

Innovative Development Path of the Pension Model Under the Background of the Aging Society: Taking Chongqing as an Example

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Abstract: The aging society has dawned on China, and the pension industry is now considered to be a sunrise industry. In 2020, the number of people over the age of 65 in Chongqing had reached more than 5.47 million. At present, the mainstream home-based care, children support, and institutional care cannot fully meet the needs of the elderly for food, housing, medical care, nursing, and entertainment. The value curve model from “Blue Ocean Strategy” is used to look for innovative, differentiated competitive strategies. Through community-sharing pension institutions, it is believed that a new model that provides lower prices and more professional medical care services for the elderly, enriches the spiritual world of the elderly with rich entertainment activities, and connects social services through an elderly studio to meet the needs of the elderly for self-realization can be introduced.

Keywords: Pension model; Value curve model; Four-step framework method; Community-sharing pension

Online publication: January 13, 2023

1. Introduction

The aging population in China is increasing year by year, and the pension industry is considered to be a sunrise industry with great development space ^[1]. China’s approach to pension mainly includes children support, home-based care, institutional pension, and other mainstream pension models ^[2]. With the development of internet technology, many scholars have begun to pay attention to intelligent pension, hoping to use internet technology to address the problems faced in this industry ^[3,4]. Although there are different types of pensions, social pension institutions are unquestionably an important and irreplaceable part of China’s pension industry ^[5,6]. With the dawn of China’s aging population, pension institutions are now playing an increasingly important role. Due to the expansion of the industry scale, its service quality and development are now facing many issues and challenges, such as flawed management and operation, inadequate emotional care, and inferior hardware facilities ^[7-9]. From the perspective of pension institutions, this paper explores the innovative development path of social pension institutions.

2. Population profile of the elderly in Chongqing

According to China’s seventh census in 2020, the total population in Chongqing is 32.0893 million, of which 5.4796 million people are over 65 years old, accounting for 17% of the total population. In 2019, the total population in Chongqing was 31.8784 million, and the number of people over 65 years old was 5.2589 million, accounting for 16.5% of the total population. On a 10-year scale, the upward trend in terms of the

number and proportion of the elderly population is evident. According to the statistical yearbook data from 2011 to 2020, the total population in Chongqing at the end of the year was on the rise year by year, and the population of people over the age of 65 also shared the same trend. In 2019, the elderly population exceeded the population aged 0–14 for the first time, as shown in **Figure 1**. The proportion of people over 65 years old in the city also increased year by year, as shown in **Figure 2**.

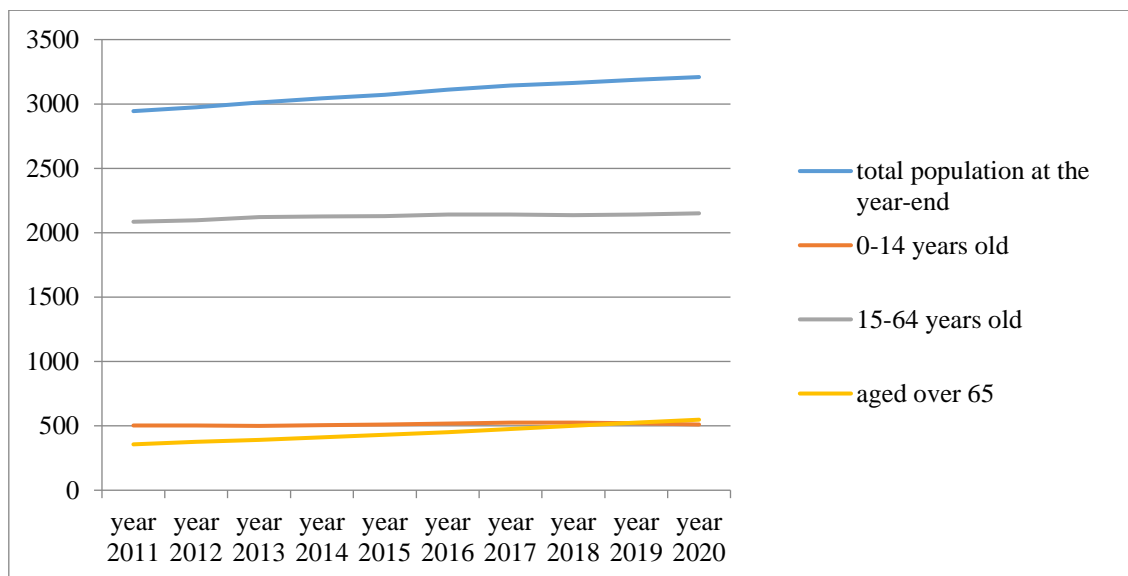


Figure 1. Population age structure of Chongqing from 2011 to 2020

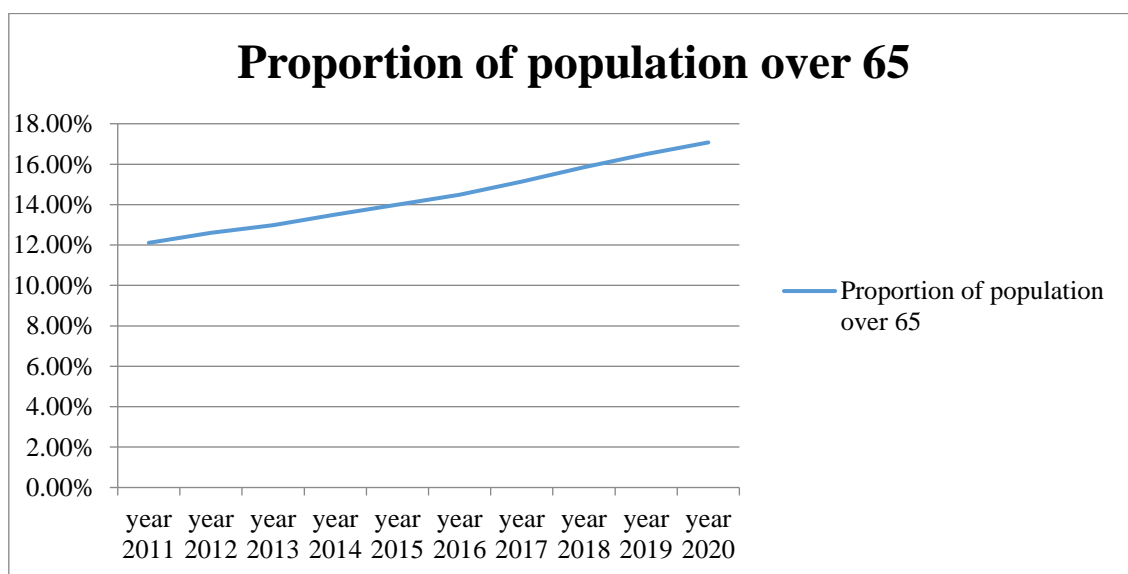


Figure 2. Proportion of population over age 65 in Chongqing from 2011 to 2020

According to Chongqing Statistical Yearbook, there were 903 and 927 elderly and disabled service institutions in Chongqing in 2019 and 2020, respectively; the number of staff was 11,210 in 2019 and 12,083 in 2020; the number of beds was 97,435 in 2019 and 10,2560 in 2020; the number of people in the hospital at the end of the year was 55,417 in 2019 and 55,529 in 2020 (**Figure 3**). Compared to 2019, the number of beds provided by the aged and disabled services increased by 5.3% in 2020, but the number of people increased by only 1.8%, *i.e.*, 98.2% of people chose alternative care.

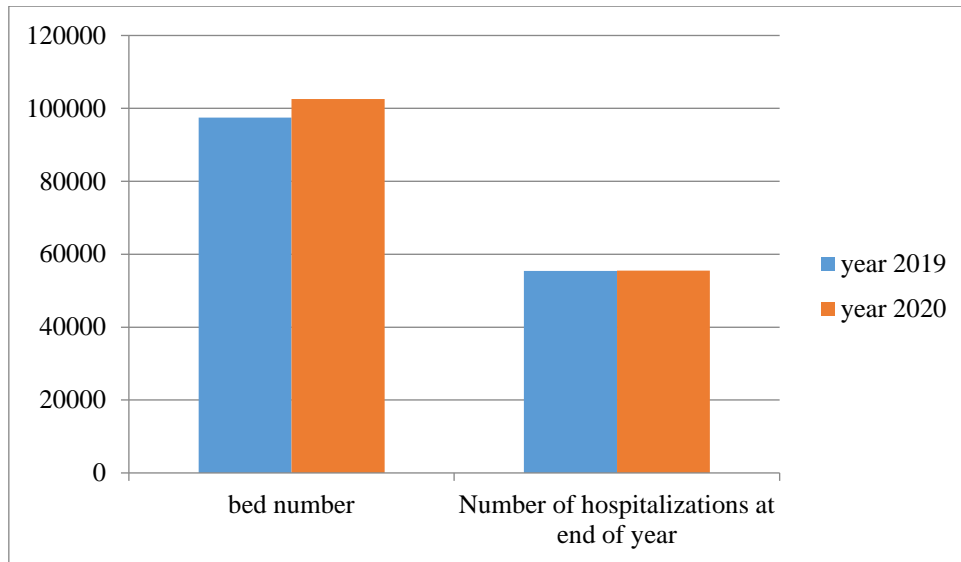


Figure 3. Number of beds in elderly care institutions and number of people in the hospital at the end of the year in Chongqing from 2019 to 2020

According to literature review, the main elderly care methods selected by the elderly are home-based elderly care, institutional elderly care, child support, and new elderly care methods, such as sojourn care. Institutional pension can be divided into medical care institutions and pension institutions. This article draws on the survey report on the elderly care needs of Ordos City Bureau of Statistics on June 7, 2022. Although Chongqing and Ordos City are two different places, the needs for elderly care institutions are consistent.

According to the survey results, 80.3% of elderly live at home, of which 70.2% look after themselves, 6.1% are taken care of by their spouses, and 4% are taken care of by nannies or hourly workers; 17.2% of elderly live with their children; only 1.5% are in pension institutions, and 4.0% rely on nannies or hourly workers to take care of their daily needs (**Figure 4**).

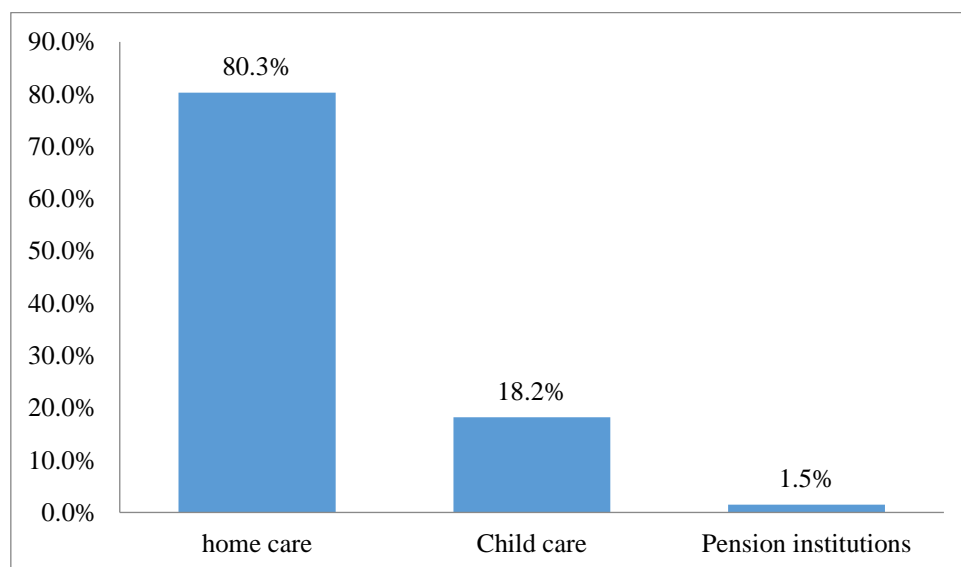


Figure 4. Proportion of elderly care

The survey shows that when asked “What are the priority services among the elderly care services that the elderly receive in medical and nursing institutions?”, good eating and living conditions, good medical

conditions, high nursing level, rich elderly activities, and high quality of life are five of the most concerned aspects by the elderly, accounting for 63.6%, 61.6%, 57.6%, 56.6%, and 51.5%, respectively (**Figure 5**).

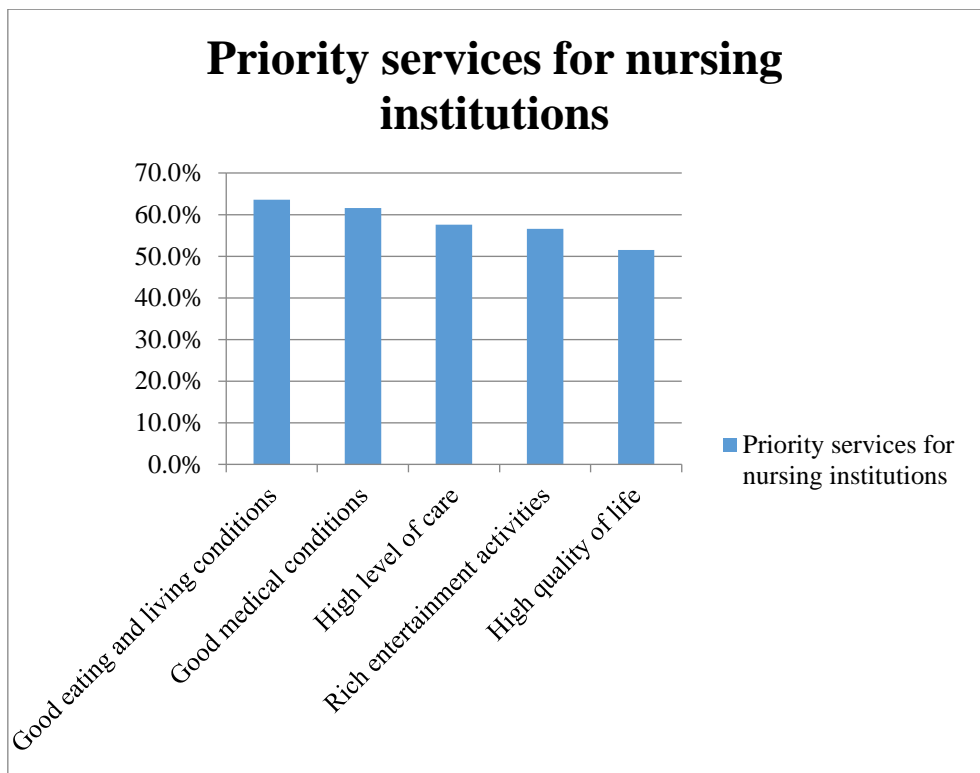


Figure 5. Priority services for the elderly in nursing institutions

The survey shows that when asked “What are the requirements for the personnel in elderly care institutions?”, the first requirement was professional nursing staff, accounting for 74.2%, followed by daily management personnel and psychological counseling personnel. When asked “What medical services do you wish to receive in a nursing home?”, 79.3% of the respondents chose life care services, 71.7% chose healthcare services, 66.2% chose health management services, and 45.5% chose rehabilitation and physiotherapy services.

3. Value curve model

“Blue Ocean Strategy” seeks differentiated competitive strategy through value curve model analysis and innovation. The value curve includes drawing a curve and establishing a value curve model by analyzing the value level of various products and services provided by the industry for target consumers.

The survey shows that the comparison of home-based care, institutional pension, children support are the three mainstream pension models, while eating and living conditions, medical conditions, level of care, and entertainment activities are the four dimensions of service level evaluation that the elderly find significant. With reference to the “Blue Ocean Strategy,” the value curve models are drawn, as shown in **Figure 6**.

From **Figure 6**, it is known that the elderly generally believe that home-based care and children support are better than institutional care in terms of eating and living conditions. This is because the average eating and living conditions in pension institutions are poor, and the fees for pension institutions with good eating and living conditions are high. For most elderly people, they tend to choose communities, streets, or cheaper pension institutions with poor eating and living conditions; for home-based care and children support, the elderly choose their own food and often have an independent room to stay. Pension institutions generally

have better medical conditions and level of care than home-based care and children support. This is because pension institutions are equipped with professional medical staff to take care of the basic physical health of the elderly and provide basic nursing and mental health care services. The entertainment activities with home-based care are better than institutional care, while those in institutional care are better than those with children support. This is because with home-based care, the elderly are given a choice to choose their favorite entertainment activities. Although institutional care also provides certain entertainment facilities, the space is limited, and the planned activity may not necessarily be an activity that the elderly like; on the other hand, those living with their children have limited freedom in view of the age gap and family trifles.

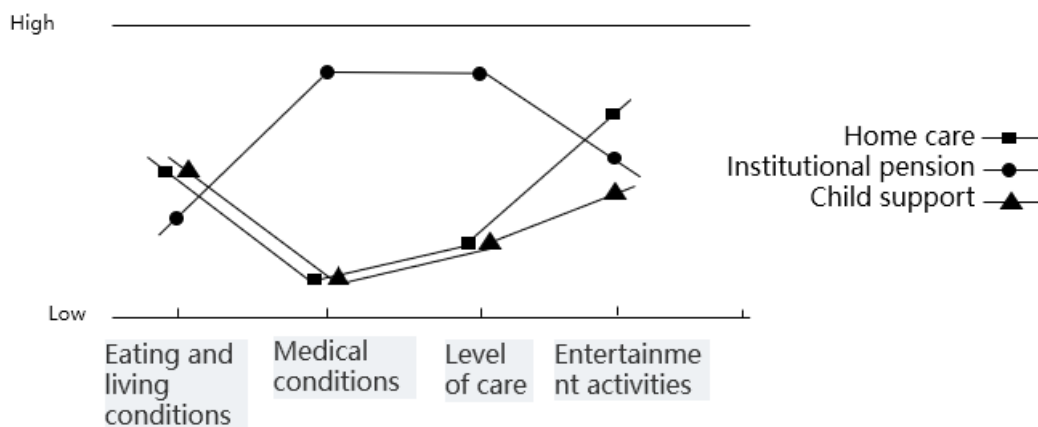


Figure 6. Value curves of the three pension models

4. Four-step framework method

The essence of the “Blue Ocean Strategy” is to find differentiated competitive strategy. According to the four-step action framework of the “Blue Ocean Strategy,” a differentiated strategy can be established. The first step is to eliminate the elements that the industry takes for granted. The second step is to create product elements that the target customers need but have not been considered in the industry. The third step is to find out which elements should be reduced below industry standards. The fourth step is to increase the specific elements to the level of industrial standards.

According to the four-step action framework, the blue ocean creativity of the pension industry is established. The first step is to find out the elements that need to be eliminated in the pension industry. Providing uniform eating and living conditions is an element that is taken for granted. In addition, the cost is also high; thus, it can be considered for elimination. The new model does not provide uniform eating and living conditions; instead, it allows the elderly to live in their original residence.

The second step is to create elements that the target customers need but the pension industry has not considered. The creation point is the most difficult to find. According to Maslow’s hierarchy of needs, people strive to meet their physiological needs, such as food and clothing; safety needs, such as property; need for belonging, such as family and social care; need for respect; and the need for self-actualization. In view of retirement, the elderly have been out of touch with the social division of the labor system. However, they have a lot of spare time, rich life experience, and certain skills; hence, they are able to meet their need for self-actualization by contributing to the needs of the society. The current traditional pension model has disregarded the needs of the elderly. Therefore, a new model must be created to meet this demand.

The third step is to reduce the gap between the three traditional models of elderly care in terms of medical and nursing care. The medical and nursing conditions with home-based elderly care and children support are poor. Institutional elderly care has better medical and nursing care, but its cost is also higher. In fact, most of the elderly only require basic health management and monitoring. Those who are seriously

ill would require treatment from professional medical institutions. The medical technologies that ordinary pension institutions have are unable to meet the needs of the elderly, the cost cannot be reduced, and the services provided cannot keep up with those needs. In response to this factor, a reduced approach can be taken to provide only basic health management services and not professional medical services to the elderly.

The fourth step is to increase pension entertainment activities. The material needs of the elderly are important and easier to meet; however, their spiritual needs are often neglected. Providing rich recreational activities that the elderly are willing to participate in should be placed at a higher level of attention and remodeling, and should be studied and constructed as a special topic.

5. Community-sharing pension model

For the pension industry, according to the value curve model and the four-step framework method, we seek a new model – the innovative, differentiated competitive pension-community sharing pension model (Figure 7).

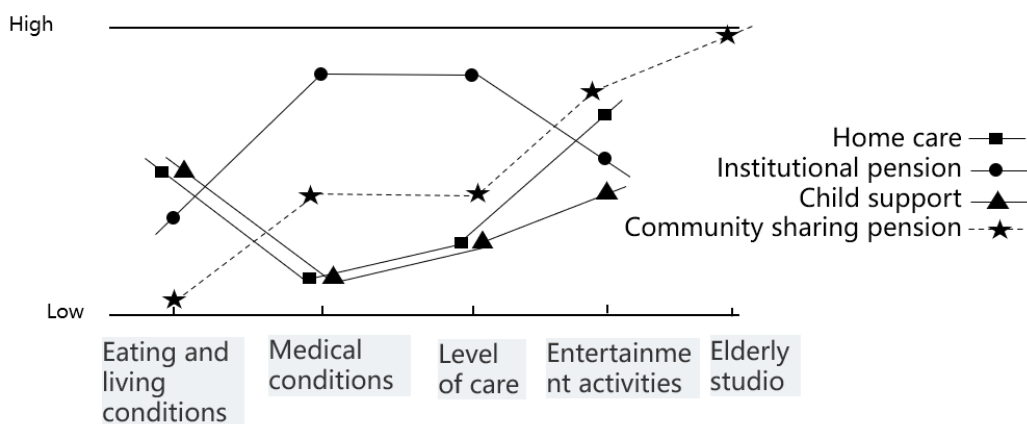


Figure 7. Differentiated competitive strategies for the elderly care model

This main business of this pension model, which is located in the community, is a specialized agency or company with community supervision. The new institution adopts a membership system, does not provide accommodation or catering services, and food and accommodation are arranged by the elderly themselves at home. However, it provides general health management monitoring services, establishes a health record for each elderly, conducts physical examinations regularly for the elderly, and provides services for purchasing and delivering medications; it also provides elderly care services according to the nursing workload and technical level pricing; elderly care training to elderly care professionals and relatives of the elderly so that they are able to facilitate and care for the elderly; and entertainment services to the elderly, including elderly dance, singing, painting, tai chi, health exercises, chess, ball games, and other activities. It also includes the establishment of an elderly studio according to the skills of the members, *i.e.*, the elderly, to arrange elderly foreign services and build external contact with appropriate businesses.

There are three profit channels for the new institution. The first is from the collection of membership fees, which are only used for general health management and health filing. Since there is no need to provide food and accommodation, the operating cost is low; thus, it can provide more professional medical and nursing care. The medical team can also share services in several community points. This will alleviate the problems of idle medical resources and high costs.

The second is from the collection of training fees. The types of training include nursing training and skills training. Nursing training includes evidence-based training for nursing professionals and non-evidence-based training for relatives of the elderly. The first type is more expensive and evidence-based;

the second type charges lower but is not evidence-based. Skills training includes dance, singing, painting, health exercises, tai chi, and other training; the main purpose of skills training is to enrich the spiritual life of the elderly and lower the training fees.

The third is from the collection of intermediary fees. According to the skills of the members, a suitable business is introduced to the elderly to help them earn additional income outside the intermediary fee of 5%–10%. The income of the elderly is often their pension. This income is fixed. Not only can they gain more income through labor force, but they can also serve the society through it. For example, lectures and training can be conducted for children or young people and the elderly, respectively.

6. Conclusion

The advent of China's aging society cannot be avoided. It is crucial to study and invest in the elderly care industry and provide diversified choices for the elderly with innovative development models. The new community-sharing pension model can operate at a lower cost and replicate and expand chain institutions. Taking the community as a unit, higher medical care services, more skills training services, and more opportunities can be provided to the elderly to provide better care physically and emotionally as well as increase their income.

Disclosure statement

The author declares no conflict of interest.

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