


# The Business Case for Psychological Safety





*Ever felt that subtle tension in a team meeting, where a crucial insight remains unspoken?*

*Or perhaps you've seen a project falter because a quiet concern wasn't raised in time?*

As a leader, you're wired for success; for high performance, commercial edge, and relentless standards. Your team mirrors back your ambition; actively striving, head down towards the lofty targets you set.

## **But are they truly **playing to win**, or merely **playing not to lose**?**

This was the question Amy Edmonson, pioneering researcher of psychological safety, posed at the World Business Forum (WOB) in 2025. Psychological safety often feels like a soft concept, a distant relative to the hard numbers of performance. However, the research and our experience tell us that they are fundamentally intertwined.



## The Silent Trap

### Performance Built on Fear

When psychological safety is missing, organisations don't become bolder; they become fragile. A culture of caution takes hold. Truth becomes a precious item, carefully edited, softened, or hidden as it travels upwards. Risks are contained, mistakes buried, not openly examined.

#### Case Example: Nokia

By 2016, Nokia had exited the mobile handset market after selling its division to Microsoft. Retrospective analyses suggested the issue wasn't all about technical capability gaps, it was mostly a cultural one.

Engineers reportedly knew their operating system couldn't compete with Apple and Android, but senior leaders were seen as intolerant of failure or adversity. Instead of bold adaptation, a culture of caution took hold. Mistakes weren't openly examined and truth became edited as it travelled up the hierarchy.

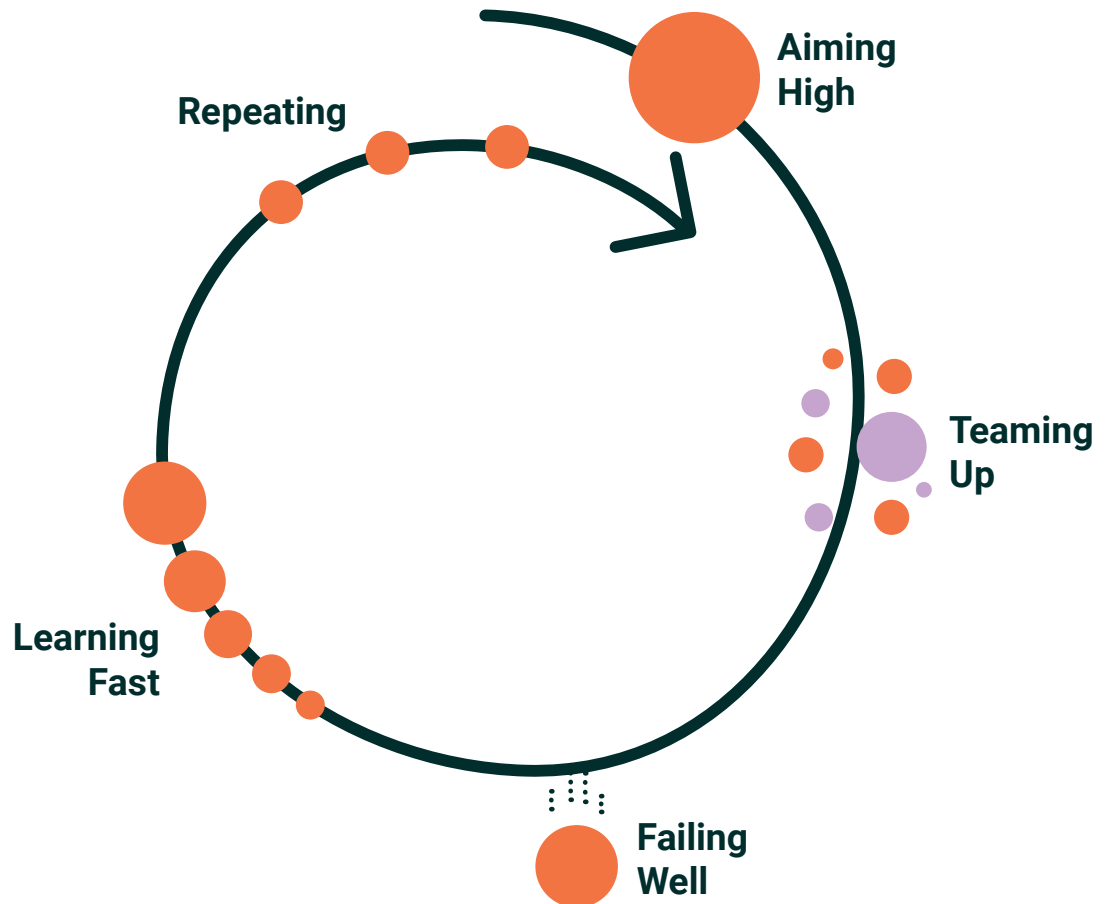
The result wasn't resilience, it was fragility, and ultimately Nokia lost its footing in the market.

***Without psychological safety, organisations don't get braver under threat. They become brittle.***

On the surface, this might look like smooth operations; meetings run easily, decisions are made quickly. But beneath this calm exterior, a dangerous vulnerability grows and valuable energy is wasted. Short-term tasks might still get completed, often driven by fear, but this comes at a high price: learning slows, new ideas shrink, and big risks build up quietly, becoming unmanageable before anyone notices.

# The Power of Openness

In her presentation at the World Business Forum (WOB) in 2025, Amy Edmondson shared a simple sequence to support psychological safety in the workplace:



This sequence, though simple, is incredibly powerful. She asserts that psychological safety is the invisible support that keeps the system honest, enabling crucial adjustments while there's still time to change course. It doesn't lead to 'nicer' conversations - it leads to more effective ones. Direct feedback arrives sooner, assumptions are tested right away, and tensions are dealt with while they're still manageable, not after they've become fixed problems.

Leaders who see difficult truths as important insights will hear more of them. Mastering psychological safety isn't just about team well-being; it's about elevating your leadership presence, building a team that trusts you implicitly, and driving results that truly stand out, making you a more influential leader within the organisation. High standards and psychological safety are not opposing forces; they work best together. Teams push harder, innovate more freely, and achieve more when they know their challenges will be met with curiosity, not punishment.

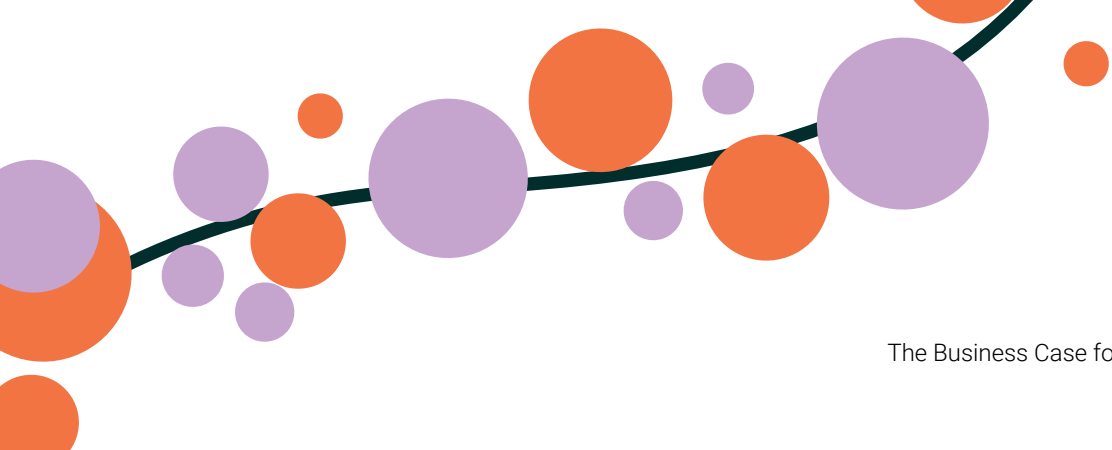
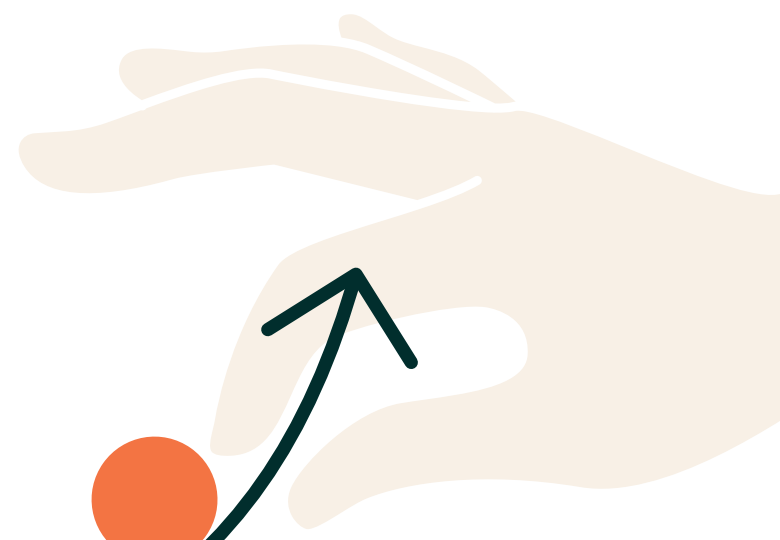


## From Protection to Performance

For a long time, psychological safety was mostly a 'cultural' topic. That is quickly changing as regulations, like Victoria's psychosocial hazard amendments taking effect in 2025, now require employers to identify and manage psychological risks with the same strictness applied to physical safety. The message is clear: psychosocial risk is no longer an informal concern.

Compliance will drive basic actions, but rules alone cannot create a voice. A true speak-up culture is built in daily interactions, in meetings, one-on-one talks, and, most importantly, in how leaders respond when the news is unwelcome.

Most organisations approach psychological safety from a protective angle: preventing harm, reducing stress, managing exposure to psychological risks. These are all essential. Yet, the performance benefits are often greatly overlooked. This isn't just good for the company; it dramatically reduces your managerial headaches, elevates your impact, and positions you as a truly effective, effective leader.



# Your Path to a Fearless Organisation

## 8 steps to try today

To truly unlock the power of psychological safety, consider these practical steps for reflection and action:



### Check Your Reactions

When a team member brings you bad news, pause. Instead of immediately problem-solving or questioning, try: "Thank you for bringing this to my attention. What's your perspective on this, and what support do you need from me?"



### Frame for Learning

Before your next team discussion, consciously present the challenge as a 'learning opportunity' rather than a 'test of skill.'



### Actively Ask for Different Views

In your next meeting, specifically ask, "What concerns haven't we talked about yet?" or "What might we be missing?"



### Notice the Quiet

Pay attention to who isn't speaking. What might be stopping them from contributing?



### Show Your Own Vulnerability

Share a mistake you've made and what you learned from it.



### Champion Upwards

Identify one instance where you can model speaking up respectfully to your own manager about a process or decision that could benefit from more open dialogue.



### Create Micro-Climates of Safety

Focus on building a 'micro-climate' of psychological safety within your immediate team. Ensure every voice is heard in your team meetings, and actively praise constructive dissent.



### Normalise Feedback

Create a 'safe-to-fail' culture by normalising constructive, kind feedback at all levels of team interactions. Remember that psychological safety doesn't mean being 'soft', it means being honest and kind.

### Foundational Research and Thought Leadership

- Amy Edmondson (1999). Psychological Safety and Learning Behavior in Work Teams. Administrative Science Quarterly.
- Amy Edmondson (2018). The Fearless Organization: Creating Psychological Safety in the Workplace for Learning, Innovation, and Growth. Wiley.
- Amy Edmondson & Michaela Kerrissey. Harvard Business School / Harvard Business Publishing insights on psychological safety and leadership.
- Amy Edmondson. World Business Forum (WOB!) presentations on high performance, teaming and learning cultures.

### Organisational Performance and Leadership Context

- Charles Duhigg (2016). What Google Learned From Its Quest to Build the Perfect Team. The New York Times Magazine.
- Google Project Aristotle research on team effectiveness and psychological safety.
- Edgar Schein. Organisational culture and learning frameworks influencing psychological safety research.

### Psychosocial Risk and Australian Regulatory Context

- Safe Work Australia. Model Code of Practice: Managing Psychosocial Hazards at Work.
- SafeWork NSW. Code of Practice: Managing Psychosocial Hazards at Work (2021).
- WorkSafe Victoria. Occupational Health and Safety Regulations psychosocial hazard amendments (effective 1 December 2025).



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