

WORK AND MENTAL HEALTH – IMPLICATIONS OF COVID-19

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Many Australians are experiencing significant changes in their work circumstances and prospects as a result of the COVID-19 pandemic. The latest Australian Bureau of Statistics (ABS) Labour Force survey has shown employment losses of almost 600,000 people, taking the estimated [unemployment rate to 9.7%](#). At the same time, almost two million workers have had their hours reduced and the prevalence of job insecurity among workers has been rising.

The Household Impacts of COVID-19 Survey conducted by the ABS shows that household finances have worsened for nearly a third of Australians due to the pandemic.¹ Around 12% of people aged 18 years or over experienced a change in their job situation since the end of March either associated with working less hours (51%) or with working from home, having a job working no paid hours or losing their job (49%). Many are going through fear of losing their job due to rapidly worsening economic conditions while others in selected occupations, especially frontline roles are experiencing heightened stress at work.²

There is significant concern about rising mental distress as a result of the pandemic and its economic consequences; with rates of anxiety, loneliness and stress increasing. According to the same ABS survey, almost twice as many adults reported feelings of anxiety at least some of the time compared to 2017-18. Stress due to COVID-19 has been experienced by 4 in 10 people, with loneliness the most common stressor.

Mental health services have also seen an increase in demand, with calls to Lifeline increasing by 25% and contacts to BeyondBlue increasing by 40% in recent weeks.

The Australian Government's response to increased mental health issues includes a recent \$48 million boost to mental health support including research,

services and awareness. But while increased stress and anxiety may have been driven primarily by isolation and health concerns at the beginning of the pandemic, this will likely be replaced very rapidly by job loss and financial security concerns. Mental health support services and funding will be as important as ever, but having a secure job and economic security will be the real panacea.

In this Brief we provide insights into the potential mental health effects of this COVID-19 induced shift in work circumstances and prospects.

Mental health costs of losing work and economic security

The relationship between employment and mental health can be complex. Existing mental health issues can lead to poor employment outcomes, and poor employment outcomes can trigger mental health issues. For example, Australian evidence on the consequences of the GFC shows that the psychological functioning and wellbeing of both older³ and younger⁴ generations was impacted by the economic slowdown.

There are effects on families too. The literature also shows that losses of jobs and incomes are likely to significantly affect the mental wellbeing of families. Not only does an income shock affect the mental health of an individual who experiences it directly, but also the psychological wellbeing of their partner.⁵ Furthermore, involuntary job displacements are likely to increase the probability of family dissolution.⁶ There is also evidence of the negative effect of parental job loss on the mental health of adolescent children.⁷

During a recession, mental health issues are often exacerbated, with job losses and associated financial

³ Sargent-Cox, K., Butterworth, P., and Anstey, K. J. (2011). The global financial crisis and psychological health in a sample of Australian older adults: A longitudinal study. *Social Science & Medicine*, 73(7).

⁴ Parker, P. D., Jerrim, J., and Anders, J. (2016). What effect did the global financial crisis have upon youth wellbeing? Evidence from four Australian cohorts. *Developmental Psychology*, 52(4).

⁵ Mendolia, S. (2014) The impact of husband's job loss on partners' mental health. *Review of Economics of the Household* 12, 277-294.

⁶ Doiron, D. and Mendolia, S. (2012) The impact of job loss on family dissolution. *Journal of Population Economics* 25, 367-398.

⁷ Bubonya, M., Cobb-Clark, D.A. and Wooden, M. (2017) Job loss and the mental health of spouses and adolescent children. *IZA Journal of Labor Economics* 6 (6).

¹ ABS Cat. 4940 - Household Impacts of COVID-19 Survey, April 2020

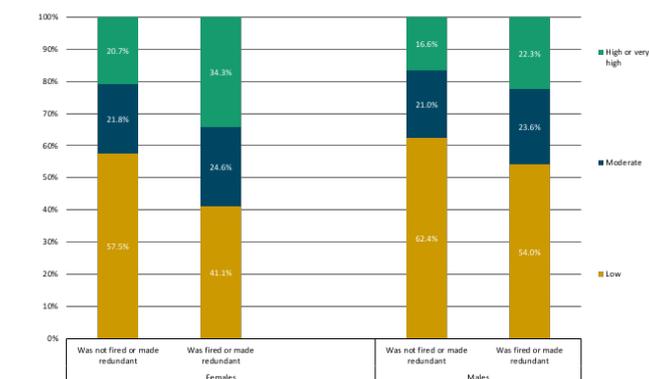
² Santarone, K, McKenney, M. and Elkbuli, A. (2020) Preserving mental health and resilience in frontline healthcare workers during COVID-19. *The American Journal of Emergency Medicine*. April 15. doi: 10.1016/j.ajem.2020.04.030

stress leading to increased suicides and presentations. We have seen an increase in Australian suicide rates during the GFC characterised by widening occupational disparities in suicide rates.⁸ The COVID-19 pandemic adds an additional layer to this with social isolation from regulations and health fears. This has recently been characterised as the perfect storm for suicide mortality⁹.

While there are no signs of increased deaths of despair in Australia as yet, the impending mounting economic pressures on families and individuals as they grapple with job losses will likely see this change. Recent modelling has suggested that there could be a 25% increase in suicides, from the impact of COVID-19, with a larger increase among the youth population¹⁰. An additional \$20 million of support [has been announced today](#), with over half of this funding aimed at suicide prevention research.

Our analysis of pre-COVID19 data suggests that both sudden job loss and worsening of finances are likely to be associated with heightened mental distress. Among women who had been fired or made redundant in the past year, over 34% reported high or very high psychological distress (Figure 1). In comparison, among women who did not go through an experience of such job loss, the share of those who reported high or very high psychological distress was around 21%. Similarly, the prevalence of high and very high psychological distress was higher among men who had been fired or made redundant in the past year (22%) compared to those who hadn't gone through a similar experience (17%).

Figure 1: Psychological distress and experience of being fired or made redundant in the past year



Source: Bankwest Curtin Economics Centre | Authors' calculations from HILDA wave 17

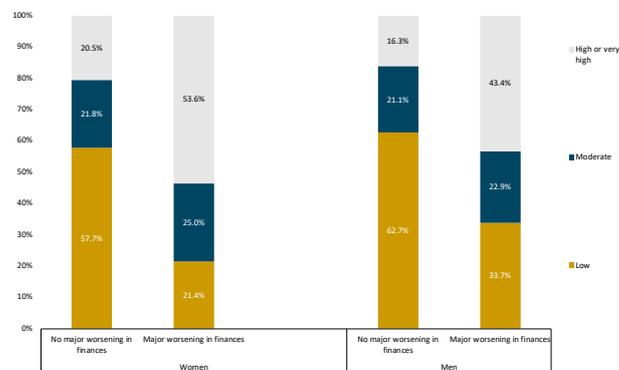
⁸ Milner, A.J., Niven, H. and LaMontagne, A.D. (2015) Occupational class differences in suicide: evidence of changes over time and during the global financial crisis in Australia. BMC Psychiatry 15(223).

⁹ Reger M, Stanley I and Joiner T (2020) Suicide Mortality and Coronavirus Disease 2019 – A Perfect Storm?

¹⁰ <https://ama.com.au/media/joint-statement-covid-19-impact-likely-lead-increased-rates-suicide-and-mental-illness>

Worsening of finances is likely to be an important mechanism mediating the link between job loss and mental distress. Over half of women and around 43% of men who had experienced worsening of their finances in the past year report high or very high mental distress (Figure 2).

Figure 2: Psychological distress and experience of major worsening in finances in the past year



Source: Bankwest Curtin Economics Centre | Authors' calculations from HILDA wave 17

It is possible that the psychological effects of job loss depend on what the individual attributes that job loss to.¹¹ In a sense, it might be better to be unemployed in a recession, when many other people are unemployed, as the cause can be attributed elsewhere. It is when people see their unemployment as a result of their own inadequacies that the negative impacts on self-esteem and confidence might be worse.

In the COVID-19 case, people won't be attributing their job loss to their own inadequacies but rather to a purely exogenous shock. This may serve as a protective factor in a sense, where job losses and reduced work hours and income are viewed as a temporary shock.

Increased welfare support including the doubling of unemployment benefits and the JobKeeper wage subsidy, together with the ability of many households to place home loans on hold will also help protect individuals from stress. Longer term however, if job and income losses are sustained, we are likely to see an overall increase in psychological distress and mental health presentations.

¹¹ Giuntoli, G (2012) Going for 'the full monty'? Unemployment and mental wellbeing during times of recession. Mental health today (Brighton, England). 24 - 27.

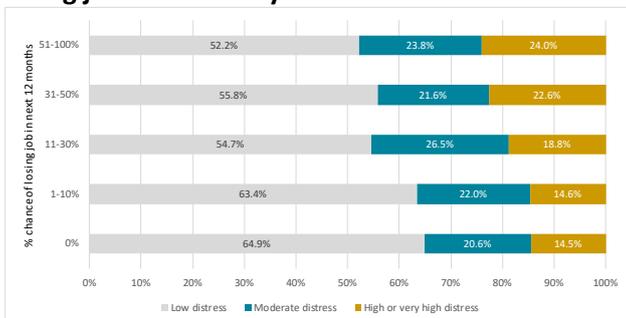
Having a job but going through distress

Prior to the COVID-19 pandemic, rates of job insecurity had increased, particularly among men. Our index of precarious work showed that economic conditions have a significant impact on the level of precarious employment in the labour market, and that levels were rising for both men and women since the global financial crisis¹².

Research on the psychological consequences of job insecurity shows that it can be one of the most distressful aspects of employment. There is evidence to suggest that job insecurity reduces psychological well-being and job satisfaction, and increases psychosomatic complaints and physical strains.¹³

Figure 3 shows a strong link between self-assessed probability of losing one’s job in the next year and psychological distress. Among individuals who perceive the probability of their job loss to be negligible, only 14% report high or very high psychological distress. In comparison, 24% of individuals who attach over a 50% chance of losing their job in the next 12 months, report high or very high psychological distress.

Figure 3: Psychological distress and likelihood of losing job in the next year



Source: Bankwest Curtin Economics Centre | Authors’ calculations from HILDA wave 17

In the current environment, there is a need to take note of the additional distress experienced by workers at a time of great job uncertainty, particularly those in less skilled jobs and in financial difficulties.

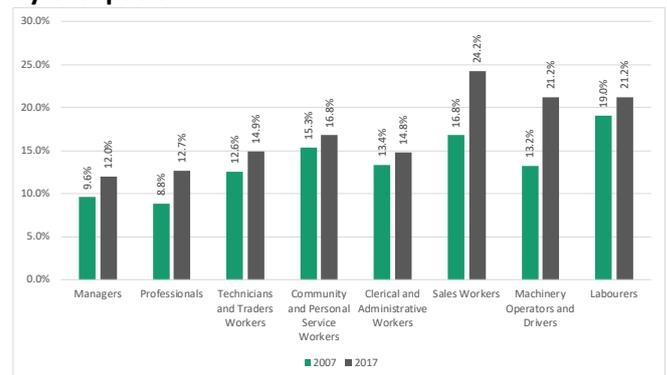
¹² Cassells R, Duncan A, Mavisakalyan A, Phillimore J, Seymour R and Tarverdi Y (2018), ‘Future of Work in Australia: Preparing for tomorrow’s world’, Bankwest Curtin Economics Centre, Focus on the States Series, Issue #6, April 2018.

¹³ De Witte (1999) Job insecurity and psychological well-being: Review of the literature and exploration of some unresolved issues. *European Journal of Work and Organizational Psychology* 8 (2).

Not only has COVID-19 led to great uncertainties in the job prospects of those who still hold their jobs, it has also increased the pressure and stress in some of these roles. This is likely to contribute to the psychological distress of workers, particularly in some occupations.

We have already seen a big jump in the share of those who report high or very high psychological distress among sales workers and machinery operators and drivers over the last decade. As of 2017, over 24% of sales workers reported high or very high psychological distress – an increase of over 7 percentage points since 2007 (Figure 4). The share of machinery operators and drivers experiencing high or very high psychological distress has also increased by 8 percentage points in the same period. As our index of precarious work showed, these occupations are characterised by higher levels of precariousness.¹⁴ Given the recent heavy losses in these occupations, especially for sales workers, mental distress is likely to intensify.

Figure 4: Changes in the share of individuals experiencing high or very high psychological distress, by occupation



Source: Bankwest Curtin Economics Centre | Authors’ calculations from HILDA wave 17

Taking a closer look at two groups of workers that have been a particular focus of concern in the current pandemic due to the inability of workers to carry out their jobs at home and apply social distancing: health professionals, support care workers (panel A) and school teachers¹⁵ and child care workers (panel B).

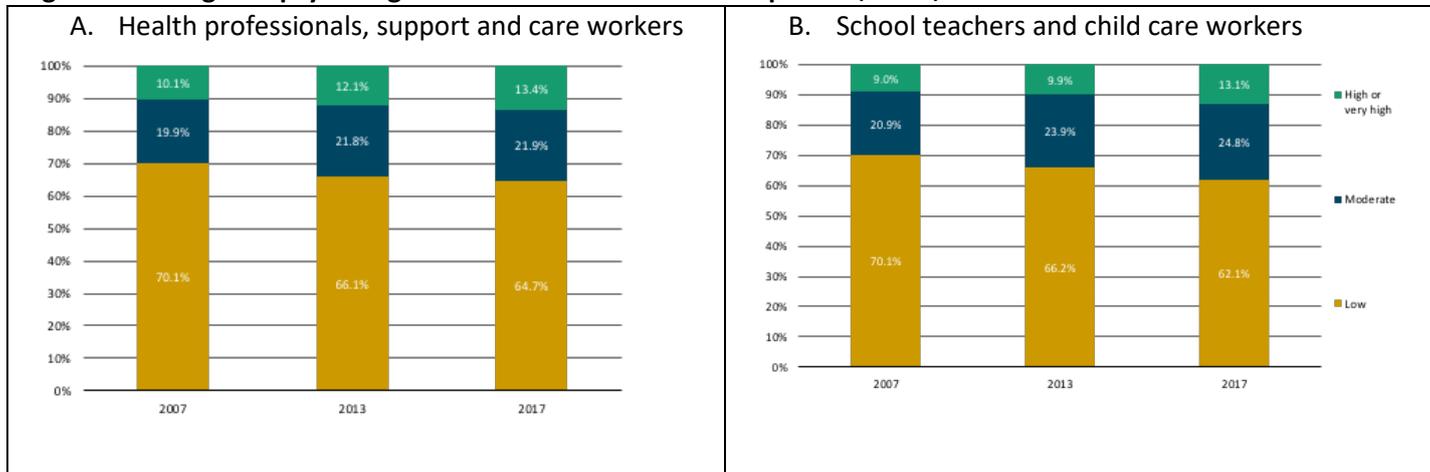
¹⁴ Cassells R, Duncan A, Mavisakalyan A, Phillimore J, Seymour R and Tarverdi Y (2018), ‘Future of Work in Australia: Preparing for tomorrow’s world’, Bankwest Curtin Economics Centre, Focus on the States Series, Issue #6, April 2018.

¹⁵ We note that many schools moved to on-line teaching during the shut-down. Schools have been slowly moving back to face-to-face teaching in the Eastern states, with great debate over the level of risk this introduces for both teachers and students.

Workers in both groups were already facing increasing levels of stress, and the pandemic is likely to enhance this. In the period from 2007-2017, the share of health professionals, support and care workers experiencing high or very high distress has gone up from 10.1% to

13.4%. Similarly, 9% of school teachers and child care workers reported high or very high distress in 2007; by 2017 this share had gone up to 13%.

Figure 5: Changes in psychological distress and selected occupations, 2007, 2013 and 2017

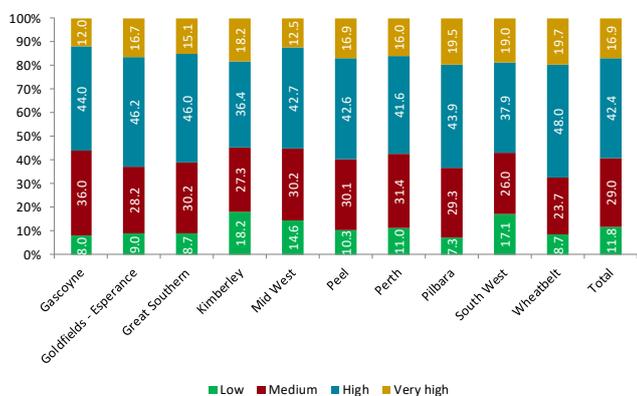


Source: Bankwest Curtin Economics Centre | Authors' calculations from HILDA waves 7, 13 and 17

Mental Health of Small Business Owners

In addition to the mental health of employees, the mental health of small business owners during this time is of critical importance. The BCEC Small Business Survey showed that 6 in 10 WA small business owners in WA had high or very high levels of self-reported stress¹⁶ (Figure 6). Stress levels were also likely to be higher among women small business owners than men. Regional differences across the state were noticeable, with stress levels the highest among small business owners operating in the Wheatbelt, Pilbara and Goldfields-Esperance regions.

Figure 6: Small business owners and stress by WA region

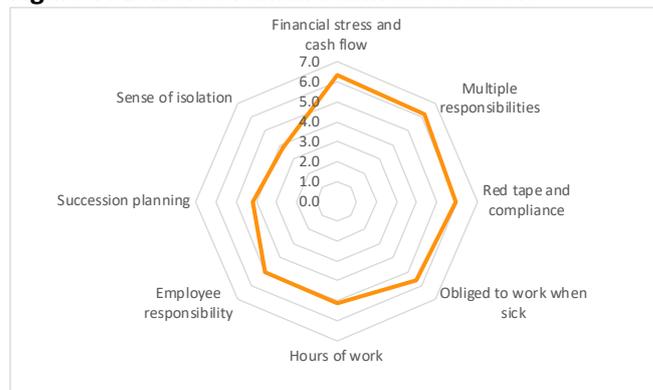


¹⁶ Bond-Smith S, Duncan A, Kiely D, Leong K, Nguyen, H, and Ong R (2017), 'The Engine Room for Growth? The Role, Performance and Future Prospects of Small Business in Western Australia', Bankwest Curtin Economics Centre, Focus on Western Australia Report Series, No. 9, May 2017.

Source: Bankwest Curtin Economics Centre | BCEC Small Business Survey 2017

As for the drivers of stress, on average across all industries, the three top drivers of business related stress were financial stress and cash flow, having multiple responsibilities, red tape and compliance as well as being obliged to work when sick.

Figure 7: Drivers of small business stressors



Source: Bankwest Curtin Economics Centre | BCEC Small Business Survey 2017

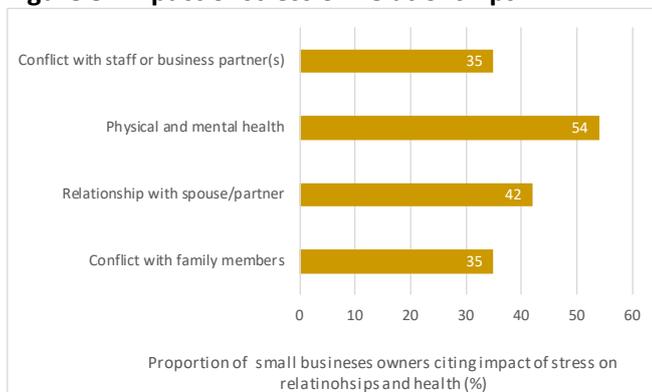
Concerns regarding the stress levels of small business owners resulting from financial stress are particularly pertinent during COVID-19. Recently released data from the ABS¹⁷ showed that 72% of surveyed small business owners across Australia expected reduced cash flow over the next two months, with 24% expecting reduced access to credit or additional funds, and 41% noting a reduced ability to pay operating expenses.

¹⁷ ABS Cat. 5676.0.55.003 - Business Indicators, Business Impacts of COVID-19, April 2020

The fact that many small business owners feel obliged to work when sick is also a concerning factor during these times, with necessary self-isolation instructions to contain the virus adding to stress levels. As is the case for casual workers, avenues to support sick leave for small business owners under such circumstances need to be further explored.

The results of such high stress levels will be felt across our communities in the months ahead. The [BCEC Small Business Survey](#) showed that high stress levels had a clear negative impact on small business owners' physical and mental health, led to conflict with family members, and impacted on business and family relationships (Figure 8).

Figure 8: Impact of stress on relationships



Source: Bankwest Curtin Economics Centre | BCEC Small Business Survey 2017

Small business owners often rely on personal savings to fund their business, with some turning to re-mortgaging the family home and to family and friends for additional funds¹⁸, which, during times of crisis, would undoubtedly heighten the levels of stress and associated negative relationship impacts.

The negative impacts of high stress levels are often more pronounced in regional areas, with for example, the Pilbara reporting the highest proportion (73%) of businesses with negative impacts on their health. Whereas, negative impacts on relationships were most evident in the Wheatbelt (46%), Gascoyne (45%) and Mid West (45%).

Many small business owners in regional WA have noted higher levels of difficulty than those in metropolitan areas in accessing supports for stress, including access to a GP and health professionals, family and friends, or local business networks and the broader community¹⁹.

The lockdown and border closure measures imply that now, more than ever, family, friends and the broader community need to reach out to small business owners and support their emotional and mental health.

The National Mental Health and Wellbeing Pandemic Response Plan²⁰ will go some of the way in supporting regional communities. However, there is a need to ensure that adequate mental health support services, specifically for small business owners across our regions, are available, since many cannot access telehealth and other services due to levels of remoteness and digital dis-connectivity.

¹⁸ See for example, Bond-Smith S, Duncan A, Kiely D, Leong K, Nguyen, H, and Ong R (2017).

¹⁹ *ibid*

²⁰ <https://www.mentalhealthcommission.gov.au/news/2020/may/national-mental-health-pandemic-response-plan>