Managing psychosocial risks in European micro and small enterprises:

Qualitative evidence from the Third European Survey of Enterprises on New and Emerging Risks (ESENER 2019)

Executive Summary

European Agency
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at Work

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Executive summary

This report sets out the main findings of the study on the management of psychosocial risks in European micro and small workplaces, based on qualitative evidence from interviews at establishments in six countries (Denmark, Germany, Spain, Croatia, the Netherlands and Poland) that participated in the Third European Survey of Enterprises on New and Emerging Risks (ESENER 2019).

The main objective of this study was to examine how companies, and in particular micro and small enterprises (MSEs), manage psychosocial risks to better understand what works in managing these risks. The more specific aims of this study were to:

- Complement the ESENER 2019 survey results by producing additional information that helps explore the ways in which psychosocial risk management is organised in MSEs and the reasons and motivations for this, including what works.
- Provide information, as far as possible, about how psychosocial risk management is shaped by the context in which establishments operate. This can include elements such as national context, economic factors and job-related issues.
- Help define typologies of establishments according to the way psychosocial risks are managed at workplace level.

The findings of this study are based on interviews carried out with managers and workers at establishment level in MSEs in the six countries studied. The interviews were conducted using a standardised questionnaire. Additional country-level research was also carried out to inform and support the findings from the interviews. This country-level research formed the basis for the six national reports, which accompany this summary report.

Main findings and conclusions of the study

- The most frequently reported psychosocial risks across all countries and sectors in MSEs in this study were **high workload, time pressure and working with demanding clients**. In countries in this study that have a weaker economic status, such as Croatia and Poland, workers in the establishments interviewed for this study were more likely to mention fear of losing one's job as the main psychosocial risk. Conversely, in countries with a stronger economy and higher awareness level of psychosocial risks, such as Denmark, interviewees reported more nuanced psychosocial risks such as lack of meaningful work, or poor social relationships at the workplace, rather than just the risk created by job insecurity.

- This study suggests that MSEs in this study in countries with comparatively and relatively high occupational safety and health (OSH) psychosocial management standards fare relatively well in terms of psychosocial risk management. Accordingly, micro firms are most at risk in countries with less-developed standards. This suggests that national legislative developments have a role as one of the factors that influence the management of psychosocial risks in establishments, and can be one of the factors that contributes to the maturing of psychosocial risk management. Specifically, if MSEs are not subject to a legal requirement to appoint OSH representatives, this limits both awareness and avenues for workers to express concerns to management.

- Company size plays a significant role in all areas related to the management of psychosocial risks, with micro companies often at a disadvantage due to factors such as level of resources, limits on availability of staff and lack of formal procedures. Micro companies therefore need extra help and support from policy-makers and OSH organisations. Policy-makers therefore need to work more closely with MSEs to devise solutions that work for them in terms of managing psychosocial risks in their workplaces. Related to this, it is clear from this study that MSEs do not tend to work with formalised procedures as often as larger companies do. It would therefore be beneficial for stakeholders to work with MSEs to try to devise an approach to psychosocial risk management that works for and supports them.

- In relation to the management of psychosocial risks, the main tool used by companies in this study is allowing workers to adapt to their personal circumstances in order to prevent psychosocial risks. This confirms ESENER findings that cite **allowing more flexibility in the way that workers organise their own tasks and working hours** as the main way of preventing psychosocial risks. This element of control over work organisation and task content, where possible, is a recognised factor in reducing stress at work.

- The results of the interviews show that even in cases where there is 'commitment' to OSH management in terms of physical risks and awareness of the more traditional physical OSH risks, this does not directly translate to 'commitment' to management of psychosocial risks.

- Nevertheless, this study also shows that legal OSH requirements alone are not enough: **company culture plays an important role in dictating whether psychosocial risks can be discussed in the first place**. In relation to this, it is important to note that psychosocial risks still carry with them a significant **sense of stigma and shame**, which is difficult to eradicate, even in very open and informal cultures. Companies and policy-makers should therefore continue their efforts in developing company cultures in which workers feel that they can talk openly about any mental health issues that they have, and for which they are offered appropriate support. In particular, focusing on **improving trust** in organisations could be a key to helping develop this type of open culture. Actions such as organising seminars on the issue of mental health, line manager training on dealing with mental health issues and providing a confidential helpline could contribute to building a more open culture. COVID-19 has actually made a contribution to raising awareness of mental health issues, with discussion of this more prominent over the past two years. This could be a good foundation on which to build lasting awareness of mental health issues.

- Further, this study reveals that it is often the **managers' personalities and their type of leadership** that define an organisation's approach to psychosocial risks, including identification and awareness of these risks. Managers tend to report that they respond to issues by trying to stay in touch with workers, having regular conversations, holding team meetings and trying to encourage people to open up. The effectiveness of this 'human dimension' depends on the person in charge and not so much on the systems in place. If a worker works for a company managed by an empathic and committed manager, they will benefit from a more effective approach to psychosocial risk management. However, if this is not the case, psychosocial risk management is likely to be poor. While the influence of the conducive personality of managers on psychosocial risk management is to be welcomed, **companies should be encouraged to carry out training for managers** to ensure that all managers are aware of psychosocial risks and can put into place effective strategies to manage them. This will mean that they will not rely solely on their instincts, which will vary between individuals. In addition, the recognised **link between psychosocial wellbeing and good levels of productivity** is something that could underpin all measures to manage psychosocial risks and should be promoted as such. This would help to encourage managers in small and micro companies to devote time to managing psychosocial risks.

- **Communication** plays a crucial role in preventing psychosocial risks, and this is linked to leadership style. Here, smaller companies could have an advantage, in that they are more likely to rely on general, informal actions that aim to ensure open communication with workers. Conversely, larger companies are more likely to adopt a more organised and structured approach. There are advantages to both of these approaches, however: the more informal approach, resulting from the style of the senior managers, can foster good and open communication within organisations, and the more structured approach, which is more often seen in larger companies, can result in the development of formal practices and the implementation of more structural initiatives such as action plans. Further, policy focus should be on **encouraging employers to develop an open company culture, within the context of the relevant legal framework**. This could be achieved by actions such as targeted and locally focused communication, awareness raising and information campaigns.

- The typology analysis shows that the general stage of maturity of psychosocial risk management in establishments is **heavily influenced by a combination of external factors** such as country-specific institutional context and culture, and **internal factors**, such as managerial perspectives and personalities. In particular, country conditions play a significant role in shaping establishments' general approach and agility in managing psychosocial risks. Further, receptiveness to psychosocial risk management is intertwined with national company cultures, particularly concerning whether psychosocial wellbeing of workers is instinctively embedded in managerial thinking and approaches. It is clear that the establishments in the six countries analysed in this study are at different points on the journey in terms of the management of psychosocial risks. It may therefore be useful to **encourage good practice sharing** so that MSEs and policy-makers can learn from what works elsewhere, even though many factors may not be directly transferable to different country contexts.

- The sentiment analysis shows that the common (that is, manager and worker) and manager-only responses are typically more positive than the worker-only responses in 8 out of the 10 questions analysed for this study. This may reflect that there are different interpretations of the quality of the establishment's approach to managing psychosocial risks – **seemingly, managers hold more positive views around the psychosocial working environment than workers do**, which confirms the study's working hypothesis.

- **Presenteeism and levels of absence** are typically not perceived as an issue being directly linked to psychosocial risk management issues by the companies interviewed. However, high levels of absence from the workplace may be an indicator of stress, and presenteeism has been linked to overwork and burnout. This study, however, found that the scientifically recognised **link between psychosocial wellbeing and productivity at work** is often not acknowledged in practice.

- Interviewees for this study in some countries reported that their general experience with **the labour inspectorates was rather formal**, and in the majority of cases labour inspectors focused on sanctions rather than education and support. Interviewees reported that **psychosocial risks tend not to be a focus** of inspections. Also, there was great variation in the frequency of labour inspections within the companies interviewed. While some companies are visited on an annual basis, others have not been visited for at least 10 years. In general, a more supportive and counselling role of the labour inspectorate instead of solely punitive actions would have been appreciated by many companies in this study. To **optimise the role of the labour inspectorates,** therefore, MSEs pointed out that more support and practical advice would be helpful.

- There is a great deal of OSH training in place across different sectors and in all countries, but this study shows that this training is not specifically focused on psychosocial risks or does not reach companies if it is focused on psychosocial risks. An exception seems to be the health and care sector, as companies in this sector generally recognise that the sector includes professions that are exposed to a high degree of psychosocial risks, especially in the ongoing COVID-19 situation. It may therefore be beneficial for policy-makers and companies to consider how to cover psychosocial risks more comprehensively, alongside tailoring any psychosocial risk training to the sector in order to be truly useful for workers.

- Workers in the companies interviewed were mostly not involved in the management of psychosocial risks in a structured or formalised approach. This seems to depend highly on the way worker involvement is organised generally and in terms of OSH in the country and respective company. Interviewed companies show, however, varying degrees and a range of often informal ways of involvement. Although involving workers in the identification and management of psychosocial risks is very effective, it would seem that some effectiveness may be lost as a result of the informal nature of much of this involvement. Encouraging companies to **formalise worker involvement in some way**, for example, in terms of regular meetings or more regular communication channels, may therefore increase the effectiveness of worker involvement in the management of psychosocial risks.

- This study found that the main driver for the management of psychosocial risks in the companies interviewed was **ensuring the wellbeing of the workforce**. Interviewees in most of the countries in this study also cited **legal** obligations, where employers are aware of them, as a key driver.

- Conversely, a range of barriers to the effective management and development of psychosocial risks were evident. These ranged from the delicate nature of these issues and ensuing difficulties in discussing them to low awareness of psychosocial risks and knowledge gaps in how to address them. There was also a frequently expressed view from managers interviewed that psychosocial risks are much harder to identify and manage due to their nature and that they require an individual approach, as different people will be affected differently in the same situation. Lack of trust within the company was also reported to be a barrier that prevents people from speaking up about problems related to mental health. Managers tended to report barriers to gaining awareness of workers' issues and difficulties, which makes it difficult to provide appropriate support.

- Finally, **COVID-19** has had a significant impact in terms of increasing psychosocial risks in a number of ways. Stress has increased due to work intensification and/or increasing working hours to cover for colleagues who are off sick or to cover for older and more vulnerable colleagues. Stress levels increased due to the uncertain health and economic situation, and possibly the impact of lockdowns. Overall, market disruption, the unpredictability of governmental decisions regarding lockdown and limitations on business operations made MSEs more likely to cut costs and make redundancies, which contribute to the increased level of stress, job insecurity and poorer wellbeing of workers. Workers also reported increased stress due to lack of face-to-face communication with colleagues and managers or having to face abusive customers who were frustrated as a result of implemented restrictions. While it is very difficult to cope with the effects on psychosocial risks of a sudden and severe crisis, such as the one caused by COVID-19, many organisations reported having taken steps to improve working conditions in relation to psychosocial risks as a direct result of the pandemic. Actions included hiring an external confidential counsellor, for example. This might have helped to raise the general awareness of psychosocial risks and reduce the stigma. Going forward, it may now be easier for some companies to **take stock of and boost their psychosocial risk management procedures**.

Results of the typology and sentiment analysis carried out for this study[1]

The typology analysis carried out for this study shows that the general stage of maturity of psychosocial risk management in establishments is **heavily influenced by a combination of external factors** such as country institutional context and culture, and **internal factors**, such as managerial perspectives and personalities. In particular, country conditions play a significant role in shaping establishments' general approach and agility in managing psychosocial risks. Further, receptiveness to psychosocial risk management is intertwined with company cultures as shaped by national contexts, particularly concerning whether psychosocial wellbeing of workers is embedded in managerial thinking and approaches. The typology analysis carried out divided MSEs into two groups: 'uninitiated' and 'early learners'. Uninitiated establishments are those where efforts to improve the management of psychosocial risks are only underway to a minimal extent. Early learners are cases where establishment- and country-level factors have combined to encourage a nascent although relatively effective management of psychosocial risks.

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[1] The typology analysis classified establishments according to a general typology framework considering their stage of development around management of psychosocial risks, dividing them into two groups: 'uninitiated' and 'early learners'. Sentiment analysis is a natural language processing (NLP) method used to determine whether qualitative information is emotionally positive, negative or neutral.

The sentiment analysis carried out for this study shows that the common (that is, manager and worker) and manager-only responses are typically more positive than the worker-only responses in 8 out of the 10 questions analysed for this study. This may reflect that there are different interpretations of the quality of the establishment's approach to managing psychosocial risks, managers seemingly holding more positive views than workers.

Methodological overview

The analysis is based on the interviews with managers and workers of MSEs in six EU Member States: Denmark, Germany, Spain, Croatia, the Netherlands and Poland.

For each of these six countries, a national context paper was developed in order to set out the national regulatory context for the management of psychosocial risks and describe the main national policy approaches relevant to support the uptake of psychosocial risk management measures by companies.

The main methodological tool for this study was qualitative fieldwork: 40 interviews were carried out in each country, based on an interview with a manager and a worker from 20 establishments in each country. The interviews were carried out on the basis of an agreed interview guide, based on relevant questions in the ESENER survey. The main topics covered were as follows:

- The links between psychosocial risk management and overall management commitment to OSH.
- Awareness level of psychosocial risk factors and obligation to manage them.
- The extent of psychosocial risk management measures and procedures in place.
- The extent of dedicated resources and the degree of worker participation.
- Barriers and drivers to psychosocial risk management in MSEs and what support they would need, including the availability and quality (if used) of external expertise and guidance.
- The links between workplace culture, productivity, absenteeism and presenteeism and approaches to psychosocial management.

Obtained data were analysed to classify establishments according to a typology framework considering their stage of development around management of psychosocial risks.

Further, sentiment analysis was used to explore the linguistic content of the interview feedback from the 153 establishments studied. Sentiment analysis is a natural language processing (NLP) method used to determine whether qualitative information is emotionally positive, negative or neutral.