

# The Vocation Gap: How Occupational Stability and Educational Background Shape Risk Mitigation Strategies in Health Insurance

**Khushi N. Padiya**

Student, Department of Business Administration & Research  
Shri Sant Gajanan Maharaj College of Engineering Shegaon, Maharashtra, India  
kpadiya37@gmail.com

**Abstract:** *This study examines the nexus of risk management and socioeconomic status as a critical aspect with the prism of the so-called vocation gap. Although the classic definitions of health insurance tend to focus on income as the most important predictor of the quality of care, this paper claims that occupational stability and educational level are more subtle factors that explain how people reduce the risks they face in health. Through a series of employment industries including the unpredictable gig economy to long-term employment in the government, the research examines the impact of structural job security on the likelihood of a person taking additional private insurance instead of using statutory minimums.*

*The results imply that the better the educational level, the better the health literacy, and more advanced navigation in the complicated policy framework and active risk-pooling is possible. On the other hand, people in precarious jobs, even though they might be earning the same income as those on salaries are likely to adopt reactive mitigation measures because of the absence of institutional support. This gap has resulted in a two-tiered insurance setting with the vocation divide reinforcing inequities in health over the long-term. The paper ends with policy intervention suggestions to decouple strong risk mitigation and certain employment arrangements and suggests a more "vocation-free" approach to national health insurance systems to more effectively cover vulnerable professional groups...*

**Keywords:** Vocation Gap, Occupational Stability, Risk Mitigation, Health Insurance, Socioeconomic Disparity

## I. INTRODUCTION

Nowadays, in the evolving economic landscape, individuals are exposed to numerous issues regarding both income, employment stability and medical costs. Financial planning is not easy among individuals due to factors such as unstable employment, increased medical expenses, and uneven distribution of income. Concepts such as vocation gap, occupational stability and risk mitigation are important to understand in order to provide financial security and improved living standards. Health insurance is also very vital in cushioning people against surprises in medical bills particularly in a nation such as India where out-of-pocket expenses are high. Also, socioeconomic disparity influences access to healthcare and financial security as well. These major concepts are discussed in the subsequent sections.

### Vocation Gap

Vocation gap is the disconnect between the skills of an individual and the job that he/she does. It may also refer to unemployment or underemployment. The gap impacts the stability of incomes and decreases the possibility of individuals to cover their financial and healthcare needs.



### **Occupational Stability**

Occupational stability refers to a secure and stable job in the long run. Individuals who are gainfully employed earn a consistent income which assists them in budgeting ahead on areas such as savings, insurance and health care. Financial uncertainty is enhanced by a lack of stability.

### **Risk Mitigation**

Risk mitigation is the act of mitigating financial risks and uncertainties. This involves saving, investing and acquiring insurance policies. It teaches people to cope with unforeseen events such as loss of a job, sickness, or accident.

### **Health Insurance**

Health insurance is a financial product which is used to cover medical costs. It safeguards people against excessive medical expenses and guarantees them the access to quality care. Health insurance is a valuable aspect of risk management and financial planning.

### **Socioeconomic Disparity**

Socioeconomic disparity is said to be the variation in the income, education, and living standards of the people. It influences healthcare, insurance, and jobs. Lower-income people have more difficulties in dealing with health and financial risks.

## **II. REVIEW OF LITERATURE**

### **1. Agrawal & Ganesan (2024)**

This paper discusses the factors that determine health insurance cover in India with the focus being the household income and education level that determines the coverage. The authors emphasize that although insurance is a very important financial buffer against health shocks, the existing vocation gap between city and rural residents is rather pronounced. They also find that purchase of private insurance is directly related to increased levels of education, but households with lower incomes and precarious work statuses are still under-insured. The study highlights the necessity of innovative products that are targeted to reduce the risks faced by households with unpredictable income sources and weak institutional safety nets.

### **2. Bhat & Jain (2006)**

Bhat and Jain discuss the Third Party Administrator (TPA) model in India and the governance and financial performance of the private hospitals. They claim that a risky environment is generated in the nascent phase of the Indian insurance market, and there is a deficiency of strict corporate governance within small-scale medical establishment, which poses a threat to consumers. The article sheds light on the fact that occupational requirements (or absence thereof) impact the patient experience of the healthcare system. The study offers a theoretical background of how structural market inefficiencies contribute to the financial risks among non-salaried professionals by finding out that the level of insurance penetration is low among these workers.

### **3. Chopra, Kundu, & Goyal (2024)**

In this new article, the authors concentrate on the relationship between education levels and the level of health insurance literacy in the area of Meerut. The authors suggest that the main factor in the capacity to compare complex structures of policies and choose the best risk mitigation measures is formal education. They discover that individuals who are better educated are much more proactive in terms of health insurance even in similar income groups, but those with lower incomes tend to see insurance as a response to a need or an unnecessary cost. This confirms the theory of vocation gap since it demonstrates that cognitive barriers, associated with education, are equally important as financial ones.



4. Dutta (2020)

Dutta is an in-depth performance study of the Indian health insurance industry, both in terms of growth patterns and mechanisms of risk pooling. The study underscores the change of a choice-based purchase to an obligatory purchase with increasing medical expenses. The author relies on a SWOT analysis to demonstrate how the government programmes such as Ayushman bharat is trying to close the divide among the poor. Nevertheless, the research finds that among the middle-income missing middle, who, in most cases, are people in unstable or non-corporate jobs, the absence of particular risk-pooling mechanisms is a significant systemic weakness of the Indian health system.

5. Jatav, Prakash, & Gupta (2023)

Targeted at the Generation Z, this post-pandemic analysis explores the impact of socioeconomic characteristics and attitudes to risk on insurance adoption. The research concludes that the younger generation recognizes the importance of insurance, but due to the presence of such effects as budgetary constraints and short-term financial goals, the risk mitigation is usually postponed. Interestingly, the study indicates that the concept of occupational stability is a changing one in relation to this group of people because of the gig economy, so they tend to be more dependent on reactive approaches. It urges insurers to tailor messages to meet the distinct health literacy levels and work patterns of the youngest professional working population in India.

6. Karan, Selvaraj, & Mahal (2014)

Targeted at the Generation Z, this post-pandemic analysis explores the impact of socioeconomic characteristics and attitudes to risk on insurance adoption. The research concludes that the younger generation recognizes the importance of insurance, but due to the presence of such effects as budgetary constraints and short-term financial goals, the risk mitigation is usually postponed. Interestingly, the study indicates that the concept of occupational stability is a changing one in relation to this group of people because of the gig economy, so they tend to be more dependent on reactive approaches. It urges insurers to tailor messages to meet the distinct health literacy levels and work patterns of the youngest professional working population in India.

7. Nandi, Ashok, & Laxminarayan (2013)

Nandi et al. examine socioeconomic and institutional factors of RSBY (Rashtriya Swasthya Bima Yojana) participation. They assert that insurance enrollment rates are greatly affected by political and regional factors. More importantly, the research finds that families in the informal sector whose occupational status is unstable and thus prone to occupational instability have greater entry barriers even to government-sponsored programs. They report that educational level and village level infrastructures are the most significant predictors of participation, which supports the notion that socio-professional level is a significant determinant of the household level of risk mitigation.

8. Prinja, Chugh, Rana, & Kumar (2025)

This case-control study from Haryana evaluates the impact of publicly funded schemes on financial risk protection. The authors demonstrate that while medical expenses are significantly lower for beneficiaries, "non-medical expenses" (transportation, wage loss) remain a major burden. This highlights a critical flaw in current risk mitigation strategies for those with unstable vocations: the insurance covers the hospital bill but not the loss of income. The study advocates for a "vocation-neutral" approach that accounts for the indirect financial shocks faced by workers in the informal and unpaid labor sectors.

9. Reshmi, Unnikrishnan, Rajwar, & Parsekar (2021)

Through a systematic review, this paper examines the impact of public-funded health insurance (PFHI) on healthcare utilization and financial risk. The review indicates that while PFHIs have increased the volume of treated patients, their ability to provide true financial "protection" is uneven. The authors note that individuals with higher educational



backgrounds are better at utilizing these schemes to their full potential. The study concludes that the "persistent failure" of some schemes to protect the most vulnerable is often linked to the mismatch between insurance design and the occupational realities of the Indian labor market.

#### 10. Shende & Wagh (2024)

Shende and Wagh provide a narrative review of how public health insurance status affects the utilization of healthcare services across India. They emphasize "health insurance literacy" as a tool for financial stability, noting that families who can navigate policy nuances are more likely to seek timely intervention. The research specifically addresses the "occupational mandates" that often leave those in rural or informal sectors without adequate coverage. By linking socioeconomic status directly to disease self-management, the authors argue that bridging the vocation gap is essential for achieving universal health coverage and improving national health outcomes.

### III. OBJECTIVES OF THE STUDY

- To see how income, education, and job affect the decision to take health insurance.
- To understand the determinants of health insurance buying behavior.

### IV. HYPOTHESIS

- $H_0$  (Null Hypothesis): Income, education, and occupation have no significant impact on the decision to purchase health insurance.
- $H_1$  (Alternative Hypothesis): Income, education, and occupation significantly influence the decision to purchase health insurance.

### V. RESEARCH METHODOLOGY

#### a. Research Design:

- The study follows a descriptive and analytical research design.

#### b. Data Collection:

- Primary Data: Collected through a structured questionnaire
- Secondary Data: Collected from journals

#### c. Sample Size:

- A sample of 100 respondents was selected for the study.

#### d. Sampling Technique:

- Random sampling method was used.

#### e. Tools for Data Analysis:

- Microsoft Excel (2010)

#### 6. Data Analysis and Interpretation

The t-test is used to test the hypothesis.

- If p-value  $< 0.05 \rightarrow$  Reject  $H_0$
- If p-value  $> 0.05 \rightarrow$  Accept  $H_0$

Result: The calculated p-value is less than 0.05. Therefore, the null hypothesis ( $H_0$ ) is rejected.



Variable	n	Mean ( $\bar{x}$ )	Std. Dev (s)	Std. Error (SE)	t-value	df	Result
Education	100	3.83	0.99	0.099	8.38	99	Reject $H_0$
Job Type	100	3.85	0.89	0.089	9.55	99	Reject $H_0$
Financial Stability	100	3.72	1.02	0.102	7.06	99	Reject $H_0$
Income	100	3.62	1.15	0.115	5.39	99	Reject $H_0$
Job Stability	100	3.66	1.05	0.105	6.29	99	Reject $H_0$

The findings indicate that education, type of job, financial stability, income, and job stability significantly influence the decision to buy health insurance since the null hypothesis is rejected in all variables. The increased mean values show overall consensus among the respondents and the t-values are significant to show that such socio-economic factors determine insurance choices. It implies that income, education, occupation play an important role in determining whether to buy health insurance or not.

## VII. CONCLUSION

The research concludes that income, education and occupation play a strong role in determining whether to purchase health insurance or not. All these factors are significant as the null hypothesis is rejected according to the statistical results. The more educated a person is, the more aware he or she is on the dangers in health and the better he or she understands the insurance policies, hence making the wise choice. Simultaneously, individuals who are employed and have a consistent income tend to invest in health insurance more frequently since they can spend their money in a more efficient way and cope with any uncertainties of the future.

Conversely, people who have unstable jobs or are less income earners tend to postpone or shun buying health insurance because of financial constraints and ignorance. This forms a gap known as the vocation gap, where there is disparity in security of jobs and education that results in inequitable access to risk protection. Consequently, a great number of individuals are vulnerable economically in case of medical emergencies. As a result, the research proposes a more inclusive and occupation-neutral health insurance policy to provide enhanced financial security and less inequality.

## BIBLIOGRAPHY

- [1]. Agrawal, N., & Ganesan, P. (2024). Health insurance ownership in India: Determinants and household financial shocks. Dvara Research. <https://dvararesearch.com/health-insurance-ownership-in-india/>
- [2]. Bhat, R., & Jain, N. (2006). The TPA model in India: Roles and challenges in health insurance risk management. *Journal of Health Management*, 8(1), 1–21. <https://doi.org/10.1177/097206340500800101>
- [3]. Chopra, S., Kundu, A., & Goyal, A. (2024). Educational attainment and health insurance literacy: A comparative study of rural and urban Meerut. *Indian Journal of Public Health Research & Development*, 15(2), 45–52.
- [4]. Dutta, M. M. (2020). Health insurance sector in India: An analysis of its performance and risk pooling. *Vilakshan - XIMB Journal of Management*, 17(1/2), 97–109. <https://doi.org/10.1108/VJI-05-2020-0004>
- [5]. Jatav, S., Prakash, G., & Gupta, R. (2023). Influence of socio-economic factors on risk management strategies among Generation Z in India pertaining to health: A post-pandemic analysis. *SocioEconomic Challenges*, 7(4), 80–90. [https://doi.org/10.61093/sec.7\(4\).80-90.2023](https://doi.org/10.61093/sec.7(4).80-90.2023)



- [6]. Karan, A., Selvaraj, S., & Mahal, A. (2014). Moving to universal coverage? Out-of-pocket payments and financial risk protection in India. *Social Science & Medicine*, 100, 1–15. <https://doi.org/10.1016/j.socscimed.2013.10.009>
- [7]. Nandi, A., Ashok, A., & Laxminarayan, R. (2013). Socioeconomic and institutional determinants of participation in India's health insurance schemes. *PLoS ONE*, 8(6), e66240. <https://doi.org/10.1371/journal.pone.0066240>
- [8]. Prinja, S., Chugh, Y., Rana, S., & Kumar, A. P. (2025). Impact of India's publicly funded health insurance scheme on financial risk protection: A case-control study. *Journal of Family Medicine and Primary Care*, 14(1), 112–120.
- [9]. Reshmi, B., Unnikrishnan, B., Rajwar, E., & Parsekar, S. S. (2021). Impact of public-funded health insurances in India on health care utilisation and financial risk protection: A systematic review. *BMJ Open*, 11(12), e050077. <https://doi.org/10.1136/bmjopen-2021-050077>
- [10]. Shende, V., & Wagh, V. (2024). Public health insurance status and utilization of healthcare services across India: A narrative review of occupational mandates. *Cureus*, 16(3), e55921. <https://doi.org/10.7759/cureus.55921>

