

The Ingredients for High Psychological Safety and Inclusivity

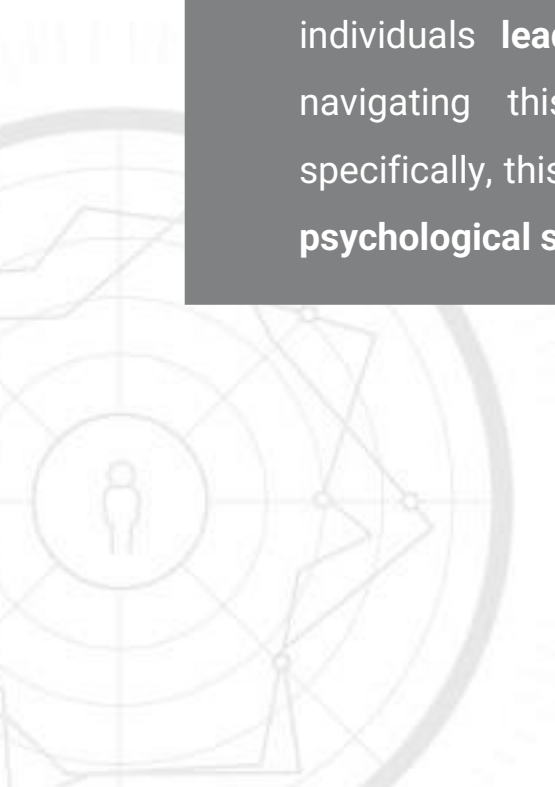

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Data Drives Insights

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As we enter the fourth year of the post-pandemic era, organisations face a workplace that is becoming increasingly complex and interdependent. Notably, the balance of power between employers and employees has shifted, creating an employee market. The introduction of new health and safety standards, diversity quotas, and evolving business models necessitates adaptability and an open-minded approach from industries. Finding the right strategies to ensure smooth operations can be challenging and often perplexing, especially in a context where one-size-fits-all solutions are scarce.

In response to this challenge, Data Drives Insights has undertaken a comprehensive exploration, combining key research findings as well as our own evidence-based insights. This paper aims to assist individuals **leading, governing, and working in teams** whilst navigating this ever-changing landscape effectively. More specifically, this paper delves into two pivotal drivers of success: **psychological safety and inclusivity.**



Introduction

Organisations of all sizes are consistently striving for optimal performance outcomes. However, there often lie invisible barriers among individuals and groups, exerting a profound influence on the organisation's culture and overall performance. While every organisation possesses the potential to harness the benefits of diversity and talent within its ranks, interference at various levels can prevent these advantages. Specifically, this interference manifests as "noise," presenting as self-doubt, diminished self-efficacy, and a pervasive fear of rejection. When such internal noise obstructs one's potential, it inevitably results in missed opportunities for superior performance.

Our proposal is to empower organisations to cultivate a culture of psychological safety and inclusivity, one that unveils and manages hidden internal interferences and unlocks untapped potential. When this divide is successfully bridged, the path to achieving peak performance becomes easily navigable.

Over the past four years, the business landscape has undergone significant transformations, and these changes are increasingly impacting workplaces. In the current climate, organisations are recognising the immense value in fostering a positive and inclusive workplace culture, recognising that this culture is intrinsically tied to the wellbeing and safety of their workers, and ultimately employee attraction and retention. One impetus for this shift has been the emergence of the new **ISO standards**, which has placed a paramount responsibility on organisations to establish an environment where psychological health and safety are at the forefront. As companies successfully meet these standards, they are reaping evident benefits, including enhanced performance, innovation, and employee commitment. However, companies that struggle to adapt to these pivotal regulatory changes risk not only losing their top talent but also experiencing declines in profitability and damage to reputation.

Simultaneously, the growing emphasis on the psychological well-being of employees has catalysed global efforts to

implement strategies centred on diversity, equity, and inclusion. This movement represents a concerted effort to create workplaces where workers of all backgrounds, genders, ethnicities, and identities feel not only accepted but valued. The aim is to break down barriers, eliminate biases, and promote a sense of belonging among all employees. By doing so, organisations not only enhance their ethical standing but also reap the rewards of a diverse and engaged workforce, driving innovation and competitiveness while aligning with the broader principles of social responsibility and equity.

Nevertheless, despite the increasing implementation of diversity quotas by many organisations, they are now faced with the challenge of translating this wealth of diverse skills and knowledge into tangible work outcomes, such as enhanced performance and innovation.

It is crucial to recognise that while diversity is undoubtedly positive, its potential remains untapped if the workplace culture does not actively foster psychological safety and inclusivity, as these invaluable skills and knowledge remain dormant without the proper nurturing and support.

What is Psychological Safety?

Psychological safety plays an integral role in the dynamics of collaborative teams, especially workplaces high in diversity. **The concept of psychological safety encompasses feeling (i) included, (ii) safe to learn, (iii) safe to contribute, and (iv) safe to challenge the status quo without the fear of judgement or consequences.** This process of sharing and the introduction of diverse perspective are fundamental to thriving within collaborative environments.

When a team is high in psychological safety, team members exhibit traits such as openness, honesty, mutual respect, and an increase in resilience and adaptability in the face of challenges. More importantly, when psychological safety is high in teams, there is a greater sense of inclusivity with members feeling

safe to bring their whole selves to work in a diverse workplace.

Conversely, when psychological safety is low, the opportunity to reach key work outcomes is limited. Members are quick to blame one another in times of stress and are more likely to dismiss ideas and suggestions, causing self-monitoring amongst the team. Presently, organisations are rated at just 3/10 in terms of psychological safety, highlighting the urgent need for growth and the development of a more psychologically safe culture. A culture low in psychological safety can be detrimental not only in the context of safety, but also any environment where learning and growth are imperative. Consequently, the prospects for achieving peak performance and fostering collaboration are significantly hindered.



Different Levels of Psychological Safety

Low

Organisations characterised by **low psychological safety** exhibit minimal levels of trust and inclusivity. Consequently, performance within such environments tends to be coerced by fear rather than fuelled by intrinsic motivation. This not only stifles the potential for peak performance and innovation but also diminishes individuals' willingness to voice their opinions and question the prevailing norms, creating artificial harmony. In the long run, critical opportunities for performance enhancement and collaborative efforts remain unrealised, and employees are left susceptible to burnout, leading to escalated turnover rates.

Average

In organisations with **average psychological safety**, certain elements of trust and inclusivity are evident. This is reflected in employees feeling reasonably comfortable expressing their thoughts on occasion and with certain colleagues, but not consistently with everyone. Additionally, there is a mixed response to mistakes, with some being viewed as learning opportunities, while others lead to blame and subsequently discourage open admission of errors. This fluctuating support can have adverse effects, particularly in environments where collaboration and personal growth are paramount.

High

In organisations characterised by **high psychological safety**, a culture of openness and inclusivity permeates teams. Team members feel at ease voicing their thoughts and opinions, fostering an environment conducive to continuous learning, innovation, and personal growth. This supportive atmosphere is built on a foundation of trust and genuine care. People readily engage in constructive challenging, igniting the emergence of fresh ideas and honing their collective problem-solving capabilities. Consequently, employees exhibit strong commitment to the organisation and its mission, resulting in heightened attraction and retention rates.



Where and Why Psychological Safety is Important

Psychological safety operates as an often unseen but profound force shaping team dynamics and overall outcomes. The key to transforming psychological safety from an invisible force into a visible and manageable entity lies in its measurement. By pinpointing the factors contributing to low psychological safety in teams, these issues can be identified, addressed, and rectified, paving the way for a more open and supportive work environment.

Traditionally, the onus of change was placed on leaders alone, ignoring the notion that great influence comes from

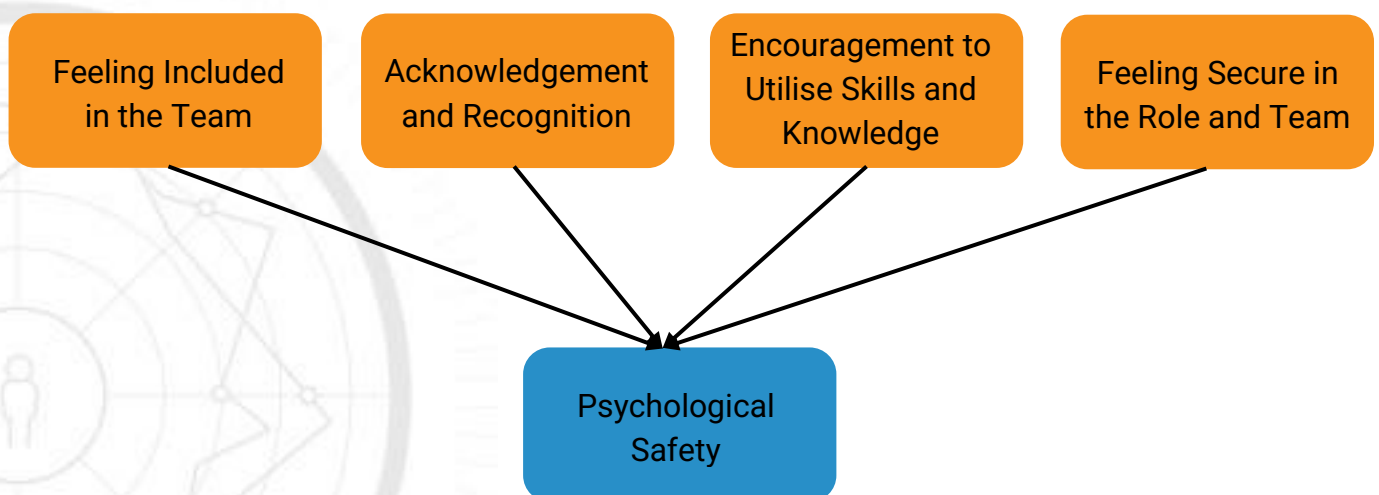
the side rather than above. Given Dr Edmonson's concept of psychological safety as a team-based phenomenon, Data Drives Insights places equal power on teams as key drivers of change. When teams and leaders together are actively enhancing psychological safety, the reach and pace for social and cultural change is greater. In turn, with a bottom-up, top-down approach, the full potential of team performance is more likely to be realised, ultimately improving the employee experience, and increasing employees' commitment to the organisation.

Psychological safety isn't just a concept that enhances the employee experience and outcomes; it's a vital component for fulfilling governance, risk, and compliance requirements. A high level of psychological safety reduces risks both in terms of employee safety and well-being whilst achieving organisational objectives. It serves as the cornerstone for aligning with diversity, equity, and inclusion as a workforce strategy while

ensuring compliance with legal and ethical obligations. Without a foundation of psychological safety and inclusivity, the true potential of diversity remains untapped, obstructing innovation and overall team performance. Actively striving to enhance psychological safety, organisations establish an ethical framework that fosters a generative culture, thus creating strong governance, culture, and accountability.

Our Data Insights

In adding to the existing literature, Data Drives Insight collected data on psychological safety and inclusivity across a number of industries inclusive of healthcare, government, heavy industry, sport and recreation, and non-profit organisations. Across various teams, our findings have highlighted the four most robust indicators of psychological safety.





Feeling Included in the Team

Feeling included in the team signifies the sense of belonging within a team and the comfort in bringing one's authentic self to the workplace. When individuals feel valued by their team, they are more likely to voice their thoughts without the fear of judgment or discrimination. The reduction of such fear is pivotal in establishing psychological safety.

Acknowledgement and Recognition

Recognising employees for their contributions fosters an environment where open and honest communication thrives. Moreover, when employees are recognised for their efforts, they become more receptive to performance improving feedback.

Encouragement to Utilise Skills and Knowledge

Encouraging team members to leverage their skills and knowledge empowers them and increases their confidence in taking risks and making decisions. Additionally, when employees are actively encouraged to share their expertise and insights, it cultivates a culture of learning and mastery.

Feeling Secure in the Role and Team

The feeling of security holds a central position in the establishment of psychological safety, serving as the foundation for trust and development in a team. In an environment characterised by this trust, employees not only feel valued but are also encouraged to challenge their team, fostering curiosity and collective growth.

Given the inherent challenge of predicting the existence of psychological safety, Data Drive Insights excels in identifying potential risk factors within a team. These risk factors, often referred to as psychosocial hazards, encapsulate the aspects of work that negatively impact psychological safety. By pinpointing these risks within a team, we shed light on the root causes of issues, rendering them manageable and conducive to the cultivation of psychological safety.

DEI and Psychological Safety

Diversity, equity, and inclusion have rightfully assumed central positions in workforce strategy. However, concentrating solely on diversity, without giving due consideration to psychological safety, represents a substantial missed opportunity. Our examination included industries predominantly composed of female workers, such as caregiving and disability support, where organisations successfully meet or even surpass diversity targets and quotas. Our analysis yielded the following insights:

- Female employees feel their unique skills and talents are valued and utilised, **significantly** less than their male colleagues*
- Female employees feel **less likely** to bring up problems and tough issues*
- Female employees are **more likely** to feel rejected for being different*

How to Create Psychological Safety

Cultivating psychological safety is intricately tied to creating a secure base—a concept rooted in attachment theory, which underscores the pivotal role of a secure base in building trust, empathy, and effective dialogue. The creation of this secure base holds significance in two key realms: (i) goals as a secure base, and (ii) relationships as a secure base.

Establishing a secure base within teams represents a bottom-up approach to fostering a psychologically safe culture, thereby enhancing overall organisational performance by mitigating factors that may hinder team performance. In the absence of a secure base, teams may grapple with issues like diminished self-esteem, reduced resilience, a lack of cohesion, and a reluctance to take initiative—these challenges stemming from an ongoing fear of rejection. Furthermore, prioritising one aspect of the secure base over the other can have detrimental effects on the employee experience and organisational performance, emphasising the ‘both and’ nature of this relationship.

Anchoring in a secure base of shared goals enables teams to remain tethered to a shared sense of purpose, facilitating constructive challenging and realignment when deviations occur. When pursuing objectives, setbacks and disappointments may arise, underscoring the critical role of secure relational bases in navigating these challenges with collective resilience.

By cultivating strong secure bases, teams activate collective resources to pursue their shared goals while being assured of ongoing support and appreciation throughout the journey. In this environment, team growth and learning are enhanced, promoting a collective effort toward cultivating a generative and inclusive organisational culture.

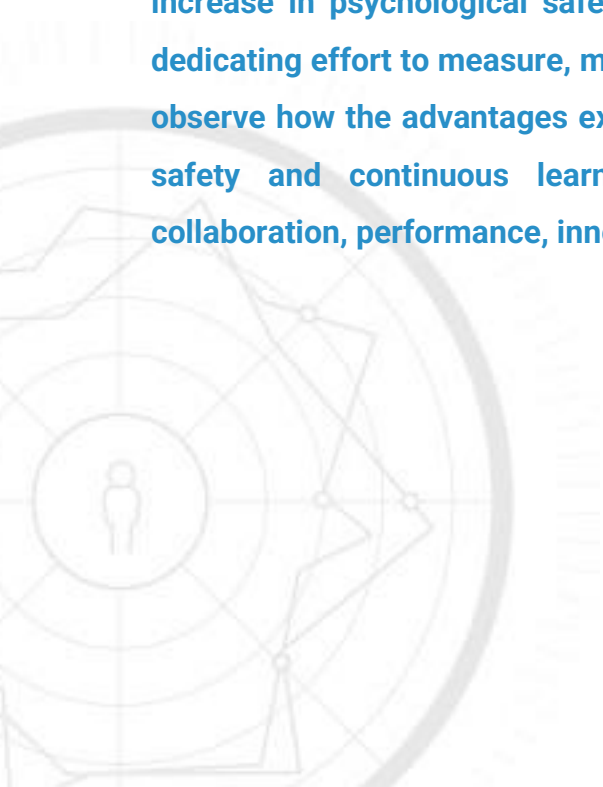
When cultivating a culture rooted in psychological safety, it’s vital to recognise that psychological safety isn’t a fixed state but rather exists on a continuum that is dynamic. Organisations exhibit varying degrees of psychological safety; each state being influenced by the behaviours of its teams and leaders.

During periods of high demands, the level of psychological safety may decline as individuals' behaviours might not align with psychologically safe practices.

Extensive research from Data Drives Insights has delved into the behaviours that foster secure goal and relational bases, ultimately cultivating a safe environment. Our findings suggest that teams and leaders should concentrate on enhancing four fundamental capabilities.

1. Purpose	Clearly define and communicate the organisation's purpose, values, and mission to instil a sense of direction and shared goals.
2. Caring	Foster an atmosphere of empathy and support, where individuals genuinely care for one another's well-being and success.
3. Curiosity	Encourage a culture of open inquiry, where questions are welcomed, and curiosity is celebrated as a means of learning and growth.
4. Connecting	Promote strong connections and collaboration among team members, enabling effective communication and cooperation.

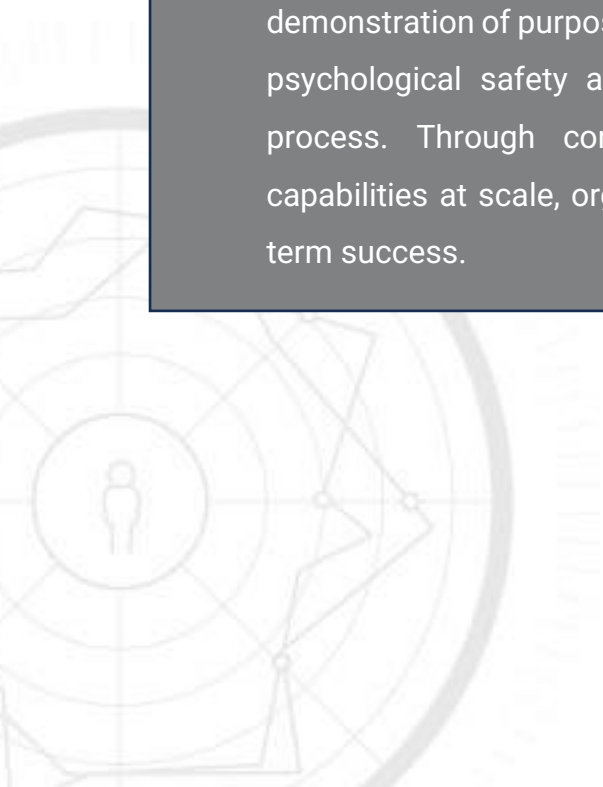
Enhancing these competencies even just by 10% can yield substantial benefits: (i) a 19% increase in psychological safety and (ii) a 15% increase in employee motivation. By dedicating effort to measure, monitor, and develop these capabilities, organisations can observe how the advantages extend beyond fostering a culture rooted in psychological safety and continuous learning. These benefits also translate into enhanced collaboration, performance, innovation, and organisational commitment.



Conclusion

In conclusion, this paper underscores the complex nature of cultivating psychological safety within organisations. As explained, the key to addressing psychological safety lies in its measurement, turning the invisible into the visible. In an era where diversity, equity, and inclusion take centre stage in organisational strategy, overlooking the assessment of psychological safety can prove detrimental to their success. Psychological safety serves as the cornerstone for translating diversity into lived inclusivity. Our findings emphasise a concerning trend: even in organisations where diversity is high, women report feeling significantly less valued and psychologically safe than their male counterparts. These findings place the onus on every organisation to actively gauge and enhance its level of psychological safety.

Beyond governance and compliance regulations, the pursuit of improved psychological safety yields extensive benefits for the employee experience and broader work outcomes, including performance, engagement, attraction, and retention. To guide individuals tasked with leading, governing, and working within teams, this paper has articulated four crucial capabilities that not only establish a secure base but also foster a psychologically safe environment. By elevating the demonstration of purpose, connection, care, and curiosity, teams can actively cultivate psychological safety and drive organisational performance through a bottom-up process. Through consistently measuring, monitoring, and developing these capabilities at scale, organisations can establish the foundation for sustained, long-term success.



About the Research

The data was gathered from a diverse group of 811 participants representing 52 teams spanning various sectors, including healthcare, heavy industry, local government, sports and recreation, and not-for-profit organisations. Of these participants, 415 identified as female, 327 as male, and 82 chose not to disclose their gender. Regarding their roles, 12.7% held top leadership positions, 22.2% occupied middle leadership roles, 50.4% worked on the front lines, and 14.7% preferred not to reveal their roles.

Each team completed the Psychological Safety and Inclusivity Indicator, which evaluates their level of psychological safety inclusivity within their teams. Participants provided their responses on a Likert scale ranging from 1 to 5, with 1 representing "strongly disagree" or "not at all," and 5 indicating "strongly agree" or "all the time."

To report the team's responses, we calculated the average scores within each team to determine an overall psychological safety and inclusivity score. Additionally, risk factors were identified within each team as part of the assessment process.



About the Contributors



Abby Hunt | Executive Director

GAICD; BSc.(Psychology) PGDip (Rehab) MPsych (Counselling Psychology).

Abby is a Leadership and Organisational Development specialist and co-founder of DDI. As a Counselling Psychologist, Abby provides performance coaching to leaders in partner organisations and thought leadership to DDI Solutions.



Ashley Hunt | Director

BSW, MBA.

Ash is a Director at DDI and Veraison, working primarily with Boards and Executives, Ash facilitates powerful conversations to realise individual potential, overcome interference and transform organisations. Ash integrates this experience and knowledge into DDI solutions.



Sasha Burnham | Director

BA (Hons), MSc (Organisational Psychology).

Sasha partners with organisations to enhance leadership, culture, and overall performance. As General Manager at Veraison, Sasha designs and delivers leadership and culture transformation. As Director at DDI, Sasha oversees the research and development program.



Georgia Marasco | Graduate Performance Coach

BPsych(Hons), MPsych(Organisational Psychology).

Georgia, a recent Masters graduate in Industrial and Organisational Psychology, applies evidence-based practices to drive organisational development and performance.



Donna Buchanan | Product Development

Donna brings nearly 30 years' experience in large and small businesses, working across boundaries to enable excellence in human and business performance through connecting strategy, style and systems, enhancing leadership capability, team problem solving and emotional intelligence.



Brendan Wright | Technology and Sales

Brendan is an executive consultant working with disruptive Technology companies and directly with customers across the Asia Pacific Region. Brendan is a recognised leader in contemporary service delivery models, and has a long history of leading transformational programs across Government, Healthcare, Education and the Resources Sector.