

# **Resilient Organizations Make Psychological Safety a Strategic Priority**

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**Summary.** Much has been written about psychological safety's role in improving workplace wellness and even in helping stem the tide of the Great Resignation. But to weather uncertainty, organizations need to look beyond individual well-being and make psychological safety... [more](#)

The pandemic, geopolitical instability, and unpredictable markets have made organizational resilience like food in the desert: critical for survival, but challenging to grow. By making resilience a strategic priority, leaders ensure that their organizations can stretch and adapt.

Much has been written about psychological safety's role in improving workplace wellness and even in helping stem the tide of the Great Resignation. But to weather uncertainty, organizations also need to make psychological safety a strategic priority, creating a culture where employees can comfortably raise concerns, contribute ideas, and share unique perspectives.

Three cultural dimensions are critical for resilience:

- **Integrity:** Ethical leadership and courageous candor
- **Innovation:** Fearless collaborative creativity
- **Inclusion:** Authentic respect and belonging

These sustain business continuity, competitiveness, and growth — the intersection of these three dimensions forms the core of a psychologically safe culture. To strengthen resilience, leaders must understand how to connect these three siloed dimensions of culture and develop leadership attributes that encourage candor.

In this article, we explain why psychological safety is necessary for the highest expression of integrity, innovation, and inclusion; explore the obstacles to investing in psychological safety; and illustrate how senior leaders can overcome these obstacles to boost resilience.

## **Psychological Safety as the Foundation of Resilience**

The simple business case for each dimension of resilience is well known. Ethical business behavior (integrity) enhances financial performance, employees who generate and share more ideas improve profitability through innovation, and organizational diversity predicts higher financial returns (inclusion). Both integrity and inclusion are key elements of assessing an organization's ESG (environment, sustainability, and governance) commitments and performance.

Beyond their direct impacts on the bottom line, the three dimensions share an intrinsic connection: Psychological safety is at their core, and any breach erodes their foundation. The fear of retaliation for speaking up compromises integrity, curbing creative ideation leads to stagnation, and disrespectful interactions have a disproportionately toxic impact on engagement and belonging.

Psychological safety does not happen automatically. Because our brains are hardwired to keep us safe, our default mode is to presume some level of threat in most environments. Like animals that sense a predator in the forest, humans tend to stay quiet in a workplace form of “freeze” (from the “fight/flight/freeze” reaction) unless we know we can safely speak up with concerns, fresh ideas, or unique perspectives.

When leaders recognize the connections between psychological safety and resilience, they can model the behaviors that welcome candor — and set expectations throughout the organization to enhance integrity, innovation, and inclusion.

### **Dimension #1: Integrity**

Organizations with a culture of integrity don't sacrifice doing the right thing for short-term profit. Leaders trust employees to challenge myopic directives, and they empower team members to own decisions that safeguard long-term resilience. Candor is expected, as well as protected, to prevent (or detect and address) legal or ethical issues that could derail or shut down the business.

Two key reasons employees refrain from speaking up are: 1) fear of retaliation, and 2) a perception that even well-founded concerns will not be addressed. When leaders are committed to encouraging candor, they can be intentional about changing these perceptions.

Early warning signals prevent problems from spiraling out of control. In the last two years, 55% of all tips about workplace fraud came from employees. The sooner tips are investigated, the sooner an organization can mitigate related losses. When employees at all levels feel safe to raise concerns, problem behaviors like bullying and harassment can also be confronted in a timely manner.

Retaliation for speaking up about wrongdoing is at an all-time high. The contradiction is not lost on employees, whose companies' codes of conduct oblige them to speak up. Yet, these "upstanders" often face overt or subtle retribution if they do.

Employees who don't have safe internal channels for reporting issues sometimes choose to blow the whistle with the government or the media. Despite the risk of stigma, some find that they have no other alternative. However, external reporting threatens the resilience of organizations in multiple ways. Perhaps the greatest risk comes from the missed opportunity to address the problem in house, early, before the damage escalates.

## **Dimension #2: Innovation**

In a rapidly changing world, continual product and process innovation are necessary elements of sustainable organizational performance. However, the stress of uncertainty reduces individual creativity and diminishes the drive to explore and challenge existing paradigms.

Innovation tends to decline when external risk increases. Focusing on psychological safety internally helps counter that tendency. Embracing "what if..." questions fosters a culture of curiosity for generating possible solutions.

The innovation imperative sometimes gets misconstrued as a drive to innovate at any cost. Dissenters can be marginalized and overruled in a new product push, to the detriment of the organization. Putting the brakes on a train that is just about to

leave the station requires psychological safety — and is unlikely to happen unless leaders are on board with encouraging passionate dialogue.

### **Dimension #3: Inclusion**

Engagement and belonging are grounded in inclusion. They are foundational to the resilience of not only the organization, but also individual employees. In the last year, two-thirds of people who left their jobs said they did so because they did not feel included, valued, respected, trusted, or cared for. Almost half of U.S. employees are looking for other opportunities, and the number of women intending to leave is even more startling. Underrepresented (and sought-after) groups are particularly likely to be on the move.

Diversity among employees helps companies anticipate, cope with, and adapt to risk and turbulent conditions. For example, the International Monetary Fund has cited “a high degree of groupthink” (i.e., a lack of diverse viewpoints) as a contributing factor for failing to sound alarms about the impending financial crisis in 2007.

Diverse teams have a broader knowledge base, which allows for better environmental scanning and risk analysis, especially in complex environments. Experiential diversity among team members increases the range of potential coping strategies and leads to better decision making under threat. The question “What am I not seeing?” is more likely to surface rich perspectives, latent concerns, and novel suggestions when the team is diverse — and when all voices are heard thanks to psychological safety.

### **Obstacles to Psychological Safety**

Given the multidimensional benefits of psychological safety, why is it so challenging to make it a strategic priority? Be aware of these two primary obstacles.

## **Obstacle #1: Blind spots**

Senior leaders may not be connecting the dots across functional silos in the organization, overlooking the opportunities to work together. For example, functional professionals (e.g., legal, risk management, R&D, HR) tend to focus their requests for limited internal resources vertically in the hierarchy. By competing for support for one-off initiatives — rather than collaborating — they miss the opportunity to help senior leaders realize the cross-functional alchemy of investing in psychological safety.

The onus is on senior leaders to see beyond functions as individual cost centers. By identifying opportunities to champion psychological safety across previously disparate initiatives, they optimize resources for a multidimensional return on investment that enables all voices to be heard.

## **Obstacle #2: Vulnerability**

Psychological safety demands modes of decision making that are different from what many leaders are used to. It requires leadership attributes like accessibility, humility, and empathy.

One of the most valuable actions leaders in resilient organizations take is to set their personal agendas aside. Many leaders are fearful of feedback that may leave them vulnerable to criticism, but transparent decision making gets beyond seeing only what we want to see. Input that contradicts our subjective perceptions can be hard to hear, but often provides valuable signals for course correcting.

Gustavo Razzetti, culture designer and author of the new book *Remote, Not Distant*, points out that all too often, leaders claim to have an open agenda and welcome dissent — and yet, out-of-the-box ideas and candid feedback are quickly shut down when leaders become defensive. “Even brilliant leaders can have a hard time accepting change, like Steve Jobs when the idea of the iPhone was first floated,” Razzetti says. “[W]e need to stop thinking of them as superheroes with all the answers.”

## **Taking the Lead on Psychological Safety**

Like trust, psychological safety takes a long time to build — and even longer to rebuild once breached. Here are five focus areas for leaders who want to make psychological safety a strategic priority in the service of organizational resilience.

### **1. Ask questions about the culture.**

Periodically conduct assessments of engagement, integrity, and other aspects of culture. Pay attention to the results and how they change over time. Take the time to map out existing and desired cultures, and design a roadmap for necessary transformations.

### **2. Be clear about your expectations for ethical decision making and integrity.**

Silence and ambiguity have consequences. Be intentional about seeking out early warning signals — and clear about responding. Prohibit retaliation against “upstanders” and ensure that employees always have a safe channel for raising concerns and that they know how to access it.

Build trust by extending trust. Align your actions with your words, and show your own vulnerabilities first.

### **3. Encourage outside-the-box thinking.**

Perceived leader support influences creative performance and innovation. Reframe and celebrate mistakes as organizational learning opportunities. Encourage employees to generate and share ideas, which need not always be polished. Welcome dissent without judgment. Assign and rotate the role of “challenger” at meetings.

### **4. Invest in and personally support your DEI initiatives.**

Having even one ally in the workplace fosters a sense of belonging and can encourage people to speak up — be that ally. Use your relative privilege to share, rather than hoard, power. Foster diversity and inclusion as explicit business strategies, include

them in your ESG-related commitments, and tie them to executive compensation. Know how to avoid the pitfalls of disrespectful, non-inclusive cultures that make for toxic workplaces with high turnover. Prioritize clear communications, assign projects and roles based on strengths, foster relationships, and invite people to be part of the decision making.

### **5. Build accountability for psychological safety into performance metrics.**

Set relevant objectives and provide the necessary training for your managers so that psychological safety rises to the level of a strategic objective rather than a “nice-to-have.” Emphasize leadership skills around emotional and social intelligence in career development and promotions. Take the metrics seriously and hold people accountable.

Also, hold yourself accountable by asking yourself: How am I modeling these behaviors? How can I set up my direct reports to be successful?

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Learning to be nimble and resilient in the “new normal” requires an uncommon level of human connection. Understanding how integrity, innovation, and inclusion are connected — and sparking that alchemy — helps organizational leaders move beyond their blind spots and *own* psychological safety as a strategic imperative. These three cultural dimensions can map the route to resilience and sustain an abundant harvest, no matter how unpredictable the terrain ahead.

**Maren Gube** guides organizations pursuing cultures of fearless collaborative creativity through her research and professional practice. She helps leaders develop the necessary emotional literacy for adapting to change and disruption. Maren empowers teams to unravel invisible systemic threats, decoding the



contextual social emotions that subconsciously drive organizational culture. Her blend of executive experience and PhD inquiry brings new perspectives to leaders. Her award-winning work on creativity and why women leave STEM fields has earned citations on both sides of the Atlantic. She is the coauthor of “4 Ways to Spark Creativity When You’re Feeling Stressed” and Executive Director of Resiliti. You can read more about her here.

**Debra Sabatini Hennelly** advises executives and boards on enhancing organizational resilience by creating cultures of candor, inclusion, integrity, and innovation. She engages teams and leaders directly to identify and address obstacles to psychological safety and ethical decision making, increasing collaboration, well-being, and productivity. Debbie also coaches ethics and compliance professionals in effective leadership and personal resilience. Her pragmatic approach is informed by her engineering and legal background and decades of corporate leadership, C-suite, and advisory roles in compliance and ethics, legal, environment and safety, and strategic management. Debbie is an adjunct professor in Fordham University Law School’s Program on Corporate Ethics & Compliance, a frequent speaker at professional conferences, and the founder and president of Resiliti (resiliti.com).

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