

# Study on countermeasures to promote the healthy development of China's pension industry

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**Abstract:** *According to the latest data from the seventh national census, the number of people aged 60 and above in China has reached 264.02 million, accounting for 18.70 percent of the total population, indicating that China's population is increasingly aging. There is a contradiction between supply and demand in China's pension industry. The development of the pension industry is slow, and the demand for pension service increases rapidly, resulting in the current situation of insufficient supply. The pension industry develops slowly and the demand for pension service grows fast, resulting in the current situation of short supply. The pension industry system is not perfect, the construction of pillar industries and supporting industries is lacking, and it lags behind western countries. The institutional support is not strong enough, and it is difficult to carry out diversified development. At the same time, the government's support for the pension industry is insufficient, resulting in the unbalanced development of the pension industry. Therefore, this paper analyzes the problems and causes of the pension industry from four perspectives: existing problems, restricting factors, countermeasures of the government and enterprises, and future development, and puts forward specific suggestions for the healthy development of China's pension industry.*

**Keywords:** *population aging; Development of pension industry; Contradiction between supply and demand; Government support; Future development*

## 1. Causes of the aging problem.

### 1.1 Family planning leads to rapid fertility decline.

From the 1970s to the beginning of the 21st century, the Chinese government began to strictly implement the basic national policy of family planning. During these 30 years, under the influence of China's basic national policy of family planning, China's planned fertility rate has dropped rapidly from 5.8 to below 2.1, completing the rapid transition of population structure. But China's aging process is now accelerating because of a sharp decline in the number of newborns and the birth policy that led to a huge increase in the population in the 1950s and 1960s.

### 1.2 Average life expectancy has increased.

China's medical and health technology has made rapid progress in the past ten years. Life expectancy increased from 35 years in the early days of the country to 77 years in 2018, an increase of more than 40 years. As average life expectancy increased significantly, so did mortality. The age of the elderly is gradually prolonged, and the elderly population is gradually expanding, resulting in an accelerated aging process.

### 1.3 Changes in Women's Fertility Concept.

With the advancement of women's education, a huge number of women have broken free from the confines of their families and entered society. They don't see raising their children as a life goal; they have their own careers and don't want to be bound by their children. In higher education, Chinese women are increasingly outnumbered by males, and women's thinking has improved and innovated over the last decade, despite a decline in the desire to have children. The decline in fertility rate has led to an abnormally high dependency ratio and serious aging.

### ***1.4 Costs of raising children rise.***

The cost of raising a child continues to rise with the cost of education, housing, transportation and other child-rearing. Ordinary families cannot afford the cost of raising two or more children, which also leads to the fact that, even if the two-child and three-child policy is constantly relaxed, not many families will choose to have children, the increase in fertility rate is relatively small, and the proportion of the elderly is relatively high.

## **2. Analysis and Current Situation of Pension Industry System Structure.**

### ***2.1 Analysis of Pension Industry System Structure.***

Structural system, on the overall development of the pension industry overview is a relatively complete variety of structural system on the overall development of the modern old-age service industry, the coverage of the big industrial development, the radiating surface is broad, direct growth driven by the pension industry mainly include all kinds of support through life information service, articles for daily use, elderly health care, YangLaoYe finance and insurance, etc. At the same time, the sustainable development of the above-mentioned pension service industry and the upstream and downstream pension industry chain system, such as modern urban industrial construction, medical care, science and technology, culture and education, will directly produce a strong driving force and comprehensive effect of the pension economic growth.

If the pension industry system is divided into three layers, it can be divided into upper, middle and lower. Upstream gives priority to the R & D, production and operation of elderly care products. It is a provider of all elderly care service products. It provides all necessary financial support for the country's elderly care through products and services of the pension industry are provided free and active auxiliary medical services, auxiliary dining services, auxiliary cleaning services and other services, development trends of the important links in the old-age service mode. Taking the community as the small center, the old-age service radiates to the surrounding area. In a small area, the elderly within the radiation range are provided free and active auxiliary medical services, auxiliary dining services, auxiliary cleaning services and other services, development trends of these three. Midstream mainly integrates all elderly care products and services, which are introduced through various forms such as direct stores, convenience stores, online elderly care sales service platforms, and specialty elderly care product wholesale stores. It has in-depth contact with elderly care consumers and has become a communication between upstream and consumers. bridge. At the elderly who can not accept basic pension

### ***2.2 Current situation of the pension industry system.***

At present, the main reason that restricts the mismatch between the consumption demand of the elderly and the supply of services is the acceleration of aging, while the supply of the pension service industry lags behind. Therefore, with the gradual increase of the aging level, it will bring great pressure to the supply and demand of pension consumption <sup>[1]</sup>.

As China's old-age industry system is formed, the upstream product is the core part, and the upstream production and integration of products and services more focus on the abilities of no pension and half endowment of the elderly population, development of various kinds of intelligent bed, intelligent health facilities and supporting services, pay attention to the promotion of material service, ignore a lot of early old group, Mental health services for older persons are neglected. In China, all kinds of products and services related to tourism, social contact, culture and health care are obviously less than those related to real estate, finance and medical care. The industrial system needs to continue the trend of diversified development and continuous progress.

Summarizing the above analysis, we can see that the country's elderly care industry system should continue to consolidate the bottom requirements of product and service quality, and ensure the most basic life requirements for the health of the elderly. It should also innovate service models and actively develop informatization, intelligence, precision, and customization. The elderly care service model meets more advanced and higher-end needs, so that the elderly can get accurate and customized elderly care services, which vary from person to person and satisfy everyone, to further meet the diverse needs of the elderly population.

### **3. Problems hindering the sustainable development of the pension industry.**

#### ***3.1 Cost fluctuation.***

In the pension industry chain, cost supports quality, quality determines price, and price restricts profit. See from this, cost is having important effect on whole industry, so the cost is the foundation of enterprise development.

#### ***3.2 The development of industry standards and industry organizations lags behind.***

Industry standard supervision is a critical lifeline for the pension industry's long-term viability, as well as a vital and effective avenue for businesses to implement pension industry standard supervision. According to data, the Basic Standards for Service Safety in Elderly Care Institutions and the Standards for Health Care Services for the Elderly are the only two industry standards that have been publicly issued in China. The above two industry standards are primarily concerned with physical pension industry service supervision; however, keeping up with the present development of digital pensions, smart pensions, pension finance, and other industries is challenging, resulting in backward supervision and development.

The sustainable development of China's digital pension service industry is still in its infancy, and there is no mature sustainable development business model and perfect industry standards. At this stage, the development of the elderly care industry without industry standards lacks targeted and standardized product measurement standards, and various products lack formal testing standards and formal testing institutions.

#### ***3.3 Product standards are not clear and the quality is uneven.***

The quality of products and services is the core of the sustainable development of the pension industry. The quality of products and services is the core competitiveness of enterprises. At present, the quality of products and services in China's pension industry are uneven. There is no strict audit standard, resulting in the quality of output products can not be the same. The product quality of different batches of the same brand may be different, and the instability of product quality and service quality restricts the development of the elderly care industry.

According to statistics, there is only one law and regulation for the elderly formally promulgated at present, namely, "Management Measures for the Elderly Institutions". The government has more than 21 policies, but most of them are on the management standards of pension institutions and nursing homes, and do not involve the quality standards of pension products. Therefore, China's old-age care products can only be audited and supervised by the general quality standards of the products, and it is difficult to regulate the special needs of the special group of the elderly. As a result, the product quality is difficult to meet the physical and psychological needs of all elderly groups.

#### ***3.4 The contradiction between the demand for old-age care and the supply of products.***

According to the consumer demand analysis system and relevant data, the overall consumption power of the elderly is increasing rapidly, and the elderly's consumption demand in social network entertainment, medical care and health care is growing fastest. This also mainly reflects the direct influence of two main aspects. On the one hand, the per capita disposable income of the elderly has been growing rapidly year by year, and consumption growth has been relatively stable, forming a good environment for consumption growth of the elderly. In more than one elderly consumption growth area, on the other hand, data distribution, social, entertainment, health insurance and other healthy consumption increases, serious consumption in recent years, reflected the people pay attention to the keeping in good health, entertainment, consumer demand, formed the good health of endowment entertainment spending habits and customs, pension will bring a haircut the rapid growth of consumer demand to the elderly, It improves the demand for the elderly and provides a good foundation for the development and expansion of the pension system.

In order to better reflect the problems existing in the pension industry system, we can summarize the different needs of the elderly into five pyramid needs. At the bottom of the pyramid is the most basic consumer demand, namely health care management and elderly medical care and health care needs. The demand of this layer is subdivided into the health physiological demand at the bottom and

the security demand at the bottom. The remaining three layers can be summarized as self-living habits, daily living and self-spiritual cultivation needs, which can be subdivided into three layers of self-emotional needs, two layers of self-respect and responsibility needs and the top layer of self-realization ability needs.

The biggest problem facing China's pension industry is the huge investment at the bottom level. Most products of the pension industry tend to meet the health and physiological needs of the elderly, but ignore the emotional and self-realization needs of the majority of the elderly. However, in the past five years, the proportion of the elderly's consumption in social entertainment has increased, reaching 13% of the total consumption structure, and the profit space is gradually expanding, which also reflects the elderly's greater demand for the upper three layers. However, the structure of pension products caused by China's pension industry is difficult to meet the high-end demand of this part, resulting in the contradiction between supply and demand in the development of the pension industry.

#### **4. Countermeasures to solve the development problems of the pension industry**

##### **4.1 Government countermeasures**

###### **4.1.1 Improve the social security system**

Under the support of the government, the pension insurance system will be constantly improved, and the commercial pension insurance will gradually enter the market and be promoted in a wide range under the promotion of the government. We will establish and improve the management system of the basic old-age medical security fund, the long-term rehabilitation medical insurance system, the basic old-age medical and social welfare system and the social insurance assistance fund system, and vigorously develop public welfare programs and social old-age insurance programs for the elderly.

Improve the community's role in the aged care industry by better understanding all elderly people's needs and implementing appropriate assistance programs. We'll establish a strong foundation for the growth of home-based and community elderly care in rural cities and towns, as well as increase the quality, upgrading, and efficiency of services offered by community elderly care institutions and strengthen rural community old-age security services. The combination of medical and nursing services in community mainly refers to the mode of community-level medical and health service institutions providing elderly care services and basic medical services for the elderly in the community by adding a combination of medical and nursing wards, opening beds for the elderly or cooperating with nursing homes, so as to improve the quality of life of the elderly. At present, community health service centers run by the government are the main ones<sup>[2]</sup>.

###### **4.1.2 Improving the Health Support System**

We will promote a system of old-age care services that combine health care and old-age care<sup>[3]</sup>. Carry out scientific sports training for the elderly, strengthen their disease prevention and body immunity, enhance their physique. In addition to prevention, we should improve the medical and nursing system, provide comprehensive health examination for the elderly, and ensure timely detection, treatment and recovery of diseases. We will improve the medical security system and provide medical treatment with high reimbursement for sick elderly people. At the same time, we should pay timely attention to the mental health of the elderly, timely guidance, especially should make the elderly feel the attention of the society, do not lack the elderly.

###### **4.1.3 Promote the consumer market of the pension industry**

At present, the per capita annual consumption of the elderly is rising steadily year by year, which provides a good sales market for the elderly products. What the government is doing is to make products and services for the elderly diversified and prosperous, to enable more innovative enterprises to enter the elderly industry market smoothly, and to provide more intelligent services such as intelligent motion sensing, intelligent monitoring and intelligent alarm for the elderly, so that their children can feel at ease and the elderly can live a more convenient life.

The government should also formulate clear, rigorous and standardized industry standards, set up formal inspection and supervision departments, and conduct reasonable and legal sampling and monitoring of products entering the market in accordance with regulations to ensure the unity and stability of product and service quality.

#### ***4.1.4 Protect the legitimate rights and interests of the elderly care business in accordance with the law***

Further improve the old-age security system on the existing system, including the old-age security system and related old-age service system, to protect the development of the old-age industry<sup>[4]</sup>. While protecting the rights and interests of consumers, the government should also provide enterprise protection for pension enterprises, protect their legitimate rights and interests, and enable them to carry out sustainable development within the scope permitted by law and market. The government should issue relevant decrees or protection of industry rights and interests. When overseas enterprises occupy a large share of the domestic pension market, the government should give preferential policies to domestic pension enterprises, such as tax incentives, government procurement, and government promotion. Let domestic pension enterprises have long-term development power, gradually enhance the market competitiveness, and finally can compete with foreign brands in the market.

The rise of a large number of domestic pension products is bound to further open the domestic market and further increase GDP. At the same time, the rise of domestic products will also open up the foreign market for industry, occupy more market share in the world, so that China's pension industry can be polished in the market to be more perfect, more comprehensive. It also enables the pension industry chain to be in line with the world, to access more high-end and intelligent industrial technologies, to extract the essence and discard the dregs, and to further improve the quality of China's pension products and services, improve the quality and efficiency.

#### ***4.1.5 Promote the fashion of respecting the elderly and attract the pension industry***

The government should increase efforts to promote respect for the elderly and virtue, and use traditional festivals such as the Spring Festival, the Ching Ming Festival, and the Double Ninth Festival to launch new, large-scale campaigns to promote respect for the elderly, such as spreading the idea of supporting the elderly on campus, allowing children of all ages to accept and respect the idea, and respecting the social fashion of carved into everyone's heart. In this way, the society can pay attention to the importance of the pension industry, the demand for the pension industry will also increase to a certain extent, so that everyone can pay attention to the vacancy of the elderly health pension market, so that more technology enterprises or service enterprises can pay attention to the broad market of the pension industry.

The government can encourage some enterprises that have the ability and tend to produce other related products to carry out transformation or cross industry, make full use of all available surplus resources to enrich the pension industry market, quickly complete the products and services needed in all aspects, and attract diversified pension industries to enter the pension market.

## ***4.2 Countermeasures at Enterprise Level***

At present, the business development of China's pension products industry is unbalanced, with pension real estate enterprises as the largest market share. Due to high-end endowment real estate enterprise investment, long investment periods, supplies and domestic high-end large pension industry real estate projects have gradually become saturated, basic pension industry real estate development business enterprise rapid downward, need endowment developers to make long-term strategic layout adjustments through fusion endowment industry chain of transformation strategy, from the current under the trend of seeking out co-investment.

In view of the development of pension finance and pension service market, in terms of pension finance, China's current pension system is still dominated by basic pension insurance and annuity business, which leads to low enthusiasm of individuals to participate in commercial insurance<sup>[5]</sup>. At the same time, take commercial endowment insurance as an example, commercial endowment insurance products have many defects, the contract terms are too complicated, it is not easy for consumers to read and understand; Low yield, low cost performance; Unreasonable marketing means, causing consumer aversion; Product homogeneity, lack of innovation. The above defects not only exist in the commercial pension insurance enterprises, but generally exist in the whole pension industry. Old-age care, therefore, the financial insurance enterprise if you still want to continue to seek healthy development must be for the above problem constantly in-depth, systematic and continuous improvement, continuous improvement, constant innovation, development of new insurance more in line with the requirements of the people, improve the quality of employees of the enterprise training, advocating ideas create

humanized management mode. In terms of old-age care service integration, in promoting the development of the endowment insurance and care insurance service integration based on the good, to strengthen the top-level design, promote "and raise combination" of the fusion of preliminary stage to the service industry development direction, combined with the actual market demand constantly improve enterprise old-age care service system, to realize enterprise medical endowment resources widely involved and full cover, Various old-age services are developing towards specialization, diversification and high quality quantification.

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