lives at work (second only to the amount of time we spend sleeping – 35%), it stands to reason that the quality of our working environment can have a significant impact on our mental health, and also our ability to thrive in other areas of our lives.

Around one in five Australian adults experience a common mental illness each year. Mental illness costs Australian workplaces \$4.7 billion in absenteeism, \$1.6 billion in presenteeism and \$146 million in compensation claims per year, but only 22% of full-time workers with signs of common mental illness receive treatment for their mental health problems.¹

In New Zealand, almost a third of the population has had firsthand experience with mental illness. Members of the LGBTIQ+ group, Maori, and young individuals between the ages of 18 and 24 are the most vulnerable. Every year, poor mental health costs the New Zealand economy 4-5% of GDP in lost labour productivity, increased health-care spending, and social spending on those who are temporarily or permanently unemployed.²

The [2021 Global Risks Report](#), published by the World Economic Forum in collaboration with Marsh McLennan, has identified 'Deteriorating Mental Health' as the second highest risk to Australian workplaces, followed closely by 'Workforce Exhaustion'. For New Zealand, 'Deteriorating Mental Health' ranked 8th on the list, while 'Workforce Exhaustion' was ranked the 5th highest risk facing New Zealand workplaces right now.

1| <https://www.blackdoginstitute.org.au/news/news-detail/2018/10/11/how-to-create-a-mentally-healthy-workplace-explained>

2| Mental Health and Work, New Zealand Organisation for Economic Cooperation and Development, 2018



Young Australians have experienced high rates of psychological distress, loneliness, educational disruption, unemployment, housing stress and domestic violence. This age group have also experienced significantly more hospitalisations for mental health issues and there has also been a significant increase in suicide as compared to other age groups.³

AUSTRALIAN INSTITUTE OF
HEALTH AND WELFARE



³ | Australia's Youth: COVID-19 and the impact on young people, Australian Institute of Health and Welfare, 25 June 2021

Impacts of COVID-19 on Workplace Mental Health

Since the COVID-19 pandemic, there has been a surge in research being conducted across the psychological sciences. A meta-analysis of this research published to date in the Pacific region has demonstrated that anxiety, depression, and distress increased dramatically in the early months of the pandemic. Meanwhile, suicide rates, life satisfaction, and loneliness remained largely stable throughout the first year.

What we are seeing in the second year is some significant mental health trends impacting very specific cohorts – particularly, young people (aged 13-30 years) and older generations (70 and over).

For our older generation, isolation and loneliness has significantly impacted on mental health and overall wellbeing.

Despite the significant mental health impacts to both of these generations, we cannot discount the flow-on effect to their families. There are significant mental health and stress impacts on the familial support systems, and the role of the carer has really come into focus. This comes at a time when parents and caregivers are needing to wear multiple hats and spread their emotional resources further than ever. Many working age adults are having to navigate home schooling, keeping kids at home engaged, caring for aging parents, juggling work responsibilities and remote working challenges, and navigating the changing pandemic landscape – in conjunction with the incessant flow of information regarding vaccinations, self-isolation, snap lockdowns and updates to restrictions.

The data highlights that the pandemic 'experience' is very unique for everyone. The challenge that Australian and New Zealand workplaces face is attempting to provide solutions that meet these varied needs of their workforces. Organisations need to take a human-centred design approach when developing a curated mental health and wellbeing framework that is data-led and research-informed.

The [Mercer Global Talent Trends 2021 Report](#) has indicated that Australian Workplaces, in particular, are craving employee initiatives that provide benefits that address mental health or emotional health issues, train managers to identify mental health issues and support with early help seeking activities, and provide access to digital or remote mental health services. Interestingly, there was also an identified need for organisations to take a more coordinated and multi-year approach to mental health and wellbeing, with the implementation of an overarching strategy or framework – rather than a quick-fix or tokenistic approach to employee wellbeing.

COVID-19 has pushed mental and physical wellbeing up the corporate agenda, but organisations must tread carefully. Poorly designed plans or "quick-fix" solutions are likely to cost more money and yield little to no return on investment and can undermine health and employee engagement. An evidence-based approach that understands and addresses the specific needs of the workforce is the key to successful program design, measurement and implementation.



Common & Emerging Workplace Mental Health Trends

Exposure to a variety of hazards or factors in the workplace can have a negative impact on mental health.

Including:

- High job demand
- Low job demand
- Poor support
- Poor workplace relationships
- Low role clarity
- Poor organisational change management
- Poor organisational justice
- Poor environmental conditions
- Remote or isolated work, and
- Violent or traumatic events

Workplace stress can result from exposure to these hazards. When stress levels are severe and/or sustained, it can lead to psychological or physical harm at work. For example, work-related stress may lead to depression and anxiety in the long term.

Work-related stress has been linked with high levels of:

- Unplanned absences including sick leave
- Staff turnover
- Withdrawal and presenteeism, and
- Poor work and poor product quality

Although there are more common types of workplace mental health issues due to the pandemic, we are also seeing new patterns emerge.

Workplace Bullying

Workplace bullying is when an individual or a group of workers is subjected to frequent and unjustified behaviour that puts their health and safety at risk.

It poses a threat to workers' health and safety since it may have an impact on their mental and physical wellbeing. The best method to deal with workplace bullying is to take steps to prevent it from happening in the first place, and to respond immediately if it does.

Some examples of workplace bullying include:

- Abusive or offensive language or comments
- Aggressive and intimidating behaviour
- Belittling or humiliating comments
- Practical jokes or initiation
- Unjustified criticism or complaints

Bullying can affect the entire organisation, resulting in lost productivity, increased absenteeism, low morale, and time spent documenting, pursuing, or defending allegations. Bullying in the workplace is projected to cost Australian businesses between \$6 billion and \$36 billion per year. WorkSafe, New Zealand's workplace health and safety agency, says that one in every three Kiwis experiences workplace bullying each year, costing New Zealand businesses up to \$1 billion every year.

It's crucial to note that not all actions that make a person feel unhappy or undervalued are considered workplace bullying. Reasonable management action does not constitute workplace bullying. Managers are in charge of overseeing the quality and timeliness of work as well as offering feedback to employees, as part of reasonable management practises. If there are performance difficulties to be discussed, conversations should be constructive and encouraging, focusing on both the positives and the downsides. It shouldn't be embarrassing or degrading in any way, as this may cross the line into workplace bullying.

Unreasonable behaviour can include things like illegal discrimination and sexual harassment, but again it is not the same as workplace bullying. Unreasonable behaviour can include unlawful discrimination or sexual harassment, which in isolation is not workplace bullying. Anti-discrimination, equal employment opportunity, workplace relations, and human rights laws may make discrimination on the basis of a protected feature in the workplace illegal.

Disagreements and differences of opinion are not usually considered workplace bullying. In some cases, however, unmanaged conflict can escalate to the point where it becomes workplace bullying.





Workplace Violence and Aggression

Workplace violence can refer to any occurrence in which a person is abused, threatened, or assaulted at work or while doing their job. It could be:

- Physical violence of any kind
- Intentionally coughing or spitting on someone
- Sexual assault or any other form of indecent physical contact
- Harassment or aggressive behaviour that creates a fear of violence, such as stalking, sexual harassment, verbal threats and abuse, yelling and swearing
- Employment hazing or initiation procedures for new or young workers
- Workplace violence resulting from a family or domestic connection, even if the person's workplace is also their home

Gender can play a role in violence or hostility. Gendered violence is defined as any behaviour that is directed towards or impacts a person because of their sex, gender, or sexual orientation, or because they do not follow socially mandated gender roles, and poses a threat to their health and safety. For example, violence directed at someone who identifies as lesbian, gay, bisexual, transgender, intersex, queer, or asexual (LGBTIQ+) is an example of this.

Sexual harassment is a type of gendered violence that can be performed by anybody, including an employer, a supervisor, a co-worker, a client, a patient, or a consumer.

Violence and aggression can cause physical and psychological harm to the person it is directed at and anyone witnessing the behaviour. It can lead to:

- Feelings of isolation, social isolation or family dislocation
- Loss of confidence and withdrawal
- Physical injuries as a result of assault
- Stress, depression, anxiety and post-traumatic stress disorder (PTSD)
- Illness such as cardiovascular disease, musculoskeletal disorders, immune deficiency and gastrointestinal disorders (e.g. as a result of stress)
- Suicidal thoughts

Violent incidents, such as physical assault, are not the only ones that can cause injury. Lower degrees, but more regular kinds of hostility can have a long-term impact on a worker's health. Swearing, yelling, name-calling, sexual or gendered insults, and mocking are all behaviours that can have substantial long-term detrimental effects on a worker's mental and physical health.

Compassion Fatigue

Compassion fatigue is the ultimate cost of caring. It is a deep physical and emotional exhaustion from helping others in need. In a world of increasing employee burnout and stress, compassion fatigue – an emerging mental health risk – is becoming an increasing concern for workplaces globally. The most vulnerable organisations are care-focused industries such as Health, Aged Care, Community and Disability Services.

A recent article published in the *Journal of Clinical Nursing* (2020), indicated that critical care nurses are at a particularly high risk of developing compassion fatigue and severe emotional distress. Other research reveals that all health professionals, as well as those providing health support services, experience various psychological effects when working in high-pressure scenarios, as experienced during a pandemic.

Employees who are naturally empathetic and place strong value in caring for others are most likely to develop compassion fatigue. This is because they tend to align with traumatic situations and stories on a deep, emotional level, and tend to absorb the emotional residue of others who have experienced trauma.


Compassion fatigue in the workplace often develops when an employee regularly hears or witnesses the difficult and traumatic stories of their clients. As a result, the employee gradually loses their ability to feel empathy for their clients, co-workers, and eventually their families and wider social network.

Compassion fatigue has also been closely associated with two other phenomena that can occur in workplaces: burnout and vicarious trauma.


Burnout refers to the physical and emotional erosion that an employee can experience when they feel regularly unsatisfied, powerless and overwhelmed at work. The impacts of burnout emerge gradually over time and are typically linked to certain stressors within the working environment. Some symptoms of burnout include physical and mental exhaustion, disconnection from self, increased anxiety and depression, and reduced investment in accomplishing work goals.

Vicarious trauma, also known as secondary traumatic stress, refers to significant alterations to an individual's worldview after being repeatedly exposed to the traumatic experiences of others. This may affect their frame of reference, identity, sense of safety, ability to trust, self-esteem, intimacy, and sense of control. Though the individual has not experienced the traumatic event firsthand, they may develop symptoms similar to Post Traumatic Stress Disorder.





Languishing is the void between depression and flourishing – the absence of wellbeing.



PSYCHOLOGIST ADAM GRANT
New York Times

Workforce Exhaustion

Being strung out is a fairly typical reaction to what is going on in the world today. Unfortunately, our brains are only wired to function optimally under short bursts of stress. With chronic stress, especially the kind with no real roadmap to normalcy, the body begins to break down and become fatigued. Even those who have not suffered from severe impacts of COVID-19 have been worn down by uncertainty, fear of illness, and grief for lost plans or lost way of life. Isolation and diminished social connection has made it worse for many people.

Workplaces are full of employees who are feeling the effects of exhaustion due to chronic stress. Since the pandemic, we have acquired a new glossary of terms to describe the various states of workforce exhaustion:

Languishing: While not all workers are feeling levels of distress and discomfort that would warrant a mental health diagnosis, many are experiencing the effects of pandemic languishing. Some are calling languishing the dominant emotion of 2021.

Languishing dulls your motivation, disrupts your ability to focus, which triples the workload as things pile up, and significantly reduces your motivation to get through it. While languishing is not a diagnosable mental health condition, it appears to be a significant risk factor for developing mental illness.

Emotional Exhaustion: Emotional exhaustion is this sense of being overwhelmed – to the point where you feel like you don't have the capacity to deal with life anymore. It's physical tiredness. It's mental tiredness. It's difficulty concentrating. It's all the things that we experience when we have reached our limit or capacity.

Burnout: Burnout was the unofficial 2020 mental health buzzword. According to the World Health Organisation, burnout is specifically a form of work-related stress that has not been successfully managed. Common symptoms include feelings of energy depletion, cynicism about one's job, and reduced professional efficacy.

Aloneliness: Aloneliness is the opposite of loneliness. It is the dissatisfaction that comes from not spending enough time by yourself. Especially during the pandemic, when home, school and office life have been combined in one space, this feeling is becoming more common.

Workforce exhaustion was identified in the Marsh Global People Risks Report 2021 as the third highest risk amongst all people risks globally, and is an escalating concern that requires immediate attention. When asked 'to what extent is your organisation currently addressing this risk?' respondents across the world rated it 14th place on the list of organisational priorities, behind other items like data privacy, labour & employee relations, and communicable health conditions. Apart from the long term health risks of workforce exhaustion, there is also an organisational cost to ignoring this issue, including toxic work cultures, low employee morale and engagement, high employee turnover, low productivity and higher medical claims.

Psychosocial Risk Management Resources

Canadian Standard for Psychological Health and Safety in the Workplace (CAN/CSA-Z1003-13 / BNQ 9700-803/ 2013)

Before the pandemic, the Canadian Standard was widely recognised as the best-practice approach to managing mental health within workplaces. This standard set voluntary guidelines and resources to help organisations promote mental health and prevent psychological harm at work. The Canadian Standard is framed around recognising and taking action on 13 psychosocial factors that can affect the mental health of employees:

- Psychological support
- Organisational culture
- Clear leadership and expectations
- Civility and respect
- Psychological job demands
- Growth and development
- Recognition and reward
- Involvement and influence
- Workload management
- Engagement
- Work/life balance

- Psychological protection from violence, bullying, and harassment
- Protection of physical safety

The Canadian Standard provides a comprehensive framework to help organisations of all types guide their current and future efforts in a way that provides the best return on investment, and includes information on:

- Identifying psychological hazards in the workplace
- Assessing and controlling risks in the workplace associated with hazards that cannot be eliminated
- Implementing practices that support and promote psychological health and safety in the workplace
- Growing a culture that promotes psychological health and safety in the workplace
- Implementing systems of measurement and review to ensure sustainability of the overall approach

Until recently, this standard has been the guiding light for organisations who were proactively attempting to improve mental health and wellbeing for their employees. Although it did lay the foundations for the way organisations viewed and engaged with mental health risks, it did not fully reflect the Australian or New Zealand workplace experience.

International Standard for Occupational Health and Safety Management (ISO 45001)

Another global resource, ISO 45001 is the internationally recognised assessment specification for occupational health and safety management systems. It enables organisations to manage operational risks and improve their performance. It also provides guidance on how to manage the health and safety aspects of business activities and looks at ways of preventing accidents, reducing risk, and improving overall employee wellbeing.

ISO 45001 is a globally recognised certificate of Occupational Health and Safety (OHS) Management, which highlights an organisation's commitment to the policies and processes needed to reduce work injuries. ISO 45001 accreditation demonstrates an organisation's commitment to the wellbeing of employees and continued enhancement of employee welfare. This certification also provides a competitive advantage by improving brand reputation and performance capacity in the market.

This standard is however, somewhat limited in its support for workplaces specifically attempting to manage psychosocial risks, although it does provide excellent guidance regarding general OHS risk and control measures.

International Standard for Occupational Health and Safety Management – Psychological Health and Safety at Work: Managing Psychosocial Risks – Guidelines (ISO / DIS 45003)

The new ISO 45003 was recently published following an extensive inquiry process. The guidelines provide organisations with information on specifically promoting wellbeing at work and managing the psychological health and safety risks within an occupational health and safety framework or management system. It addresses numerous ways in which a worker's psychological health can be impacted, including organisational culture, poor leadership, excessive workload, and unproductive communication styles.

The new ISO 45003 standard is seen by many as a long overdue look at psychological health and safety. Whilst there are plenty of ISO standards that look at the physical aspects of health and safety management, little has been done to provide a guided framework around how organisations can protect their employees mentally.

ISO 45003 includes information on how to recognise the psychosocial hazards that can affect workers and offers examples of effective actions that can be taken to manage these. Because ISO 45003 is designed as a guide, rather than a formal accreditation, it recognises that many organisations do not have the capacity to employ specialists to manage psychological health, and that it needs to be handled by people that may be undertaking multiple roles in the workplace.

However, whilst ISO 45003 is designed as a stand-alone document, it will also feed into and support those organisations who are looking to achieve or maintain their ISO 45001 accreditation. Organisations designing health and safety management systems for ISO 45001 will not have to design a new one for ISO 45003.

SafeWork NSW Code of Practice for Managing Psychosocial Hazards at Work (May 2021)

On May 28, 2021, SafeWork NSW released an industry-wide mental health Code of Practice for Managing Psychosocial Hazards at Work (May 2021) to provide organisations with resources and guidance on this issue. While this a localised response to the Workplace Mental Health issue, it is an exciting development as it is the first resource of its kind in Australia, and many other Australian States and Territories are now following suit and developing their own versions of this resource.

This document is also an approved Code of Practice under Section 274 of the Work Health and Safety Act 2011(NSW) (WHS Act), and in comparison to the previously mentioned resources, the new Code of Practice is more relevant and practical for Australian businesses as it acknowledges the different cultural implications, regulatory frameworks and legislation requirements.

The WHS Act outlines that a person conducting a business or undertaking (PCBU) or the employer, has a duty to ensure control measures are taken to eliminate or minimise the health and safety hazards and risks in the workplace, or the place where the work is carried out.

This Code is intended to be read by PCBUs and those who have duties under the WHS Act. Its purpose is to:

1. Provide organisations, and their representatives, practical guidance on processes that can be implemented to identify and manage psychosocial hazards at work.
2. Articulate the roles, responsibilities and obligations of PCBUs.
3. Outline the steps involved for systematically identifying and managing psychosocial risks in the workplace.

It is also important to know that while there are no fines or penalties associated with failure to comply with the Code, courts and safety regulators may rely on the Code of Practice as evidence of what is known about a hazard(s), and to assist in determining what is considered “reasonably practicable” to address it.



Mental Health Risk Prevention Strategies

At an employee level, there are two primary initiatives to help prevent compassion fatigue:

1. Mental Health Literacy Training

Improving workplace literacy regarding mental health related issues is a key priority towards preventing the development of these conditions. Elevating employees' knowledge regarding the terminology, the signs and how to identify these workplace hazards is a proven method to reduce the risk of exposure to these hazards, and strengthen workforce resiliency.

2. Mental Health Capability and Skills Based Training

The second prevention step involves building employee competency and capability through adoption of practical skills required to strengthen psychological immunity for trauma.

These can include developing employee health and wellbeing tools and resources around:

- Getting adequate rest and setting clear boundaries for 'power down' time
- Having a regular exercise routine
- Clean eating habits and good nutrition
- Stress reduction activities such as mindfulness or meditation
- Interaction in regular social activities
- Involvement in activities that strengthen a sense of mastery such as learning a new skill
- Implementation of a buddy, peer support or check-in system at work
- Looking at job design, the way that workload is balanced / distributed, and implementation of reasonable adjustments

Workplaces can also invest in psychosocial risk prevention measures at the organisational level, such as:

1. Psychosocial Risk Profiling

- Forensic Review: completing an audit of organisational design & human capital drivers to identify areas of psychosocial risk
- Mental Health Benchmarking: pulse checking the workforce to determine current level of mental health functioning and benchmark against national or industry standards
- Data Analytics: analysing existing data streams, such as compensation claims history or incident reporting, to quantify organisational strengths and weakness relating to mental health

2. Organisational Ecology, Design and Transformation

- HR Policies & Procedures: developing policy and procedural documentation that supports positive mental health in the workplace
- Recruitment & On-boarding: reviewing recruitment and on-boarding processes to ensure 'Best-Fit' or the right person for the right job, with a view to minimising psychosocial risks
- Job Design & Return to Work: reviewing processes regarding healthy and safe job design and reasonable adjustments to promote early help seeking behaviours and sustainable RTW outcomes
- Support Services: strategic reviewing of current support services to ensure alignment and workforce awareness for maximum utilisation and effectiveness in preventing or addressing mental health risks

Have a question or need guidance?

If you would like to learn more about how the various services that Mercer Marsh Benefits™ can deliver for your business, including improving workforce mental health literacy and capability, psychosocial risk profiling, and organisational transformation support, please reach out to your MMB representative or [contact us here](#).



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