

Implementing Psychological Safety Interventions at a Corporate Lending Firm

Introduction

In today's corporate landscape, fostering psychological safety has emerged as a leading priority for organizations striving to create inclusive and supportive work environments. This case study explores one company's proactive approach to addressing psychological safety concerns, highlighting the strategic initiatives of the company's president to gain buy-in from senior leadership, implement targeted interventions and measure the impact of these efforts. Through a combination of executive-level trainings, all-staff workshops on mental health and ongoing coaching, the organization embarked on a dynamic journey toward fostering a culture of psychological safety.

By examining the company's experience, those in the business community can gain valuable insights into the practical implementation of psychological safety initiatives, ultimately driving organizational resilience, innovation and long-term success.

Context and Challenges

The COVID-19 pandemic wrought unprecedented upheaval across industries, and this small corporate lending firm was no exception. As fear, isolation and prolonged anxiety became ubiquitous, employees grappled with mounting concerns not only about their own health but also the wellbeing of their families. Because the organization had begun its implementation of psychological safety interventions in 2019, its leadership had a head start on helping employees navigate these stressors. In the year preceding the pandemic, the firm had already begun working with a third-party consultant with which they would continue to partner through the coming years whose work focuses on measuring and improving psychological safety at all levels of an organization.

As pandemic-related challenges emerged, the organization's president, recognizing the importance of opening a dialogue around mental health, began by sharing her own experience of utilizing talk therapy appointments to

navigate personal challenges. This candid revelation served as a powerful catalyst for reducing stigma and creating a safe space for employees to address their mental health concerns openly.

Within the company, diversity was not just a buzzword but a lived reality, with 63% of the workforce identifying as non-white as well as a greater number of employees identifying as female than is typical for the industry. Despite this richness in diversity, the finance industry's traditional lack of representation could pose challenges to psychological safety due to external pressures, implicit biases and systemic factors affecting employees' day-to-day life. Against this backdrop, the imperative to cultivate an inclusive and supportive work environment was essential.

Lastly, the company itself was on the cusp of significant change. Anticipating a merger with another firm in the near future, the prospect of substantial organizational growth and transformation lay ahead. This approaching merger added another layer of complexity to the task of fostering psychological safety within the organization.

Leadership Buy-In

Gaining buy-in from senior leadership was a pivotal step in the journey to implement psychological safety interventions. The president recognized the importance of presenting a compelling case for the return on investment in psychological safety initiatives, and to achieve this, she enlisted the expertise of a third-party consultant. This consultant played a crucial role in not only making the business case for psychological safety but also in executing key components of the intervention process, including conducting surveys, delivering trainings and facilitating other targeted interventions.

Through data-driven, compelling presentations, the consultant underscored the tangible impact of psychological safety on critical business metrics such as creativity, productivity and innovation.

The following observed outcomes of improved psychological safety at other organizations were put forth as some of the key behavioral changes and wellbeing outcomes which can lead to improved productivity and return on investment:

- Creativity and innovation: New ideas are encouraged and pursued when employees are not afraid they will be ridiculed
- Speaking up: Can lead to improvements beyond status quo
- Disclosing mistakes: Encourages learning from mistakes and being forthcoming instead of trying to cover up missteps
- Reduced stress: Allows people to perform optimally
- Group learning: Is fostered in environments where people feel a sense of belonging and inclusivity

By leveraging empirical evidence and case studies, the consultant effectively demonstrated how fostering psychological safety could yield substantial returns, both in the short and long term.

Some examples of empirical data and case studies include:

- [Google's Project Aristotle](#): Google conducted an internal research study which aimed to identify the key factors contributing to team effectiveness. The study, called Project Aristotle, found the most

successful teams had one common trait: psychological safety. Teams where members felt safe to take risks, express their thoughts and be vulnerable without fear of judgment performed better.

- [Toyota's Speak Up Policy](#): A policy at Toyota production plants empowers all employees to stop production if they spot an error by pulling what is known as the [andon cord](#). The policy arose because the company decided to prioritize [mitigating mistakes as quickly as possible](#), and this requires working to maintain a psychologically safe environment which encourages the cord to be pulled.
- [Research by Amy Edmonson](#): Dr. Amy C. Edmondson, a professor at Harvard Business School, has conducted extensive research on psychological safety. Her work demonstrates that teams with higher levels of psychological safety are more likely to engage in learning behaviors, share knowledge and collaborate effectively, leading to improved performance.
- [Gallup's State of the Global Workplace Report](#): Gallup regularly publishes reports on employee engagement and workplace dynamics. The State of the Global Workplace Report highlights the importance of psychological safety in driving employee engagement, which in turn correlates with higher productivity, profitability and customer satisfaction.

This evidence-based approach resonated with senior leadership and ultimately led them to reconsider any initial skepticism towards the interventions.

Implementation Process

The strategy of the external consulting group involved an assessment of organizational and employee needs before the implementation of specific interventions. The initial assessment consisted of three components:

- Quantitative survey of employees: The survey provided a baseline quantitative measure which could be later used to assess effectiveness of interventions, as well as pinpoint areas in need of greatest improvement. The survey assessed four components of employee wellbeing, including:
 - Basic needs
 - Psychological safety
 - Esteem
 - Belonging
- Focus groups: Focused discussions with key employee groups delved deeper into survey trends and helped provide context around employee experiences and wellbeing outcomes.
- Internal systems review: A review of internal policies, procedures and systems assessed existing policies along key criteria for supporting employee wellbeing.

The implementation of psychological safety interventions within the organization was characterized by a deliberate and proactive approach, aimed at fostering a culture of inclusivity, support and innovation. Based on findings from the initial assessment, key elements of the implementation process included strategic management of return-to-office policies, targeted trainings and prioritizing managerial engagement.

A major change which threatened work-life balance and potentially psychological safety was the prospect of returning remote employees to the office in the wake of the pandemic. This became one priority focus of the

psychological safety initiative. Return-to-office policies were implemented with a keen focus on maximizing team cohesion and productivity while addressing concerns around flexibility and engagement. Each team was consulted to ensure that in-office days were optimized for collaboration, with teams convening in-person only when necessary to avoid hybrid meetings that could potentially marginalize remote participants. Other aspects of the transition were approached with sensitivity and responsiveness to the evolving needs of employees. The organization prioritized clear communication, flexibility and support mechanisms to navigate the complexities of changing work arrangements while being mindful of employee wellbeing and work-life balance. This intentional approach helped to mitigate potential challenges associated with the transition back to the office.

One challenge encountered during the implementation process was initially lower-than-expected levels of engagement in voluntary trainings, sessions and surveys. However, this setback was addressed by shifting the focus to training managers first, recognizing their pivotal role in setting the tone within their teams. By equipping managers with the necessary tools and resources to foster psychological safety, the organization was able to cultivate a supportive environment conducive to increased engagement and participation.

The executive-level trainings on fostering psychological safety served as a cornerstone of the implementation process. At their core, these trainings were structured to empower leaders with the knowledge and skills needed to champion psychological safety within their respective teams. Topics covered strategies for fostering open communication, building trust and promoting a culture of psychological safety in the workplace.

One notable outcome resulting from the implementation process was an increase in innovation among employees. By creating a safe environment where individuals felt empowered to take risks and admit mistakes without fear of judgment, the organization fostered a culture of "failing forward." This shift in mindset not only encouraged experimentation and creativity but also contributed to a more resilient and adaptive workforce poised for long-term success.

Measurement and Evaluation

Throughout the implementation process of psychological safety interventions, the organization prioritized ongoing measurement and evaluation to gauge progress and inform decision-making. Following the pre-intervention surveys which provided baseline data, quarterly surveys were conducted to assess various aspects of psychological safety within the organization and track changes across time as interventions were implemented.

Survey results informed strategic decisions and interventions aimed at addressing any identified challenges or areas of concern. By leveraging data-driven insights, the organization was able to adapt and refine its approach to fostering psychological safety, ultimately driving positive outcomes for employees and the organization as a whole.

Results and Impact

The implementation of psychological safety interventions yielded noticeable results and impactful outcomes. One significant outcome of the interventions was the creation of an environment where employees felt empowered to seek help without fear of stigma. By destigmatizing discussions around mental health challenges, employees were able to approach their managers for support and access resources to address

their needs. This shift in mindset not only promoted individual wellbeing, but also strengthened trust and collaboration within teams.

Furthermore, the interventions facilitated a culture of innovation by fostering a mindset of "failing forward." Employees were encouraged to take risks, experiment and learn from their mistakes, leading to increased creativity and adaptability. This newfound sense of psychological safety empowered individuals to challenge the status quo, explore new ideas and drive positive change within the organization.

Moreover, the interventions cultivated a sense of loyalty and commitment among employees towards the organization. By prioritizing employee wellbeing and fostering a supportive work environment, the organization strengthened its relationships with its workforce, leading to improved teamwork, performance and ultimately, enhanced organizational outcomes. Employees were more engaged, collaborative and motivated to contribute to the organization's success, positively impacting the bottom line.

Overall, the results and impact of the psychological safety interventions underscored their significance in driving positive organizational outcomes and fostering a resilient, inclusive and high-performing workplace culture. By prioritizing psychological safety, the small corporate lending firm demonstrated its commitment to the wellbeing and success of its employees, positioning itself for sustained growth and success in the dynamic business landscape.

Conclusions

The journey of implementing psychological safety interventions within this organization underscores the critical role of leadership in fostering a culture of inclusivity, support and innovation. By starting at the top, leaders can create the necessary conditions for psychological safety to thrive within their teams, empowering employees to speak up, take risks and contribute to organizational success.

A key learning from this process is the importance of approaching psychological safety interventions in an intentional and measurable way. There is no one-size-fits-all solution, and organizations must tailor their interventions to suit the unique needs and dynamics of their workforce. By prioritizing measurable outcomes and continuous evaluation, organizations can gauge the effectiveness of their interventions and make informed decisions to drive meaningful change.

As the organization reflects on the progress made in fostering psychological safety, it is evident this journey has laid the foundation for a culture that will hopefully be safe for new employees entering the organization. Moving forward, the president and senior leaders remain committed to maintaining and building upon this progress, ensuring psychological safety remains a cornerstone of the organization's values and practices.

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