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The Hidden Drivers of Workplace Mental Health

What predicts poor mental health at work? New research finds that job quality, financial stress, loneliness, sleep and life complexity are among the strongest indicators of future mental health risk, providing a practical framework for prevention.



Five things employers should know

1

Poor mental health is not evenly distributed across occupations

2

Job quality matters more than job title

3

Financial stress matters more than income

4

Both loneliness and increasing job demands are associated with poorer mental health, with the association for loneliness almost four times as large

5

Rising job demands may be an early signal of emerging mental health risk



CEO Foreword

Australia's mental health challenge can no longer be viewed solely through a healthcare lens, focused on diagnosis and treatment. It is increasingly a productivity and resilience challenge.

Nationwide, employers, superannuation funds and insurers are grappling with the growing impact of mental health on workforce participation, productivity, and long-term wellbeing and retirement outcomes.

The findings in this report provide clear evidence that mental wellbeing is influenced by the environment in which people work, the financial pressures they face, the quality of their relationships and their ability to recover from stress.

Without greater collaboration and earlier intervention, the social and economic impacts of poor societal mental health are likely to increase. Australians are grappling with a broad range of life pressures, including ongoing cost-of-living challenges, higher interest rates and rapid technological changes that are reshaping the way we work.

Addressing these challenges requires more coordination across employers, government, industry and community organisations to tackle the underlying drivers of poor mental wellbeing before they progress into more complex health issues that affect the workforce.

As part of our focus on healthier, longer, better lives and shared value, AIA Australia looks forward to working with partners to better identify and address early mental health risk factors, to keep Australians healthy and productive.



Damien Mu

CEO and Managing Director, AIA Australia

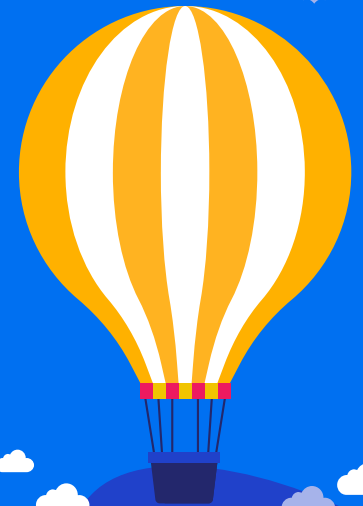


Insights from Beyond Blue – AIA's mental health partner



Georgie Harman AO
CEO, Beyond Blue

For more than two decades, Beyond Blue has been working alongside Australian employers, governments and people with lived experience of mental health conditions to strengthen workplace mental health. Effective action means going far beyond wellbeing initiatives. It's about good job design, manageable demands, supportive leadership, genuine flexibility, social connection, and clear pathways to support.



This research, by the Melbourne Institute for our partner AIA, reinforces the critical influence of job quality on mental health. It also reminds that money and mental health are deeply connected. Right now, almost one in two Australians are experiencing negative impacts to their mental health due to financial strain. Rates of anxiety, depression, suicidal thoughts or behaviours are higher among people experiencing financial hardship. Money worries are the number one driver of distress and the number one barrier to help-seeking. Financial pressure can influence how people relate to those around them, participate at work, and imagine their future, and can even reduce sleep quality.

This research gives employers, insurers and superannuation funds a useful framework for earlier action. By paying attention to the financial, social and workplace conditions shaping people's lives, we can prevent distress from escalating and help more Australians remain healthy, connected and engaged in work. Beyond Blue is pleased to partner with AIA Australia in advancing this shared commitment to prevention and early intervention.

The AIA/Melbourne Institute research

21,802

employed Australians studied

159,375

workforce observations analysed

19 years

of longitudinal data (2005-2023)

16

occupational groups examined

28

potential mental health predictors

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Australia's mental health challenge is often visible long before people become clinically unwell. Mental health deterioration can be identified years before a claim or workforce exit occurs, and many of the strongest risk factors are visible and modifiable.

Through our strategic partnership with the University of Melbourne, we have commissioned the Melbourne Institute research to analyse almost two decades of data, to identify the risk factors associated with poor mental health among working-age Australians, with particular emphasis on factors related to work, and how these differ across occupations.

Using longitudinal data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey, our research shows there is a combination of workplace, financial, social and personal factors that contribute to mental health risk, long before a clinical event or claim occurs. This has significant implications for workforce participation, productivity, retirement outcomes and claims sustainability.

The research creates an opportunity for employers, superannuation funds and insurers to work together to identify risk factors earlier and improve health and economic outcomes.



Key insight



Mental health risk is often visible well before clinical illness, workforce withdrawal or insurance claims occur. Many of the strongest predictors are measurable and modifiable, creating opportunities for earlier intervention and prevention.

Current mental health versus emerging risk

The findings suggest mental health risk should be considered through two lenses: current burden and emerging risk. Traditional wellbeing programs respond to today's burden. Prevention focuses on tomorrow's risk.

Current burden reflects occupations where poor mental health is already highly prevalent and where support may be needed today. For example, almost one in five Aged and Disabled Carers (18.9%) were classified as experiencing poor mental health or significant psychological distress, making them approximately 43% more likely to experience poor mental health than employed Australians overall (13.2%).

Emerging risk, using the framework below, reflects occupations where deteriorating conditions suggest future increases in risk. This can help identify where preventative action may improve mental health before it becomes an issue for wellbeing, work participation or an insurance claim.

The highest prevalence of poor mental health was observed among:

- Aged and Disabled Carers
- Labourers
- Sales Workers
- Community and Personal Service Workers



A framework for understanding mental health risk

The research findings can be distilled into five domains that employers should monitor closely. Together, these provide a practical framework for understanding mental health risk before it manifests as disengagement, absence, workforce exit, or claims. This framework can help employers, super funds and insurers identify areas where targeted, earlier action may strengthen resilience and reduce risk over time.

Risk Domain	Leading Indicators	Potential Considerations
1 Job Quality	Low autonomy, rising demands, job insecurity	Increase flexibility, redesign workloads, improve manager capability
2 Financial Resilience	Financial stress, cost-of-living pressure	Financial wellbeing education and guidance
3 Social Connection	Loneliness, reduced support networks	Connection strategies, team rituals, peer support
4 Rest & Recovery Capacity	Poor sleep and fatigue	Recovery culture, workload management, sleep education
5 Life Complexity	Caring responsibilities, illness, separation from a partner	Flexible support pathways and targeted interventions

Job quality is becoming the first line of prevention

One of the strongest findings from the research is that mental health is significantly influenced by job quality. While occupation matters, how people experience work appears to matter even more. Three job quality factors stood out consistently across all occupation groups: job security, job autonomy and job demands. Individuals who felt secure and in control of how they worked reported better mental health. Those facing rising demands with diminishing control reported poorer outcomes.

Managers, professionals and other white-collar workers may be particularly sensitive to changes in job quality. A professional worker facing rising workloads, declining autonomy and increasing after-hours expectations may not currently appear at risk. However, these conditions are associated with future deterioration in mental wellbeing.

The research identified occupations where concerning declines in job autonomy and/or increases in job demands over time may signal future mental health challenges. Particular attention should be paid to:

- Registered Nurses
- Female Teachers
- Female White-Collar Workers
- Female Government Professionals



Financial stress matters more than income

Financial stress was consistently associated with poorer mental health across many occupation groups, regardless of income. Importantly, it was the intensity of financial stress that mattered most. One in five Australian workers experience financial stress.

Mental health deteriorated as individuals experienced a greater number of financial stressors, even after accounting for household income, suggesting that financial security matters more than income alone.



Around 22% of working women and 19% of working men report financial hardships such as difficulty paying bills, going without meals, or needing financial assistance. Those affected commonly report multiple forms of financial hardship, highlighting the cumulative burden on mental wellbeing.

The impact was evident across both blue-collar and white-collar occupations. However, some groups appeared particularly exposed. Financial stress was strongly associated with poorer mental health among:

- Women in teaching, community and personal services, clerical and administrative, sales, and protective services roles
- Male technicians and trades workers, labourers and blue-collar workers more broadly

These patterns reinforce the importance of understanding mental health risk through both an occupational and gender lens, rather than assuming a one-size-fits-all approach to wellbeing strategies.

As cost-of-living pressures continue to affect Australian households, financial resilience is emerging as a critical component of workforce wellbeing. This presents an opportunity to think beyond traditional mental wellbeing programs and address one of the most important and potentially modifiable drivers of mental health risk.

Loneliness is a universal risk factor

Loneliness emerged as one of the strongest and most consistent drivers of poorer mental health across every occupation group examined. Its association with mental health was stronger than many traditional workplace factors and almost four times larger than the average effect of increasing job demands. While many workplace wellbeing strategies focus on workload, stress or resilience, the findings suggest social connection may be an equally important protective factor. Individuals who maintained contact with friends and family more than once a week reported better mental health. The protective effects were particularly evident among managers, professionals, nurses, female teachers, and both white-collar and blue-collar workers more broadly.

In an era of hybrid work, digital communication and increasing social fragmentation, loneliness may represent one of the most significant, yet least visible, workforce risks. Strong relationships not only provide support during periods of stress, uncertainty and change, they also contribute to a sense of belonging, purpose and overall wellbeing. Employers that actively foster connection, collaboration and inclusion may therefore be strengthening one of the most powerful protective factors identified in the research.



Quality sleep supports mental health

The research also highlights the important role of sleep in supporting mental wellbeing. Individuals who achieved sufficient age-appropriate sleep consistently reported better mental health than those experiencing insufficient or excessive sleep, with the association particularly strong among teachers, protective service workers, government professionals, clerical workers and the self-employed.

While the relationship is likely bidirectional, with mental wellbeing also influencing sleep quality, the findings reinforce the importance of recovery as a core component of wellbeing. Sleep affects cognitive performance, emotional regulation, resilience, energy levels, and an individual's capacity to adapt, perform and cope with the demands of work and life. Although sleep is ultimately a personal behaviour, employers can influence recovery through workload management, work design and workplace norms. Supporting rest and recovery may represent one of the most practical and scalable opportunities to strengthen mental wellbeing before more serious challenges emerge.



Life complexity beyond the workplace

Serious illness or injury, separation from a partner, disability and caring responsibilities were consistently associated with poorer mental health outcomes. In fact, separation from a partner and experiencing a serious personal illness or injury were among the strongest predictors of deteriorating mental health identified in the study.

The findings also highlight an important gender dimension. Caring responsibilities were associated with poorer mental health primarily among women, with the impact more than three times greater than that observed among men. The strongest impacts were observed among female managers, professionals, teachers, self-employed workers, and white-collar government professionals, suggesting that workplace demands, financial pressures and other life-stage responsibilities may compound mental health risk particularly for women balancing work and caregiving responsibilities.

These findings reinforce the reality that employees do not experience work and life separately. Significant life events and transitions can materially influence wellbeing, participation and performance. Flexible and responsive approaches that recognise periods of heightened personal complexity may therefore play an important role in supporting workforce resilience and reducing mental health risk.



AIA's conclusions and next steps



We see this research as a roadmap for action. The organisations that will have the greatest impact on workforce wellbeing will not simply be those that respond most effectively when people become unwell; they will be those that recognise the conditions that create mental health risk and act before those risks become poor health outcomes, workforce disengagement, retirement insecurity or claims.

The findings reinforce that mental health outcomes are influenced by a range of protective factors that can be strengthened through effective workforce wellbeing strategies.



Employers

Employers have an opportunity to move beyond traditional wellbeing programs and focus on creating the conditions that support good work and positive mental health. As the workplace continues to evolve, organisations that actively strengthen these protective factors will be better positioned to build resilient, engaged and sustainable workforces.



Superannuation funds

For superannuation funds, the implications extend beyond wellbeing alone. Mental wellbeing influences workforce participation, long-term earnings, retirement adequacy and claims experience. Earlier support and prevention-focused strategies may help improve member outcomes across the full working-life cycle.



Insurers

For insurers, the findings support a broader shift from focusing on claims to understanding upstream risk factors. Claims remain an important indicator, but they are often the consequence of pressures that have been building for years. The opportunity lies in identifying and addressing modifiable drivers of risk earlier through education, prevention and partnership.



Mental health claims may occur at a point in time, but mental health risk develops over years. The opportunity for employers, funds and insurers lies in recognising those risks earlier and supporting people before they reach a point of crisis.

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APPENDIX

AIA's continuing focus on health and wellbeing

For many years, AIA Australia has been working on health prevention and promotion and early intervention, with a particular focus on mental health.

In 2020, we conducted research with Quantum, to understand the risk factors that can lead to depression, which allowed us to target and design effective prevention and intervention programs to reduce depression incidence, prevalence and recurrence.



AIA Australia, supported by Quantum Health, investigate the possibility of predicting the risk of depression

[Read the paper](#)

In 2026, we have been looking at the role of the workplace in health promotion and in mitigating mental ill-health, as well as the impacts that work can have on someone's health. We are seeing a rising trend in the number of insurance claims that are related to mental health problems, including an inability to work due to mental illness. This increase has been particularly pronounced in white collar jobs, although also seen across the board, leading to a desire to better understand possible causes and opportunities to address these.

We have entered into an enterprise-wide, long-term partnership with leading mental health organisation Beyond Blue. The partnership extends across all business functions, and is underpinned by a shared commitment to prevention and early intervention, and recognition of the critical relationship between financial wellbeing and mental health. Beyond Blue's extensive experience supporting employers to create psychologically safe workplaces further strengthens our ability to drive meaningful health and wellbeing outcomes for customers, partners and communities.

We have led a series of roundtables with superannuation funds, to discuss how employers, funds and insurers can better collaborate to assist with an individual's mental health and wellbeing sooner, before they become seriously unwell and unable to work.

Through our Employer Engagement capability, we can help employers translate the insights from this report into practical action by supporting financial wellbeing, social connection, healthy habits, recovery, education, and workforce engagement.

Investment Magazine



ROUNDTABLES

Super funds get practical on mental health by meeting members where they are

[Read the article](#)

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