



Safe Conversations™

The Practical Way to Increase Psychosocial Safety

Why Compliance Identifies Risk, but Leadership Capability Reduces It Executive Summary

Over the past 5 years, psychosocial safety has become one of the most significant workplace challenges facing Australian organisations. Safe Work Australia reported in 2023/24, a 14.7% increase on the previous year for compensation claims relating to mental health conditions. Mental health conditions now account for 12% of all serious claims—the highest proportion on record—and have increased by 161% over the past decade. These claims also result in significantly longer periods away from work than other workplace injuries, highlighting both the human and organisational impact.

Using a risk management approach, many organisations have responded by strengthening policies, procedures and compliance frameworks. While these are important, they often focus on identifying psychosocial risks rather than addressing the root cause of the risk. The solution lies in the leadership conversations and behaviours that influence whether those risks emerge in the first place. Research consistently shows that many psychosocial hazards are experienced through interactions between people. Harassment and workplace bullying account for 33.2% of serious mental health claims, followed by work pressure (24.2%) and exposure to violence and aggression (15.7%). These are not simply organisational issues—they are often conversation issues.

When people do not feel psychologically safe, their natural instinct is self-protection. They become less willing to speak up, share concerns, challenge assumptions, admit mistakes or contribute new ideas. Trust declines, collaboration suffers, innovation slows and organisational performance is impacted because safety becomes the priority. Conversely, when people feel safe, heard, clear about expectations, supported and capable, they are more likely to contribute their best thinking, work collaboratively and adapt positively to change.

This paper argues that psychosocial safety should be viewed as both a compliance obligation and a leadership capability to reduce the risks and create a competitive advantage. Through everyday conversations, leaders influence whether people experience trust or caution, clarity or confusion, support or isolation. The ability to create safe conversations, build trust, adapt leadership to individual needs, navigate conflict constructively and address change concerns effectively are practical skills that can be learned, measured and developed.

Organisations that invest in these capabilities move beyond a reactive approach focused on managing risk and toward a proactive approach that strengthens culture, engagement, adaptability and performance. The leaders who create safe environments are not only helping to reduce psychosocial hazards; they are creating the conditions where people, teams and organisations can thrive. Ultimately, psychosocial safety is not built through policies alone—it is built through leadership, one conversation at a time.

Compliance Creates Standards.

Capability Creates Safety.

Psychosocial safety has rapidly become one of the most important workplace issues facing Australian organisations. Safe Work Australia reported 17,600 serious workers' compensation claims relating to mental health conditions in 2023–24, a 14.7% increase on the previous year. Mental health conditions now account for 12% of all serious claims—the highest proportion on record—and have increased by 161% over the past decade. More concerning is that these claims result in almost five times more time away from work than other workplace injuries and illnesses. (1)

In response, organisations have rightly increased their focus on psychosocial safety. Policies have been updated and risk registers expanded. Reporting processes strengthened. Training has been introduced to help leaders understand their obligations and identify psychosocial hazards. These are all important steps.

However, despite increasing awareness and investment, many organisations continue to experience the very issues they are trying to prevent. Harassment and workplace bullying account for 33.2% of serious mental health claims. Work pressure contributes 24.2%, while exposure to violence and aggression accounts for 15.7%. (2) Research continues to show that the quality of workplace interactions has a significant impact on employee wellbeing. This raises an important question.

If organisations are doing more than ever before to manage psychosocial risks, why do the challenges persist? The answer may be that many organisations are focusing on half of the solution, that is identifying psychosocial hazards without building the leadership capabilities required to reduce them. After all, people rarely experience low psychosocial safety because a policy is missing. They experience it through interactions.

- A leader who doesn't listen.
- A performance conversation that leads to feelings of blame or judgement.
- A performance issue that looks to the past, which cannot be altered.
- A change initiative where concerns are ignored.
- A lack of clarity about priorities and expectations.
- A workplace where trust has slowly eroded over time.



This paper explores why psychological safety should be viewed not only as a compliance obligation, but as a leadership capability. It examines how people behave when they do not feel safe, what employees need from their leaders, and the practical capabilities leaders can develop to create environments where people feel safe to contribute, collaborate and perform at their best.

Why People Behave Differently When They Don't Feel Safe

Most employees come to work wanting to do a good job. They want to contribute, solve problems, support colleagues and make a positive difference. Yet many organisations experience behaviours that seem inconsistent with those intentions. Employees remain silent in meetings despite having valuable insights. Concerns go unspoken. Difficult conversations are avoided. Problems are hidden until they become significant issues. Collaboration decreases and innovation slows.

The traditional explanation is often that employees are disengaged, resistant or unwilling to take ownership. However, psychological safety research suggests a different explanation.

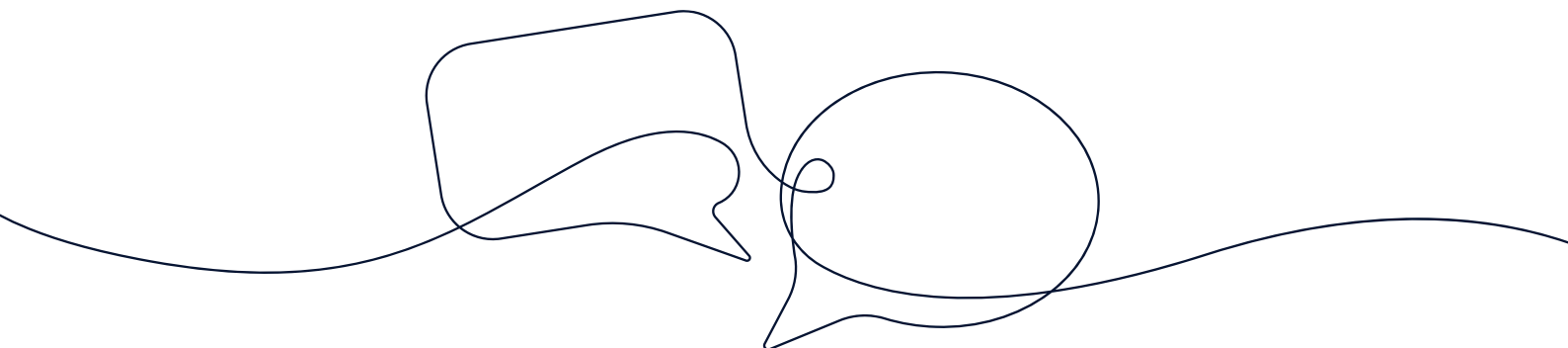
When people do not feel psychologically safe, they become more focused on protecting themselves than contributing their best thinking. This response is deeply human.

The brain is constantly scanning the environment for threats. Whilst we often think of threats as physical dangers, social and emotional threats can also trigger similar responses. Feeling judged, embarrassed, blamed or ignored can activate instinctive protective reactions. Psychologists often refer to these responses as fight, flight or freeze. In organisations, these responses rarely look dramatic.

- Fight may appear as defensiveness, argument or resistance.
- Flight may appear as avoidance, withdrawal or disengagement.
- Freeze may appear as silence, hesitation or a reluctance to contribute.
- These behaviours are not signs that people don't care.
- They are often signs that people don't feel safe.

When employees fear being blamed for mistakes, they become less willing to take risks or admit errors. When they feel their views are ignored, they stop contributing ideas. When they lack clarity about expectations, anxiety increases. When trust declines, people begin withholding information or protecting their own interests. The challenge for organisations is that these behaviours directly impact individual and collectively, organisational performance.

- Problems are identified later.
- People stop talking and start typing.
- The past is deemed more important than the future.
- Innovation decreases.
- Decision making suffers.
- Collaboration becomes more difficult.
- Change initiatives encounter greater resistance.
- Teams spend more energy protecting themselves than achieving results.



What appears to be a performance problem is often a psychological safety problem. This does not mean leaders should avoid accountability or address performance or behaviour conversations. In fact, the opposite is true. Psychological safety is not about lowering standards. It is about creating an environment where people feel safe enough to engage with high standards, learn from mistakes and contribute their best thinking.

The most successful organisations understand that performance and psychosocial safety are not competing priorities. They are mutually reinforcing. People are more likely to perform at their best when they feel safe enough to contribute fully.



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Re-engineering Conversations as a Control

The hierarchy of controls encourages organisations to look beyond individual awareness and implement controls that systematically reduce exposure to risk. For psychosocial hazards, one of the most influential organisational systems is the way conversations take place between leaders, team members and peers.

Safe Conversations™ approaches psychosocial safety by redesigning workplace conversations. Rather than relying on individuals to simply “communicate better,” the program provides a practical framework that changes how challenging conversations occur. Participants learn practical techniques to remain candid and curious under pressure, build trust, remove blame and judgement, and create an environment where people feel safe to raise concerns, contribute ideas and learn from different perspectives.

Viewed through this lens, conversations become a workplace control. When leaders and teams consistently use a shared framework for raising concerns, resolving conflict, seeking different perspectives and addressing issues early, they reduce the likelihood that psychosocial hazards such as bullying and harassment, interpersonal conflict, poor communication and low-trust behaviours will escalate. The conversation itself becomes part of the organisation’s control environment—helping prevent harm while strengthening trust, collaboration and sound decision-making.

Safe Conversations™ transforms conversations from a potential source of psychosocial risk into a practical organisational control that supports safer workplaces through everyday interactions.

What People Need From Their Leaders

If psychosocial safety influences how people behave, what creates it?

While workplace cultures differ, research consistently highlights several common needs. Employees want to feel safe, heard, clear, supported and capable. These needs are not simply preferences. They influence how individuals experience their work, their leaders and the organisation.

People want to feel safe enough to raise concerns, ask questions and admit mistakes without fear of negative consequences. They want to know their ideas matter and that their perspectives are genuinely considered. They want clarity about priorities, expectations and what success looks like. They want support when challenges arise and confidence that their leader is invested in their success. Finally, they want opportunities to learn, develop and contribute meaningfully.

When these conditions are present, people are more likely to engage fully. They collaborate more effectively, share information openly and take ownership of outcomes. Importantly, these conditions are not created through organisational policies alone. They are created through leadership.

- A team member feels heard because a leader listens.
- An employee feels clear because expectations are communicated effectively.
- A person feels supported because a leader provides coaching and guidance.
- Someone feels capable because a leader creates opportunities for learning and growth.

Over time, these interactions shape culture. This is why leadership matters so much in conversations about psychosocial safety. People experience organisations through their direct interactions with their leaders and peers. While policies establish expectations, leaders determine how those expectations are experienced.

The question is not simply whether an organisation has a psychosocial safety policy. The question is whether leaders possess the skills required to create the experiences that help people feel safe, heard, clear, supported and capable.

Trust creates the foundation upon which all other leadership capabilities are built.

Someone feels capable because a leader creates opportunities for learning and growth.

The Leadership Capabilities That Create Psychological Safety

The good news is that psychological safety is not dependent on personality. It is influenced by leadership behaviours that can be learned, practised and improved.

At Blanchard Australia, we believe four core leadership capabilities play a critical role in creating psychosocially safe workplaces. People perform at their best when the four elements are experienced.

TRUST – Creates safety
CURIOSITY – Creates understanding
CLARITY – Creates alignment
CAPABILITY - Creates performance

Safe Conversations™

Most leaders have positive intentions. Very few wake up intending to discourage people from speaking up or learning from mistakes. The challenge is that many leaders lack the capabilities for how to hold conversations balancing accountability with psychosocial safety.

When mistakes occur, the instinctive response is often to focus on what happened and who was responsible. While accountability matters, conversations centred on blame and judgement cause people to withdraw to protect themselves. The result is fewer insights, less learning, and a culture where caution replaces continuous improvement. People quickly learn that speaking up carries risk. As a result, issues are hidden rather than discussed.

The past often draws our attention because it feels certain and knowable. Yet leaders cannot change what has already happened; they can only influence what happens next. Creating safe conversations involves shifting the focus from the past to the future, using experience as a source of learning rather than judgement.

Leaders learn how to listen differently, provide clarity, address performance concerns constructively, and recognise positive contributions. Instead of asking, “Who caused this?” leaders learn to ask, “What can you or we learn from this?” This subtle shift changes how people experience accountability.

Performance improves because issues are surfaced earlier, learning accelerates and people feel more comfortable discussing challenges openly.



TRUST – Creates Safety

Trust is the foundation of every psychosocially safe workplace.

When trust is high, people communicate openly, collaborate effectively and feel comfortable sharing concerns. When trust declines, people become more focused on protecting themselves than contributing.

Trust is often assumed but rarely taught. It is not a binary state that is either on or off; rather, it is the outcome of everyday behaviours that either build trust or erode it. Over time, these behaviours shape the quality of relationships, conversations, and organisational culture.

Many leaders underestimate the extent to which everyday behaviours influence trust. Ability, believability, connectedness and dependability all contribute to whether trust grows or erodes. Trust-building leaders understand that trust functions like a piggy bank. Every interaction either deposits or removes coins. Over time, these small interactions create significant cultural differences.

Teams with high levels of trust are more resilient, collaborative and adaptable. They recover more quickly from setbacks and are more willing to engage in difficult conversations.

Trust creates the foundation upon which all other leadership capabilities are built.



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CURIOSITY – Creates Understanding

Many leaders mistakenly believe psychosocial safety requires the avoidance of conflict. To the contrary, psychosocial safety means people and teams are often willing to engage in robust debate and challenging conversations. The difference is how those conversations occur.

When disagreement arises, people often become defensive or withdraw. Assumptions replace facts and collaboration suffers. Some voices get louder and others grow quiet. Curious leaders respond differently. They seek understanding before judgment. They ask questions, explore perspectives and create space for diverse viewpoints. This approach helps people feel respected even when opinions differ. As a result, teams gain access to better thinking, stronger decision making and healthier relationships.

Psychosocial safety does not eliminate conflict; it elevates the quality of conversations. The sweet spot lies between candour and curiosity, where people can challenge ideas rather than individuals, explore differing perspectives, and make better decisions together.

CLARITY – Creates Alignment

Clarity is about more than setting goals. It is creating alignment around expectations, priorities, and the leadership support needed for success. When people are unclear about what is expected of them, or which tasks matter most, uncertainty increases and performance suffers.

Many workplaces unintentionally reward urgency over importance, causing people to spend their time responding to the loudest demands rather than focusing on the activities that create the greatest value. Safe Conversations™ helps leaders and team members regularly prioritise, make trade-offs, and ensure effort is directed towards the most important goals.

Regular prioritisation conversations help people distinguish between what is important and what is merely urgent, reducing competing demands and lowering the risk of burnout.

One of the most common frustrations employees experience is receiving leadership that does not match their needs. Leaders often approach conversations with an assumption of “I know what you need” rather than a curiosity of “What do you need from me to succeed?” The result is often over- or under-supervision, leaving people frustrated and without the support they need to perform at their best.

When people feel over supervised, they can lose a sense of autonomy and trust. When they feel under supervised, they can feel abandoned, lose confidence and become reluctant to seek help. Both experiences can diminish psychosocial safety and reduce performance.

Effective leaders recognise that people differ in the goals or tasks they perform. It is a mix of their competence and confidence or motivation. As a result, leadership interactions must be both flexible and effective.

Agile leadership involves a two minute conversation which aligns the leadership style to match what the person needs, providing the right blend of direction and support. This approach helps employees feel trusted, supported and capable of succeeding.

People do not need more leadership. They need aligned leadership.



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CAPABILITY – Creates Performance

In psychologically safe workplaces, leaders do more than communicate change—they build capability for change. When people feel informed, involved, and capable, uncertainty decreases, confidence grows, and performance is sustained throughout the transition.

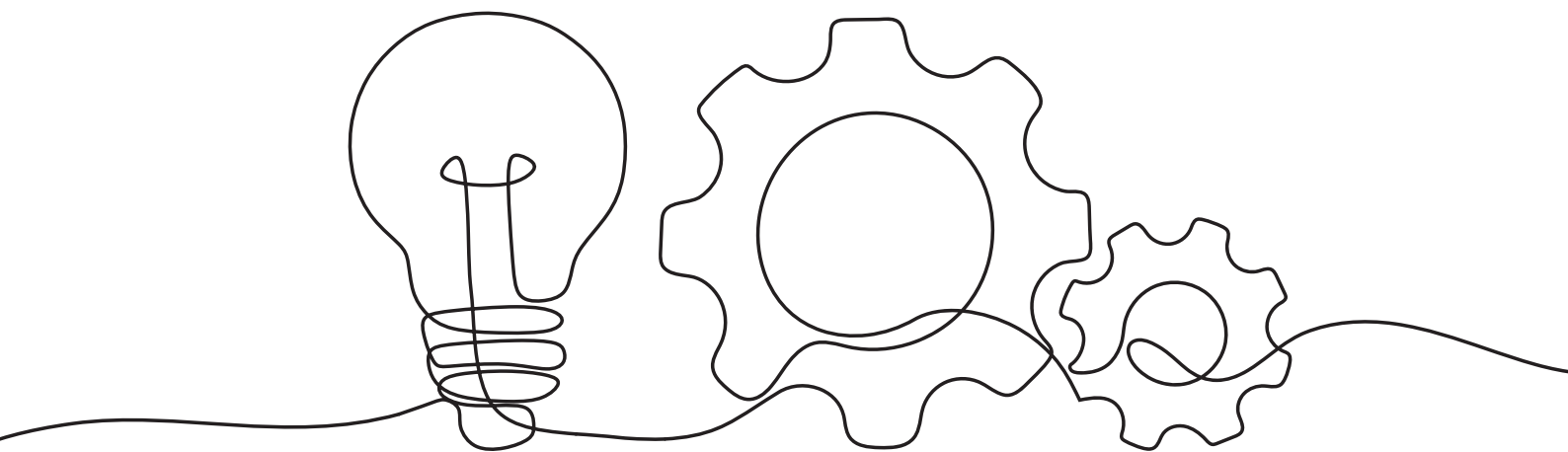
Capability is often overlooked in discussions about psychosocial safety. While trust creates safety, curiosity builds understanding, and clarity establishes alignment, capability ensures people have what they need to succeed. Without capability, even the most supportive workplace can leave people feeling overwhelmed, uncertain, or unable to meet expectations.

Periods of change place particular pressure on capability. New systems, processes, priorities, and ways of working require people to learn, adapt, and perform simultaneously. During these times, employees naturally question whether they have the skills, knowledge, and support needed to be successful. When those concerns are left unaddressed, uncertainty can quickly become anxiety, reducing confidence, engagement, and performance.

Leaders play a critical role in helping people navigate uncertainty. Rather than assuming people will adapt on their own, effective leaders create opportunities for learning, development, and support. They recognise that capability is not simply about competence; it is also about confidence, motivation, and a person's perception of their ability to influence outcomes.

During periods of change, people often experience a perceived loss of task, knowledge, or relationship power. These reactions are both real and understandable. Years may have been invested in developing expertise, mastering systems, building routines, and becoming highly effective in a role. When processes, structures, technologies, or responsibilities change, people can feel that the capability they have worked hard to build is being diminished or devalued. Similarly, organisational restructures can disrupt trusted networks and relationships that have taken years to establish, reducing a person's sense of connection, influence, and support.

From a psychosocial safety perspective, these experiences can feel like a loss. Human beings are naturally more inclined to view changes as a loss, rather than potential gains, particularly during periods of uncertainty. While leaders may see the future opportunities created by change, employees are often first confronted with what they believe they are losing.



In psychologically safe workplaces, concerns raised during change are not viewed as resistance; they are viewed as unanswered questions. Questions such as “Why do we need to change?”, “What support will be available?”, “What will I need to learn?”, “Will I be successful?”, and provide valuable insight into the concerns that need to be addressed. In workplaces with lower levels of psychosocial safety, these same questions are often interpreted as negativity, reluctance, or resistance to change. As a result, concerns may be dismissed rather than explored, causing uncertainty and anxiety to grow.

Effective leaders recognise that most resistance is not opposition to change itself, but a response to unanswered questions and unresolved concerns. By creating opportunities for dialogue and helping people rebuild task, knowledge, and relationship power through learning, involvement, coaching, and support, leaders strengthen both capability and psychosocial safety. As confidence grows, people become more willing to contribute, adapt, and perform, enabling them not only to navigate change but to succeed within it.

Capability also reinforces psychosocial safety by reducing the perceived risk of failure. When people know they will be supported while learning, they are more willing to ask questions, seek help, experiment with new approaches, and acknowledge mistakes. These behaviours are essential for continuous improvement, innovation, and adaptability.

In this way, capability becomes both an outcome and a contributor to psychosocial safety. As people develop greater competence and confidence, they feel more secure participating fully in conversations, sharing perspectives, and tackling challenges. The result is a workplace where individuals are equipped not only to manage change, but to perform, grow, and thrive through it. Capability transforms safety into action and potential into performance.



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Why Psychological Safety Is a Competitive Advantage

For many organisations, psychosocial safety begins as a compliance exercise. However, the most successful organisations understand that it extends beyond compliance and into capability. It is ultimately a performance conversation.

High performing organisations depend on innovation, adaptability, collaboration and learning. These outcomes require people to contribute their best thinking. People contribute their best thinking when they feel psychologically safe. They are more willing to share ideas, identify problems, challenge assumptions, and learn from mistakes. They collaborate more effectively and adapt quickly to change.

In contrast, environments characterised by fear, blame, low trust, or excessive control often struggle to achieve sustainable performance. People stop talking and start typing, they become cautious, communication becomes guarded, and opportunities for improvement are missed. Over time, organisations can become slower to respond, less innovative, and less capable of adapting to changing market conditions.

The organisational consequences can be significant. History is filled with examples of organisations whose cultures discouraged challenge, suppressed concerns, or failed to listen to employees. In many cases, declining performance was not the result of a lack of strategy, resources, or talent—it was a consequence of a culture that prevented people from speaking up, learning, and adapting.

Leaders therefore face an important choice. Do they want to build organisations that are agile, innovative, and capable of responding to change, or organisations that become increasingly cautious, slow, and vulnerable to disruption? The culture leaders create will ultimately determine which path they follow.

The opportunity extends beyond performance alone. As competition for talent continues to increase, psychosocial safety has the potential to become a powerful employee value proposition. Imagine being known as an organisation where people are trusted, listened to, developed, and supported to do their best work. A workplace where ideas are welcomed, learning is encouraged, and people feel safe to contribute fully. Such cultures not only retain talented people—they attract them.



The organisations that thrive in the future will not necessarily be those with the best strategy, the most resources, or the latest technology. They will be the organisations that create environments where people feel safe to think, learn, challenge, adapt, and perform. Psychosocial safety is not simply about protecting people from harm; it is about unlocking the full potential of people and, in doing so, unlocking the full potential of organisational performance.

CONNECT

Contact us today to learn how we can help you cultivate leadership capabilities that accelerates your business growth.

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