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Research on the trend and optimization path of China's older adult service industry

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Abstract: With the intensification of the aging population trend, China is facing an increasingly growing demand for older adult care services. As an important field that meets the needs of the older adult, the development of the older adult care service industry is of significant importance for social stability and the well-being of the older adult. This paper examines the trends and optimization paths of the older adult care service industry in China. It aims to analyze the current situation, problems, and causes of the industry, and propose corresponding policy adjustment recommendations. Through comparative analysis of scholars' viewpoints, the paper redefines the connotation and scope of the older adult care service industry, emphasizing the characteristics of its compound industrial system. The analysis reveals that the current Chinese older adult care service industry is characterized by a small scale, single functionality, narrow coverage, short industrial chain, and a lack of policy support and rational resource allocation. Policy adjustment recommendations are proposed, including top-level institutional design, improvement of the social security system, and the formation of a comprehensive industrial system, in order to promote the development of the older adult care service industry. These recommendations not only promote the expansion of industry scale and the expansion of functionality, but also enhance the quality and effectiveness of older adult care services to meet the diverse needs of the older adult. The value of this paper lies in its in-depth analysis of the current situation of the older adult care service industry in China and the proposal of specific and feasible policy adjustment recommendations, providing important guidance for government departments and practitioners. The research findings can provide beneficial references for the sustainable development of the older adult care service industry, further promoting the progress of the social economy and the healthy development of an aging society.

Keywords: older adult services; service industry; optimization path research

1. Introduction

With the intensification of population aging, the development of the older adult care services industry in China has become increasingly important. The industry not only concerns the quality of life and well-being of the older adult, but also has significant implications for social stability and sustainable development. However, the current older adult care services industry in China faces a series of challenges and issues, including small scale, single function, limited coverage, and unclear division of labor.

To address these problems, this paper aims to explore the trends in China's older adult care services industry and propose a path for optimized development. By elucidating the concept, characteristics, and theoretical foundations of the industry, we provide theoretical guidance and framework for subsequent research. In

analyzing the current situation and issues of China's older adult care services industry, we conduct a detailed analysis of the older adult care needs of the aging population and focus on the main areas of development in the industry. At the same time, we also delve into the reasons and factors behind the issues of small scale, single function, limited coverage, and unclear division of labor (Lee et al., 2023).

Based on the analysis of these problems, this paper proposes three key policy adjustment recommendations. First, we need to establish top-level institutional design for the older adult care services industry to establish its strategic position and policy support. Second, we need to improve the social security system to provide comprehensive protection for the older adult, including economic and medical security. Finally, we need to establish a comprehensive older adult care services industry system, including a macro system, an industry chain, and an organizational system. Through this research, we aim to provide theoretical and practical guidance for the optimized development of China's older adult care services industry. By discussing the trends and issues of the industry and proposing policy adjustment recommendations, we hope to promote the expansion of the industry's scale, enhancement of its function, and improvement of its quality, thus making a positive contribution to the well-being of the older adult and social stability.

2. Overview of the senior care services industry

2.1. Older adult services

Older adult care services are provided to meet the various needs of older people in their retirement life. It covers a wide range of needs, including physical, daily living, and emotional needs, such as healthcare, home care services, psychological and emotional support, and asset management. The forms of older adult care services mainly include self-supply at home, unified care by community committees, and services provided by qualified institutions. The supply of services involves various entities, including the national government and social institutions, aiming to meet the needs of the older adult.

The supply of older adult care services can be divided into three levels: high, medium, and low. Low-level older adult care services mainly provide basic security functions, while medium-level older adult care services cater to the needs of the general public, and high-level older adult care services provide high-standard supplementary and improved services to the market. Low-level services are mainly welfare-oriented and not profit-driven. Medium-level services have certain universality, balancing welfare and profitability, but with limited profit margins. High-level older adult care services are entirely based on market demand for resource allocation, with relatively larger profit margins. By delineating the levels of older adult care services, the responsible entities at different levels can be defined more clearly, and there can be a clear understanding of the service recipients at different levels.

In addition to individuals and families purchasing older adult care services, society and the government also bear certain responsibilities. The government's responsibility for older adult care varies based on different older adult populations. For older adult people in need of assistance due to living difficulties, the government

needs to provide low-level basic older adult care services as guarantees. For economically more capable older adult people, the government can play a supplementary and complementary role. The differentiation of levels of older adult care services and the clear delineation of responsibilities help better meet the needs of the older adult. In addition to the responsibilities of individuals and families, society and the government should also shoulder certain responsibilities, collectively building a caring and supportive social environment for the older adult.

2.2. Older adult service industry

The older adult care service industry is a collection of industries that provide services or products for the older adult, covering the entire value chain and industrial clusters. From scholars' perspectives, the older adult care service industry includes various industries related to the older adult population, such as clothing, food, medical, finance, insurance, nursing, entertainment, tourism, consulting, and technology products. It is a comprehensive industry that satisfies material needs, spiritual and cultural needs, and special needs.

In terms of classification, the older adult care service industry can be categorized based on different service modes. For example, it includes older adult residential facilities and supplies that provide eating, dressing, housing, and transportation services for the older adult, as well as older adult care services, healthcare, financial services, commercial insurance, cultural and educational consulting, and emotional support (Wan et al., 2020).

From the perspective of service levels, the older adult care service industry consists of core industries, supporting industries, and peripheral industries. Core industries include real estate, medical care, and older adult supplies, which are the simplest industries to satisfy the basic needs of older adult life in the market. Supporting industries complement the core industries by providing related products, which can be raw materials or finished products. Peripheral industries are closely related to the deep emotional, psychological, and enjoyment needs of the service recipients, such as financial insurance services, re-education and training industries, cultural and entertainment industries, and tourism industry.

Based on the comparative analysis of the above reference content, I believe that the older adult care service industry is indeed a complex industry system composed of various related sectors. It not only includes industries that satisfy the material needs of the older adult but also encompasses industries that cater to their spiritual and cultural needs, as well as special needs. Based on this understanding, I would redefine the older adult care service industry as a comprehensive industry that provides services and products for the older adult. This includes older adult residential facilities, older adult care services, healthcare, finance and insurance, cultural and entertainment activities, tourism, and consulting, among others, in order to meet the diverse needs of the older adult in terms of their material, spiritual, and special requirements.

Therefore, the older adult care service industry is not just a single industry but a comprehensive industry that spans multiple fields. Its development and optimization path require cross-sector collaboration and policy support to promote.

2.3. Theoretical foundations of the older adult services industry

2.3.1. Hierarchy of needs theory

Demands have always been a topic of great interest. There are many theories on demand, including Marx's "three-level ladder" theory and Maslow's hierarchy of needs theory.

Marx's "three-level ladder" theory divides human needs into three levels or stages: survival or physiological needs, livelihood or possession needs, and self-actualization and comprehensive development needs. According to this theory, people first need to satisfy basic survival needs such as food, water, and health. Secondly, people pursue livelihood or possession needs, including safety and material wealth. Finally, people pursue the needs of self-actualization and comprehensive development, which include the pursuit of personal identity, self-realization, and personal growth.

Maslow proposed the hierarchy of needs theory in 1943, classifying human needs into five levels based on different needs. The core idea of this theory is to categorize human needs into different levels from low to high. The lowest level of needs is physiological needs, such as eating, drinking, and health. After satisfying these basic needs, people seek safety and security, including personal and environmental safety. After fulfilling the first two levels of needs, people begin to pursue social and belonging needs and hope to receive support and care from others. Subsequently, people seek esteem and self-esteem needs, including the desire for achievement, status, and respect. The highest level of needs is self-actualization, which refers to realizing personal potential and pursuing personal development. The hierarchy of needs theory suggests that human needs are hierarchical and progressive. After satisfying one level of needs, people will pursue higher-level needs. This theory helps to understand the diverse needs of human beings and provides guidance for meeting different levels of needs (Mahoney et al., 2022).

2.3.2. Industry life cycle theory

The industry lifecycle refers to the period of time from the birth to the decline of an industry, similar to the lifecycle evolution process of human beings from birth to growth to decline. It can generally be divided into four stages:

(1) Introduction phase: The emerging industry has just been born, and entering this industry requires significant investment. Only a few startup companies invest in this industry and become the first entrants. During this stage, due to limited public awareness and small market demand, the profitability of companies is generally a concern.

(2) Growth phase: In this stage, some companies with certain capabilities begin to dominate the market, operate well, and experience sustained growth. Market demand also expands over time, and the industry enters a period of prosperity.

(3) Maturity phase: After the competition in the previous stage, the remaining companies become industry giants, occupying important positions in the market and almost monopolizing the entire industry. However, it becomes difficult for new companies to enter, and the industry's market share has been largely divided.

(4) Decline phase: It is inevitable for an industry to decline, with capital depletion. As new emerging or substitute industries appear, the industry gradually

reaches its end, and capital shifts. At this point, the industry enters a countdown stage.

Understanding the characteristics of the industry lifecycle can ensure its smooth and orderly development. Governments should identify the characteristics of different lifecycle stages and formulate tailored plans and policies for the older adult care service industry to promote its development. We need to pay attention to cultivating the development of the industry, study and grasp the social environment that influences industry growth, and combine the inherent laws of the industry. We should also continuously monitor the stages of the industry lifecycle in real-time, control the influencing variables, and seek a feasible path for the industrialization and growth of the older adult care service market.

2.4. Overview of domestic and international research status

2.4.1. Overview of domestic research

Since 1990, China has gradually started research on the older adult market. The first research and discussion conference related to the theory and practice of the aging industry was held in 1997. During this conference, Zhang Wenfan publicly discussed the key points, practical difficulties, and urgency of industrializing the older adult service market. The theoretical knowledge was further strengthened and in-depth research on specific operations was conducted during the second and third conferences in 2001 and 2004. Research indicates that industrializing the older adult service market can create a large number of employment positions, help alleviate the problem of job scarcity, and accelerate economic development.

In terms of selecting older adult care service models, Liu (2011) proposed analyzing the different aspects of individual older adult people's needs, as different needs lead to different demands in their lives, resulting in a more diverse range of service choices. Li (2013) suggested that a home-based care system should be established based on considering the psychological and cultural habits of the older adult, with community services being supplementary. Wei (2014) clarified the operation methods of the senior real estate industry and analyzed land acquisition, financing options, and operational structure combinations for enterprises. Regarding the industry system, Zhu (2016) conducted a survey on the daily lives of people aged 60 and above in pilot areas and relied on communities to provide support for their old age. In terms of empirical research, Bao (2019) used sample data to analyze the current supply and demand situation, characteristics, and imbalanced contradictions in the older adult care service industry, providing theoretical support and data foundation for the construction of the industry system.

The above research is of great significance for understanding and promoting the development of China's older adult care service industry. It provides beneficial insights and guidance for the industry's continuous development in both theory and practice. However, there is still a need to strengthen research in many aspects in order to further improve the development path of China's older adult care service industry.

2.4.2. Review of foreign research

As the first aging country in the world, France has attracted attention and

research from many scholars regarding the issues of an aging society. Some researchers argue that the effectiveness of aging in place is diminishing, and families are no longer able to bear the burden of their internal members, thus necessitating urgent support from the state and government to some extent. Pascal proposed the viewpoint that various institutionalized older adult care options are gradually replacing aging in place. Pierre Bourdieu, a renowned sociologist, systematically discusses the potential disruptions of the older adult social structure on financial benefits and the national financial system, drawing conclusions from this analysis. Schultz, an American researcher, extensively investigated the daily living conditions of people over 60. Macaulay, Blieszner, and other researchers studied models of lifestyle choices among the older adult, analyzing factors that influence different choice models, including family members, physical health, financial status, and government subsidies.

In the 1990s, some researchers began to focus on the impact of public fiscal regulation on the aging population and intergenerational welfare transfer. The theoretical research of Spengler and Hersh for finance laid the foundation for studying the older adult population and the aging industry in financial subjects.

From 2000 onwards, research on aging issues has become increasingly extensive and in-depth. Many first world countries in Europe and the Americas have also gradually faced the challenge of population aging and started to explore the development path of industrialization. In 2003, the International Bank for Reconstruction and Development (IBRD) called for countries to adopt various types of social insurance systems to cope with the risks of population aging. In addition, the United Nations (UN) held conferences in 1982 and 2002 to discuss the risks of global population aging, conducting in-depth exploration and extensive discussions on global population imbalances and development paths.

Based on the above research findings, governments in various countries have played a leading role in the early development of the older adult care service industry, ensuring the purchasing power of the silver generation through fiscal and institutional guarantees. As the industry develops, governments provide support through training and guidance, and promote its development through policy measures such as tax incentives and fee reductions. Additionally, providing comprehensive services for homebound older adult individuals forms professional industry clusters that drive the development of the older adult care service industry.

2.4.3. Comparison of domestic and international review

Foreign sociologists have had rich academic discussions on the issues of the older adult population and the imbalance of the older adult structure. However, there is still relatively little research on how to industrialize the older adult care service market. By reviewing the above literature, we can see the state of research on the older adult care service industry. Whether it is preliminary discussions on related issues or in-depth research findings, these outstanding works by predecessors have paved the way, explored directions, and solidified the foundation for future researchers. We need to stand on the shoulders of their achievements, while also recognizing that there are limitations in the depth and breadth of academic research on the older adult care service industry:

- (1) Lack of fundamental theoretical research. The research on fundamental theories of the older adult care service industry is relatively lacking. The research on basic theories is the foundation and starting point of studying the research questions. Currently, literature research is usually conducted in the form of suggestions or discussions within the context of analyzing the demand for older adult care. However, there is relatively little research on the theoretical foundation of the older adult care service industry. There are still some cases where concepts are vaguely defined, and there are controversies in the theoretical definitions of the industry's related extensions and connotations. The theoretical foundation is not yet solid enough.
- (2) Narrow research perspectives. Currently, most research literature on the older adult care service industry has relatively narrow perspectives, lacking systematic and comprehensive research paths and models. There is a lack of specific analysis and design from the perspective of demand-supply relationships to the path of industrialization. In addition, there is also a lack of research literature on the role that the government needs to play in the development of the older adult care service industry and the supporting policy system at the macro level.
- (3) Lack of model analysis. The current research literature in this field mostly remains at the theoretical level, lacking empirical research using relevant methods and the construction of models to simulate the path of industrialization of the older adult care service market. Therefore, the policy suggestions in the literature lack empirical and mathematical verification.

In summary, despite some important research work, there are still many limitations in the research on the older adult care service industry. Future research needs to strengthen fundamental theoretical research, broaden research perspectives, conduct more model analysis and empirical research, in order to provide more practical policy suggestions and development paths.

3. Current situation, problems and reasons for the development of China's pension service industry

3.1. Current situation of the development of China's older adult service industry

3.1.1. Analysis of China's older adult population's older adult demand

The analysis of the older adult population's demand for older adult care in China is crucial for the development of the older adult care service industry. Despite the immense potential of the older adult care service market in China, the development of the industry has been relatively slow. Scholars generally attribute this phenomenon to the frugal lifestyle of the older generation and their reluctance to burden their children due to practical constraints.

However, studies have shown that the older adult care service industry in China faces the following problems: Standardized and homogeneous service content, inadequate supply to meet the demand, and a mismatch between supply and demand resulting in low utilization rates. This phenomenon directly reflects the lack of

understanding and insufficient response to the market’s older adult care needs, failing to meet the actual needs of the older adult population. Therefore, in order to develop the older adult care service industry, it is crucial to ensure that the services provided align with market demands, making demand analysis particularly important (Sun and Rhubart, 2022).

According to an analysis based on the “China National Follow-up Survey on the Population Status of the Urban and Rural older adult,” which covers 20 provinces and 80 cities in China and targets people aged 60 and above, conducted by the China National Research Center on Aging, the current older adult population faces various older adult care issues as shown in **Table 1**.

Table 1. Problems faced by the older adult in old age.

Variable	Responses		Percent of cases	
	Number of times	Percentage		
Pension concerns	No one in care	45	23.8%	44.6%
	No income, no security of life	26	13.8%	25.7%
	Suffering from a serious illness and not having enough money for treatment	42	22.2%	41.6%
	Loneliness and lack of companionship	24	12.7%	23.8%
	Lack of recreational and cultural activities	36	19.0%	35.6%
	Poor relationship with children	5	2.6%	5.0%
	Others	11	5.8%	10.9%
Total	189	100.0%	187.1%	

The following conclusions can be drawn: the urban older adult population has higher-level demands for older adult care services, but the satisfaction index of these demands is relatively low. Factors such as household income and intergenerational support from children inhibit the release of some older adult care demands. However, the impact of these factors is not significant in certain specific industries. Additionally, the health status of the older adult directly influences their demand for medical care and rehabilitation services, while intergenerational support from children plays an important role in the older adult’s purchase of older adult care services.

According to **Table 2**, when it comes to older adult service programs and their contents, what the older adult need at present is still mainly lower-level physiological and safety needs, and they are most concerned about daily care, medical care, and cultural and recreational activities. When asked about the older adult service programs they need, 7.9% of the older adult indicated that they were completely unaware of the older adult service programs and their contents, so there is still a long way to go to improve the effective supply of older adult services.

Table 2. Share of old-age needs of the older adult population.

Variable	Responses		Percent of cases	
	Number of times	Percentage		
Older adult service programs needed	Daily care	61	27.5%	60.4%
	Medical care	73	32.9%	72.3%
	Culture, sports and recreation	40	18.0%	39.6%
	Learning and education	7	3.2%	6.9%
	Chatting and companionship	13	5.9%	12.9%
	Psychological counseling	10	4.5%	9.9%
	Legal aid	2	0.9%	2.0%
	Family conflict mediation	3	1.4%	3.0%
	Hospice care	5	2.3%	5.0%
	Don't know	8	3.6%	7.9%
Total	222	100.0%	219.8%	

In terms of the choice of means of ageing, the older adults are still subjectively more inclined to opt for family and self-supporting ways of ageing. As can be seen from **Figure 1**, 61% of the older adult chose to age in the family, on the one hand, because the older adults are unwilling to leave their families and familiar environment to age in the family. On the other hand, the older adult said that they could accept institutional care but could not afford to pay for it, and the current development of community care for the older adult has not given them a choice, so they can only choose to rely on their families or themselves for their old age.

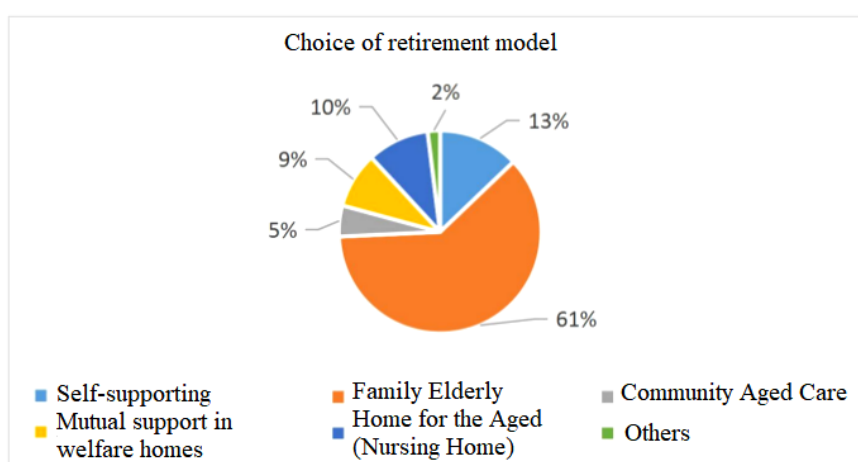


Figure 1. Older adult care mode selection.

As can be seen from **Figure 2**, when asked whether the older adult population is willing to purchase senior care service programs, 55.5% of the older adult population said that they are willing to accept paid senior care service programs, but they hope that the cost is reasonable due to the consideration of their own and their family's financial conditions; 20.2% of the older adult population said that although they can accept paid senior care services, they cannot afford to pay for this cost, and 26.3% of

the older adult population said that they cannot accept it at all, believing that they do not have the need to purchase paid older adult care services.

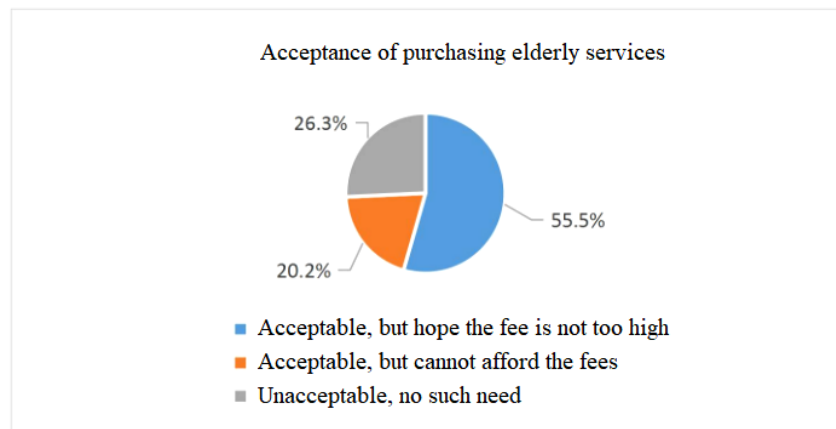


Figure 2. Acceptance of purchasing older adult services.

3.1.2. The main areas of the development of China’s senior care service industry

The development of China’s senior care service industry involves a number of major areas, as shown in **Figure 3**:

(1) Older adult care services: This is the core area of the older adult care service industry, including caregiving, medical care, home services, and leisure consumption. Caregiving services include home care, community care, and institutional care. Medical care services include healthcare, health management, and rehabilitation care. Home services provide services such as home environment modification, safety inspections, and maintenance for the older adult. In terms of leisure consumption, cultural and entertainment activities, social interaction, and tourism and leisure activities for the older adult are also important components of the older adult care service industry.

(2) Real estate: Older adult communities and nursing facilities are indispensable parts of the older adult care service industry. Older adult communities provide services such as social interaction, activity organization, and interest cultivation to meet the spiritual needs of the older adult. Nursing facilities provide long-term care, temporary care, and rehabilitation services, offering a safe, comfortable, and caring living environment for older adult individuals with special needs.

(3) Financial services: Financial services such as pension insurance, medical insurance, asset management, and investment services play important roles in the older adult care service industry. The development of pension insurance and medical insurance can help older adults manage the economic risks associated with aging and healthcare, thus improving their quality of life. Asset management and investment services can assist older adults in managing and growing personal wealth, enabling a fulfilling and stable retirement life.

(4) Older adult products: Medical equipment, medications, and health products related to the older adult care service industry are also important components. With the increasing health needs of the older adult population, appropriate medical devices and healthcare products are necessary to enhance their quality of life and prolong healthy aging.

These areas mentioned above are the main components of the older adult care service industry. Its development is closely related to the diverse needs of the older adult population in areas such as food, clothing, housing, transportation, entertainment, and medical care. It requires efforts from various stakeholders and policy support to improve and meet the growing needs of the aging population. Given the challenge of an imbalanced population structure, nurturing and developing China's older adult care service industry is an important task that will contribute to improving the quality of life and social well-being of older adults.

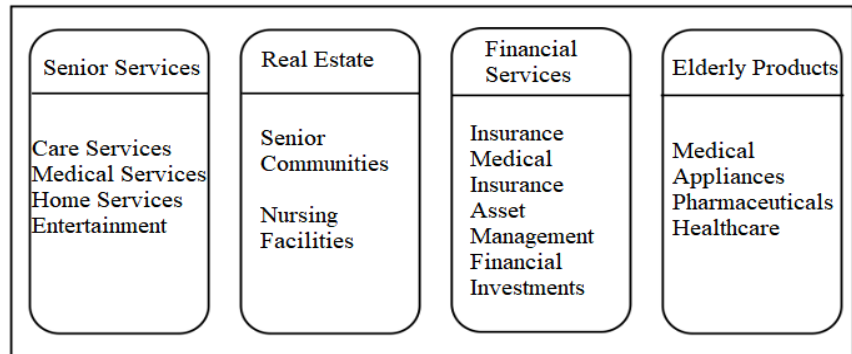


Figure 3. Four major segments of the pension industry.

3.2. Problems in the development of China's older adult service industry

3.2.1. Small scale and single function of the industry

The older adult care service industry in our country currently faces two main problems: small industry scale and limited functionality. Here is a re-description of these problems:

(1) Small industry scale: Currently, the older adult care service industry in the domestic market is primarily seen as an additional or derivative business for regular enterprises. Most companies in the industry operate on a small scale and lack standardized industrial formats. There is a lack of chain development and systematic development among different sectors, resulting in a small market share for the older adult care service industry. This leads to a lack of core competitiveness and relatively low industrialization level (Shiyanbola et al., 2016).

(2) Limited functionality: Compared to other countries with mature older adult care service structures, the older adult care service industry in our country has a relatively simple model. Currently, the scope of older adult care services can mainly be divided into two directions: household care services combined with family care, and services provided by traditional nursing homes. However, these service projects are generally not comprehensive, have limited coverage, and high costs. They are unable to provide customized, personalized, and standardized services. Although nursing homes can meet the basic living and medical needs of the older adult, they also fail to provide personalized, private, and specialized services tailored to individual needs.

Therefore, one of the main shortcomings of the older adult care service industry in our country is its excessively single functional structure. Currently, the main focus is still on providing services for families, with relatively low-level service projects.

As service products for exchange, the service content and value are not fully matched with the diverse needs of the target audience. There is a lack of customized service supply that caters to individual differences, making it unable to provide tailored services for different groups of people.

3.2.2. Narrow coverage and short industry chain

The older adult care service industry chain is a connected system composed of various projects targeting the older adult, covering the overall system and planning of the older adult care industry. Understanding the formation and evolution of the industry chain system is of great significance for the industrialization of the older adult care service market.

Older adult care services have rich connotations and huge capacity, encompassing all service industries related to the needs of the older adult, such as home care, community care, healthcare, rehabilitation care, older adult communities, and nursing homes, among others. Different projects are at different stages of industrialization in the older adult care service market due to the differences in the levels of demand for older adult care services. Various projects are interconnected and have mutual influence, forming a diversified older adult care industry structure, which has a subtle effect on the industrialization process of the older adult care service market (Shah et al., 2011).

The older adult care industry chain has the potential for continuous expansion. It is not limited to cooperation between sub-industries but can also interact and exchange elements with other industries and even sectors. This brings positive effects on industry development. Within the older adult care industry system, older adult products and facilities serve as the foundation and tools for developing older adult care services, while the vigorous development of older adult care services also promotes the sales of older adult products. The linkage between older adult real estate and older adult care services, such as the nationally advocated integration of medical care and older adult care and the older adult community model, allows the older adult to enjoy a full range of services without leaving the community. In addition, combining current hot topics and advanced technologies, such as “Internet Plus” services, is also a hotspot for the development of the older adult care industry. The older adult care service industry can also collaborate and learn from other industries to expand the industry chain and increase its influence.

Currently, there are still some issues in the older adult care service industry chain, such as narrow coverage and short chain length, which have not formed a complete and all-round coverage of the industry chain. To address these issues, it is necessary to further broaden the development scope of the older adult care service industry, integrate resources, and form a more comprehensive and diversified industry chain. Collaboration and cooperation among different sub-industries need to be strengthened to promote the extension and improvement of the industry chain. At the same time, emphasis should be placed on technological innovation and talent development to enhance the technological level and service quality of the older adult care service industry. Governments should strengthen policy guidance and support, providing a favorable policy environment and investment guarantee for the

development of the older adult care service industry chain (Atkinson and Mukaetova-Ladinska, 2012).

In conclusion, the establishment and expansion of the older adult care service industry chain are of great significance for promoting the industrialization of the older adult care service market. By forming a complete industry chain, integrating the development and optimization of the older adult care service industry, it will help meet the diverse and personalized needs of the older adult, improve the quality and level of older adult care services, and promote the healthy development of the older adult care service market.

3.2.3. Industrial division of labor, industry norms have not yet formed

There are still some issues in the division of labor and industry standards in the older adult care service industry. Clear industry standards and entry thresholds have not yet been established, and there is a lack of a comprehensive industry standard system. Although China has developed professional standards for older adult care nursing staff, there has been a lack of effective implementation and regulation. Through on-site research, it has been found that the majority of personnel engaged in older adult care nursing services are laid-off workers and local villagers. They generally have a low level of education and lack professional nursing knowledge, thus only being able to provide simple household services and basic care, unable to provide mental comfort and spiritual care for the older adult. This limits the quality and level of older adult care nursing services, failing to meet the comprehensive care needs of the older adult (Duong et al., 2018). On the other hand, the basic salary standards in the older adult care service nursing industry are low, and there is a lack of basic social security mechanisms, making it difficult to attract high-end and versatile talents to engage in the industry. Due to the inadequate skills of basic caregivers and the high cost of high-level caregivers, most of the older adult people cannot afford the service fees, which is one of the reasons why many older adult people do not receive older adult care nursing services. In conclusion, the division of labor and industry standards in the older adult care service industry have not been fully developed. It is necessary to strengthen the formulation and implementation of industry standards, improve the professional level and treatment of practitioners, promote collaboration with relevant fields, enhance policy guidance and regulation, and promote the standardized development of the older adult care service industry to provide better older adult care nursing services for the older adult (Karlin, 2018).

3.2.4. Policy support, resourcing issues

The development of the older adult care service industry is a complex and massive project that requires multi-sector collaboration and policy support from all sectors of society. Currently, there are still some issues in policy support and resource allocation.

Firstly, due to regional disparities in development, although the central government has enacted a series of policies to support the development of the older adult care service industry, in the process of implementation at the local level, insufficient consideration of regional differences has resulted in ineffective implementation of some specific measures that do not meet local conditions. Therefore, it is necessary to pay more attention to local characteristics and

differences in the policy-making process and formulate flexible and practical policies to meet the actual needs of different regions.

Secondly, the construction of the older adult care service industry involves multiple aspects such as land planning, fiscal and taxation matters. Apart from the participation and management of the civil affairs department, there is a lack of a specific government department to provide guidance, coordination, and supervision for the market-oriented development of the older adult care service market. In the process of implementing policy support, there is a lack of effective coordination among various departments, resulting in ineffective implementation of policies. Therefore, it is necessary to establish a coordination mechanism, clarify the responsibilities and powers of each department, improve the synergy among government departments, and ensure the smooth implementation of policies (Frank et al., 2018).

According to the theory of welfare pluralism, social welfare provision should involve the participation of society, family, and government. However, in the current situation, the majority of older adult care enterprises and institutions in China are still under the management of the state, lacking the autonomy to participate in contracting and operation. This has led to a low level of market participation and insufficient involvement of social forces in the older adult care service market. Therefore, it is necessary to further implement the concept of welfare pluralism, encourage the participation of social capital, promote the diversified development of the older adult care service market, and enhance market vitality. At the same time, the government should increase policy support for the older adult care service industry, provide better entrepreneurial environment and financial support for older adult care service businesses through tax reductions, loan support, and other means, and stimulate market vitality. In addition, it is also necessary to strengthen regulation of the older adult care service market, improve industry entry thresholds and industry norms, and enhance the quality and safety standards of older adult care services (Lee et al., 2018; Bishara et al., 2019).

In conclusion, the development of the older adult care service industry requires coordinated promotion of policy support and resource allocation. To address the issues in the implementation of policies, regional differences and actual conditions should be considered. It is necessary to strengthen the coordination and cooperation among government departments, promote the participation of various social forces in the older adult care service market, increase policy support, enhance market vitality, and improve the quality of services provided, all aimed at providing better older adult care services for the older adult.

4. Policy adjustment suggestions for the development of China's older adult service industry

4.1. Top-level institutional design of the senior care service industry

The top-level institutional design of the older adult care service industry is crucial, as it involves various aspects of government, nation, business, and market for guarantee and regulation. To ensure the standardized operation and healthy

development of the older adult care service industry, it is recommended to implement supervision and management at each stage, including pre-entry threshold regulation, ongoing market supervision and legal protection, as well as post-performance evaluation and risk prevention (Clementz, et al., 2019). The specific regulatory framework for industry development is depicted in **Figure 4**.

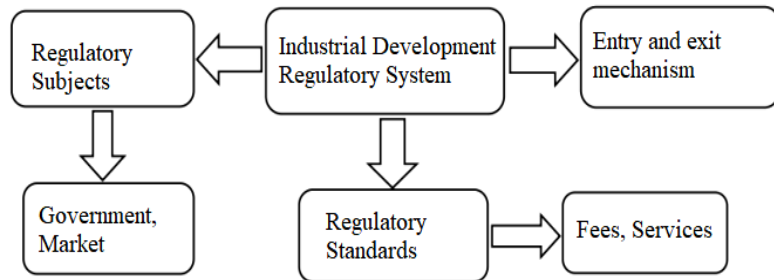


Figure 4. Industrial development regulatory system map.

Firstly, it is very important to regulate the entry threshold of the older adult care service industry. The government should establish clear entry standards and procedures to review and certify older adult care service institutions, strictly prohibiting non-compliant businesses from entering the market. The requirements for entry thresholds should consider aspects such as safety, quality, management, and personnel training to ensure that the capacity and level of older adult care service institutions meet the needs of the older adult. At the same time, the government should strengthen supervision of the entry enterprises, intensify efforts to crack down on non-compliant institutions, promptly publish a list of dishonest enterprises, and enhance the overall credibility of the industry. Secondly, market supervision and legal protection are also important components of the top-level institutional design of the older adult care service industry. The government should strengthen market supervision, establish relevant departments to be responsible for daily supervision and guidance of the older adult care service market. In addition, relevant laws and regulations should be improved to specify the operational and management requirements for older adult care service institutions, strengthen qualification certification and supervision of practitioners, and ensure the quality and safety of services. The government should also strengthen supervision of contractual legal relationships, protect the legitimate rights and interests of the older adult, and take serious actions against fraudulent and false advertising activities.

For internal industry issues, the government should legally strengthen control and guidance over capital and resource allocation. Encourage social capital to participate in the development of the older adult care service industry, but establish sound regulatory mechanisms to prevent excessive influx of capital and disorder. The government should strengthen macro-control over the older adult care service industry, reasonably guide capital flows, and ensure the rational allocation of resources. In the face of problems discovered within the industry, government departments should handle them in accordance with laws and regulations to guarantee the stable operation of the older adult care service industry (Noh and Aladeokin, 2019).

4.2. Improving the social security system

Developing a comprehensive social security system is an important measure to promote the development of the older adult care service industry. A sound social security system can provide sufficient protection for the older adult, while also increasing the demand for older adult care services and promoting the healthy development of the industry.

Firstly, it is necessary to strengthen the pension system. The government should gradually increase the level of basic pension insurance to ensure the basic living needs of the older adult. At the same time, efforts should be made to establish a multi-tier pension system, encourage individuals to voluntarily participate in commercial pension insurance, and provide more diverse options for retirement security. Additionally, the government should enhance the management and supervision of pension funds to ensure their safe operation and sustainable development.

Secondly, the healthcare security system should be improved. With the intensifying aging population, there is an increasing demand for medical care among the older adult. The government should increase investment in healthcare security for the older adult, improve the level of basic medical insurance coverage, promote payment reforms in medical insurance, and reduce the financial burden of medical expenses on the older adult. Furthermore, critical illness insurance and long-term care insurance for the older adult should be introduced to provide comprehensive healthcare security.

In addition, subsidies and preferential policies for older adult care services should be implemented effectively. The government can encourage and support social involvement in the older adult care service industry by providing subsidies, tax exemptions, and favorable land policies. This will create a policy environment conducive to the development of the older adult care service industry. Additionally, strengthening supervision and evaluation of the quality of older adult care services is necessary to ensure that the older adult can enjoy high-quality care.

Furthermore, active promotion of the development of aging communities and home-based older adult care services is important. The government can increase investment in the construction of aging communities, provide facilities and services for activities, rehabilitation, and entertainment, and create a safe, comfortable, and vibrant living environment for the older adult. Moreover, the development of home-based older adult care service models should be supported and promoted to provide professional and convenient in-home services for the older adult in need, meeting their demands for aging at home.

In conclusion, developing a comprehensive social security system is crucial for promoting the development of the older adult care service industry (Wilson and Jackson, 2020). The government should gradually increase pension benefits, improve healthcare security systems, implement subsidies and preferential policies for older adult care services, and advance the development of aging communities and home-based older adult care services. Through these measures, better protection can be provided for the older adult, while also providing strong support for the development of the older adult care service industry.

4.3. Formation of a comprehensive industrial system

4.3.1. Macro system of senior care service industry

The design of the macro-system of the older adult services industry is crucial to realizing the sustainable development of the industry and meeting diversified needs. In establishing the macro system, it is necessary to clarify the positioning of the industry, identify the development goals, develop the industry jointly with high-precision technologies, and provide personalized and customized services for different service users (Rooks, 2020). The framework of the pension service system is shown in **Figure 5**.

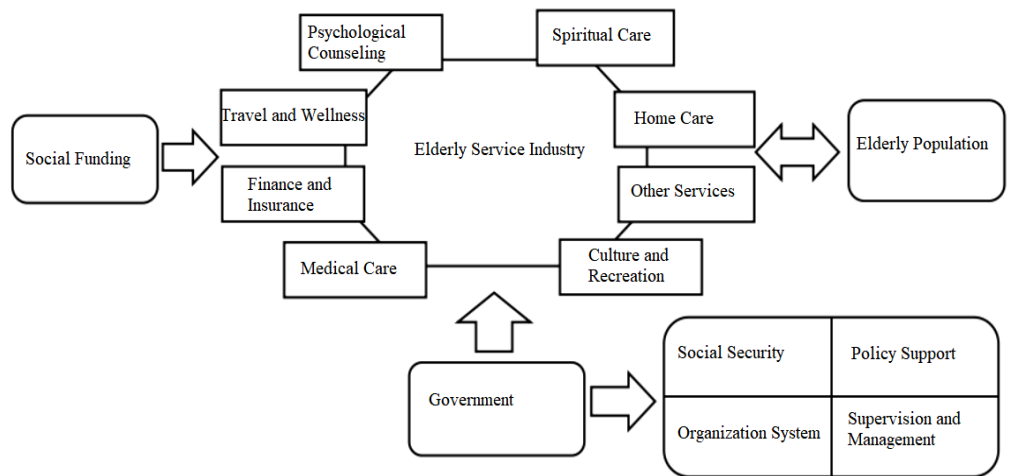


Figure 5. Framework of the old-age service system.

Firstly, the older adult care service industry needs to clarify its positioning and identify target markets and development directions. Market segmentation should be carried out to provide differentiated service solutions and diversified configurations based on different needs. This approach can avoid wastage of resources and prevent excessive pricing of services. By accurately identifying market demands, the older adult care service industry can better meet the needs of different groups of people and provide more comprehensive and personalized services.

Secondly, the macro-system design of the older adult care service industry needs to identify the overall development goals and divide them into phased sub-goals for implementation and control. When determining the overall goals, considerations should be given to the scale, quality, and efficiency of industry development, in line with national policies and social realities. Breaking down the overall goals into phased sub-goals helps promote the industrialization process and facilitates monitoring and adjustment of industry development progress (Bayne et al., 2021).

Furthermore, the older adult care service industry should closely integrate with advanced and cutting-edge technologies to maintain its advancement. Information technology can lower service costs, improve service efficiency, and ensure service quality. For example, through the use of smart devices and big data analysis, efficient and convenient services like intelligent older adult care supervision and

remote medical care can be provided to offer a more comfortable and convenient older adult care environment for senior citizens (Simning et al., 2012).

Moreover, the macro-system design of the older adult care service industry needs to understand the characteristics of the target market. As each person's needs and preferences are different, older adult care services should be customized and offer fine-grained, personalized services. By accurately targeting and providing services tailored to individual needs, the satisfaction and attractiveness of services can be enhanced, enabling the industry to stand out in the market competition (Li et al., 2012).

In conclusion, the macro-system design of the older adult care service industry should consider industry goals, differentiated services, the application of advanced technologies, and personalized demands. By establishing a proper positioning and goals for the industry, incorporating advanced technologies, and meeting the needs of different population groups, the older adult care service industry can achieve sustainable development and provide high-quality older adult care services.

4.3.2. Older adult service industry chain

The senior care service industry chain is an organic combination of various links in the senior care service industry, and according to the level of demand for senior care services, the industry chain can be divided into pillar industries, supporting industries and peripheral industries. These three industrial links complement each other and influence each other, so that the whole industry chain can circulate and move forward steadily, and the senior care service industry chain is shown in **Figure 6**:

Firstly, the pillar industry is the foundation of the older adult care service industry chain. These industries are closely related to the basic needs of the older adult, including older adult facilities and institutions, older adult community ecological parks, medical care, etc. With the increasing number of older adult people, the construction and operation of older adult facilities and institutions have become particularly important. At the same time, services such as older adult community ecological parks and medical care are also important components supporting the basic needs of the older adult (Buys et al., 2012).

Secondly, supporting industries are a series of older adult care products and services that match the pillar industry. These industries provide dedicated equipment for older adult care institutions, home products designed for the older adult, medical devices, health products, and so on. The development of supporting industries can provide more convenient and comfortable products and services, offering more choices and support for the lives of the older adult.

Lastly, peripheral industries meet the higher-level needs of the older adult care service industry chain. These mainly include service-oriented industries such as the demand for older adult people's spiritual and entertainment development, such as learning, socializing, travel, mental counseling, etc. Additionally, services such as commercial insurance, investments, and high-end electronic smart products also belong to the peripheral industries. The development of these industries can provide more entertainment and social opportunities for the older adult, meeting their higher-level spiritual needs (Préville et al., 2014).

Currently, the potential of China’s older adult care service market is still enormous, attracting the attention of numerous international capital. In response to the older adult care service industry chain, we should conduct detailed segmentation at a micro level and clarify development plans. Even if we encounter difficulties during the process, we still need to seize market opportunities, vigorously develop the older adult care service industry, and achieve economic growth. By further exploring the potential of the older adult care service market and optimizing various links in the industry chain, we can provide high-quality older adult care services to meet their diverse needs. Meanwhile, the development of the older adult care service industry will also drive the prosperity of related industries and promote economic growth and transformation (Préville et al., 2014).

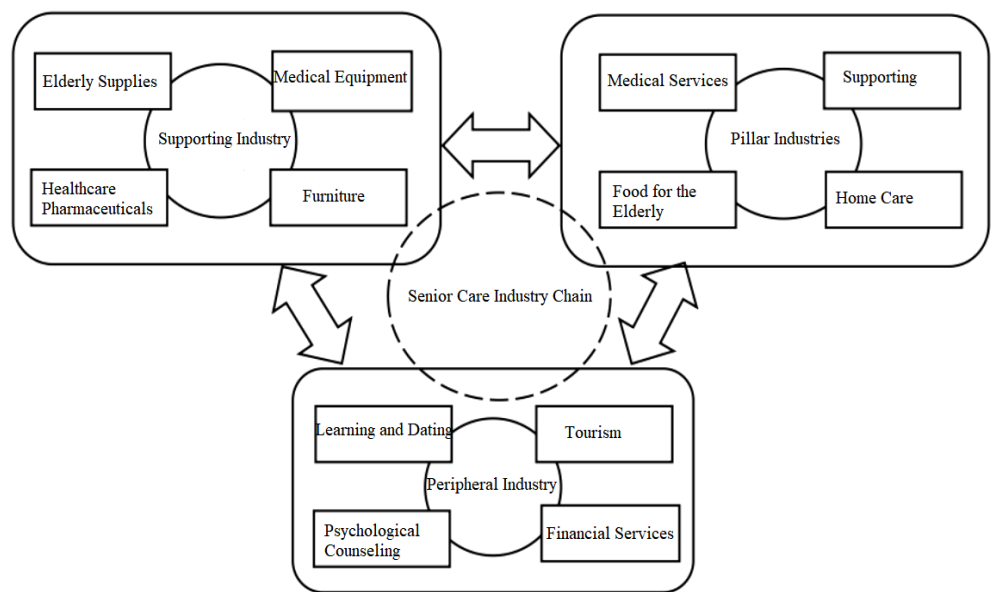


Figure 6. Old-age service industry chain.

4.3.3. Sound organizational system

A sound organizational system is crucial to the development of the older adult services industry. When establishing the organizational system, it is necessary to take the government, functional departments and market players as the main body, and to divide the functions and control scope of different players in order to promote the orderly and healthy development of the senior care service industry. The product development organization system is shown in **Figure 7**.

Translation: The government plays an important role in the organizational system. The government should appropriately decentralize power and delegate some development rights to market entities, allowing them to respond more flexibly to market demands. The government primarily acts as an intermediary coordinator between administrative departments and market entities, assuming regulatory responsibilities and establishing corresponding industry standards and management mechanisms to ensure the quality and safety of the older adult care service industry.

Administrative departments are an important component of the organizational system. They are responsible for regulating and guiding the older adult care service industry to ensure its compliance. Administrative departments should establish

corresponding rules and regulations to standardize the admission and exit mechanisms of the older adult care service industry in order to maintain order and stability in the industry.

Market entities also play a crucial role in the organizational system. Market entities need to exercise unified control over various industries within the older adult care service industry to ensure service quality and safety. At the same time, market entities should incentivize enterprises to prioritize service quality and customer experience through incentive mechanisms and responsibility allocation systems. The active participation and contributions of market entities will drive the overall development of the older adult care service industry (Heslop et al., 2014).

Close cooperation between the government, administrative departments, and market entities is essential in the organizational system of the older adult care service industry. The government should strengthen its management and guidance of the industry to provide support for its orderly development. Administrative departments should enhance regulation and standardization to ensure compliance in the industry’s operations. Market entities should actively fulfill their social responsibilities by providing high-quality older adult care services, thus promoting the industry’s sustainable development.

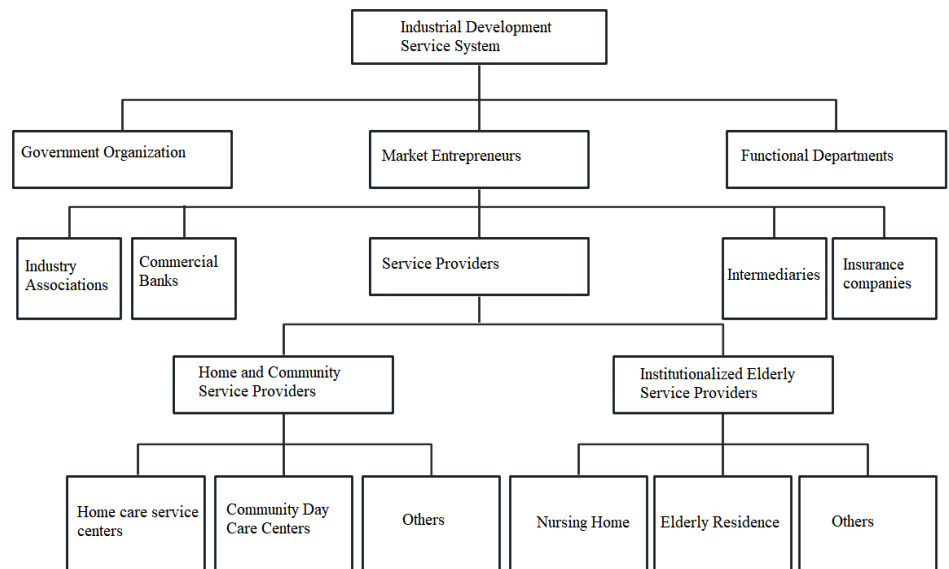


Figure 7. Organizational system for product development.

By establishing a sound organizational system, the older adult care service industry will be better able to meet the diverse needs of the older adult and provide better and more comprehensive services. Additionally, an improved organizational system will enhance the industry’s competitiveness and innovation capabilities, laying a solid foundation for its sustainable development. The cooperation and coordination among the government, administrative departments, and market entities will lead the older adult care service industry towards a more professional, efficient, and sustainable direction (Witsø et al., 2015).

5. Conclusion

This paper comprehensively analyzes the current situation, problems, and causes of the older adult care service industry in China, and proposes corresponding policy adjustment suggestions. The older adult care service industry is of significant importance in meeting the needs of the older adult and promoting social stability, especially in the context of an aging population. Through this research, we hope to draw attention from the government, businesses, and society to the development of the older adult care service industry, strengthen top-level design and policy support, and promote its optimization and upgrading. We also call for enhanced collaboration among relevant departments and organizations to collectively improve the scale, functionality, and quality of the older adult care service industry, and create a better environment for the well-being of the older adult. In the future, we expect the older adult care service industry to better meet the diverse and personalized needs of the older adult, provide caring and efficient services, and promote their overall development and sustainable social prosperity. The sound development of the older adult care service industry is not only crucial for the well-being of the older adult, but also an important indicator of social progress and harmony. We believe that with concerted efforts from all parties, China's older adult care service industry will move towards a brighter future, providing better guarantees and services for the older adult to age with support and care.

Conflict of interest: The author declares no conflict of interest.

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