

The Elderly Care Issue and Commercial Model Exploration in China --- Taking Shanghai City as Example

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ABSTRACT

Aging society is not just a simple matter of the elderly population; it is related to the development of a country and the happiness of a family. Compared with the developed countries, China's aging problem has its own characteristics, such as aging faster, aging before rich, and aging with few children.

This paper starts from introduction of China's current elderly care situation. China's elderly care model is different from what it was from the traditional residential culture, when most elderly were cared by their family members. Now it is impossible for the children from the "single child family" to give all the support, which is needed by the elderly. Then an analysis about the elderly care model is carried out. The survey is conducted through using the questionnaires on aging issues in Shanghai, one of the largest cities in China, to know the elderly current situation, consumption power and their needs on the elderly needs, so as to see a general picture of the elderly care in China. At last, some recommendations are put forward to set up the Chinese current mechanism of the elderly care models, the home/family care as the main base, community care as the supplementary and the institutional care as the support, to solve the aging problem in Shanghai.

Chinese government should learn from the experience of the developed countries and change its present pension system. So China's aging society can be transformed into a more human and more colorful one, and the elderly can enjoy their aged life.

Keywords: home care model, family care model, community care model, institutional care model, elderly care services

INTRODUCTION

The Background and Significance of the Study

Aging society refers to the population structure in which number of elderly population

reaches or exceeds a certain percentage in the total population. According to the United Nations definition of an aging society, it marks that the region becomes an aging society when the proportion of 65 year old people reaches 7% in the total population. As early as 1865, France became the first country of the aging society, followed by Norway and Sweden in 1890, and the United Kingdom in 1931⁹. China entered into the aging society in 1999.¹⁰

According to the sixth national census of statistics in 2010, the population above 65 year old people has reached 118,927,158, accounting for 8.92% and the population over 80 year old has reached 20,989,346, accounting for 1.57% of the total population¹¹. With the declining of birth rate and increasing life expectancy, China is facing increasingly serious aging problem and the number of aged people at the top of the pyramid is growing. Under the assumption of United Nations for the present fertility rate, the population of aged 65 and above is expected to increase from 6.9% in 2000 to 15.7% in 2030, and in 2050 will reach to 22.7%. Meanwhile, the number of aged 80 and above will grow from 11.5 million in 2000 to 39 million in 2030 and 64 million in 2040 and 99 million in 2050. The proportion of senior citizens will grow from 13% in 2000 to 30% by 2050.¹²

China is not the only country plagued by aging problem; many countries are also facing the same problem. Between the year of 2000-2050, China, India and Mexico, the average annual growth rate of senior citizens is expected at 4.3 percent, while Canada, Japan, USA, Germany and France, the average annual growth rate of senior citizens is 2.2% -2.8% respectively.

Ageing is not only a social problem, but also economic one. Increasing population in the world, deepening the aging situation, elderly care services have caused the attention of the Chinese government as well as the academic and business circles.

The Problem

The aging becomes increasingly serious and elderly care problem becomes a major social issue, waiting to be solved by the Chinese government. In China, the number of beds in existing nursing home or elderly care institutions and professional nursing staffs are in serious shortage and community care service network is in urgent need. These issues are imposing enormous challenges in the process of developing elderly care industry in the Chinese social transitional period.

How to understand the needs of the domestic elderly care market and the senior citizens consumption power, learning from foreign advanced aged-care system and services, looking for China's current social and economic development of effective elderly care model, are what the paper wants to explore and resolve.

⁹ Liu, C.; and Lu, T.. (2005) Explanation of Chinese Elderly Consumption market in 21 Century, *Commercial Economy and Management*, 2005.11

¹⁰ Ying, B.. (2002) Enlightenment for Defining Chinese Elderly Market and Marketing from American Subdivision, *Hanjing University Journal*, 2003.12

¹¹ China National Bureau of Statistics

¹² Zen, Y. Liu, Y. Xiao , and Z. Zhang ,C.. (2004) Social Economy and Healthy Situation of China's Elderly, *China Population Science*, 2004.12

The Approach

The research methodology is to apply the relevant theory into practice by some statistical analysis and qualitative analysis according to the samples from the questionnaire.

Through theory and literature review, the paper describes and summarizes the elderly care systems and services in the developed countries from both east and west world so as to draw lessons and experience.

Through the analysis of samples surveyed in the districts of Shanghai, this paper, with a positive attitude, explores a reasonable and effective development of elderly care model, under the current social and economic transformation stage, so as to explore some effective way in China

RELEVANT THEORY AND LITERATURE REVIEW

From an economic perspective, the exploration of problem from the elderly is mainly carried out from the following two aspects:

Micro-aspect, economists mainly discusses the care, pension, settlement patterns, marital status and other factors, which effect the health of the elderly; the impact of health of the elderly on the labor market; the influence of the health the elderly on their economic behavior and welfare; the supply of long-term care from the health services market and so on, etc..

Macro aspects: the national pension insurance, medical insurance, long term care insurance policies and other aspects on the health implications.

China's Model for the Elderly Care

Home Care Model

China's model for the elderly care is mainly family based, but a variety of care models, obvious urban-rural differences can be classified from different aspects. From the living style aspect, home care has the largest share; from the economic aspect, the city dominated by life insurance and retirement pension; cares from children, whereas, self-care and supported by children is the main model in rural areas. Yao Yuan (2000) proposed the concept of home care, which refers to the Chinese cultural model that families assume the responsibilities of care for the elderly, including home care model and family care models, which means parents will live with children when they are elder.

Family care model is based on the kinship responsibility from family members. The characteristics cover a cultural model, which is a long-term stable cultural model at the moral standard. Xiaotong (1983) discussed, "Chinese and Western cultures in parent-child relations differ in the care and support for the elderly". In the Western culture, the care for the elderly is not an obligation, which must be borne by their children, whereas, in China it is the bounden duty of their children". Family care model refers to the operation model that family members fulfill the care obligations, it is a behavior with obvious intuitive and non-normative. Such a model has been existing for thousands of years in China. From a social

point of view, family care model is changed from institutional care to home care, from children support to community support. From a personal point of view, then the elderly is healthy, they live separately, when they become very old, they are cared by co-residence. As the traditional Chinese way of interactive family care, it is not a one-way flow of resources, but the two-way, instead. Children provide parents with financial support, daily care and spiritual comfort; at the same time, parents are helping their children to some degree when the grandchildren are little.

In the informal care network for the elderly, children are an important foundation for the care of the elderly. It mainly refers to the care for elderly family members, including wives, children, spouses, grandchildren and older brothers and sisters and other relatives. The care for the elderly includes financial support, the daily life care, spiritual comfort, and care in case of illness. In addition, the elderly family care also refers to the care occurring inside the elderly family, but sometimes also occurring in some other places outside the home, such as family members' accompany to hospital. The family care, in terms of content, includes financial support, daily care and spiritual solace. In the interaction relation between elderly parents and adult children, it involves the reciprocity between them and responsibility of them and other traditional cultural factors (Spritze & Logan, 1992). The studies have shown that, in the context of the family care the daily interaction and support between the parents and children have a more significant effects to the health of the elderly (Quinn, 1982; Langlie, 1977).

The meaning of family care and home care in this paper differs from the traditional ones. After nearly 30 years of reform and opening up in China, the more and more children are away from their parents because of high education, then working in different places. So more and more parents have to live alone, home care here means to stay at home for self-care or employ a nanny to copy with the daily house work. The ever-accelerating pace of life, competition and increasing aging population make the problem of the elderly care more and more serious, which cause the attention from various corners. Shanghai as the fastest growing city of aging, people select their own ways for elderly care, send to nursing home, or self-employ a hourly paid maid as a temporary solution to the "empty nest" families (an elderly couple live alone without their children living in the same city). As the elderly population continues to grow, the best way to solve the elderly care problem is to rely on the residential community to provide some necessary assistance.

Social Care Model

Social care refers to the care model except the family care and home care model. From the point of places, it can be divided into institutional care and community care. Institutional care includes social welfare institutions and public and private nursing homes. It is a way for the elderly to move in a variety of care institutions. Their daily care is provided by the elderly care institutions. Community care, also known as home care, refers to the elderly stay in their home in a residential area, in which they continue to receive some care from their family members, at the same time community and relevant agencies undertake daycare service.

(1) Community care model is the one, in which the community provides direct care services for the elderly living at home, key services including clinic, daily life, rehabilitation, mental health care, and interpersonal communication for aged loneliness. Basically it covers the

elderly daily needs.

Under the current system, the community care model coordinates and integrates all the resources, links formal and informal support networks within the residential areas, contacts governmental and non-governmental organizations to provide care and daycare services to meet the needs of the elderly. Efforts that rely on community support system allow the elderly within the community to have the greatest degree of independent life. This concept overlaps the "home care" mode which means that city community provides care much broader than the home-based care, with more emphasis on environment of the urban elderly and community care integration. Formally speaking, community care maintains the traditional pattern of family care, but the connotation embodies a change of model from the traditional to the modern ones, more suitable for China's new elderly care model.

(2) Institutional care model is the one, in which the elderly are placed outside of their home. Institutional care is mainly applicable to the elderly who cannot live independently because of their physical or mental disability. According to the national survey, the aged, widowed and those with difficulties to live on themselves would like to choose the model. The selection of institutional care depends on the body's function level rather than the elderly medical diagnosis.

In institutional care, the service facilities are provided and by arranged the state, collectives, civil affairs departments or local governments, so the government is the policy-maker, organizer of elderly care services, but also institute executives as well. The public institutional care is directly run by the state government or local government with rich land, capital, personnel, operational guidance without basic business risk. But as a private care institution, its housing, staff training and employment, management and cost of daily expenses are provided by private owners. They lack of credibility in the public with their short history of development in the elderly care service market.

The Relation between Family Care and Social Care

Family care and social care are relatively two concepts. Social care is provided by the state, society, and the collective institute, etc., the elderly or their children assuming no liability. Those live entirely on pensions belongs to this category (Manson, A. et al., 1995). Family care and social care represent two completely different ideas, values, behavior, care performance and elderly groups. In the sociology of culture, different cultures constitute the care model which is called cultural patterns (Yunjie, 1990).

Family care model became mature in the agricultural economy, while the social care is a kind of retirement pension system after the industrial revolution. In maintaining mechanism, the family care stressed blood affection and moral restraint; whereas, social care is protected by laws and regulations. In terms of the providing method, the family care generally takes a single decentralized way of family support, while social care is from support both centralized and decentralized resource. In terms of the resources, family care is mainly provided by family members or relatives for the financial support and daily care of the elderly, while social care is provided by the state, society or other groups who can provide financial support. (In China many big state owned enterprises have their own elderly care institutes.) In the risk protection, family care is taken by intergenerational relationship within the family or

clan, while the social care is taken in the context of consideration from the whole community interpersonal relationship. Generally speaking, there are three opinions on relationship of China's current family care and social care (Yao (2001), first, the long-existing opinion, family care is bound to transfer into social care, but this transformation stage takes longer process, family care mode in China will persist. Second, the changing idea, family care requires facilities and conditions, when the family structure changes, family care will gradually transfer to the care combining family care with the social care, and then transfer to social care. Some scholars believe that the care will be transferred to comprehensive care. Third, a not-advocating opinion, Traditional family care should play as a good role, but only a temporary solution.

To sum up, no matter what point of view is, it is generally believed that change will take place in family care model and social care will play an increasingly important role. Intergenerational relationship in the family and intergenerational support model will subsequently change. The changes in family structure and ideology caused by economic globalization may lead to change in family care model as an important opportunity. From the degree of aging problem in China, China's care model is more inclined to change that family care combined with the social care and then transferred to a social care or integrated care based on self-support.

CHINA'S THEORY OF GENERATIONS

Chinese scholars combined with the political economy, economics, sociology and cultural anthropology and other theories, to explore the aging problem from China's current social and cultural background. Fei studied the same aging problem which is discussed by his paper. Fei (1983) proposed "feedback mode" and Shanhua and Hei (2004) proposed a "theory of liability". Xiaotong noted that in Western societies, children assume no obligation to support their parents, but in China, children bear a compelling obligation to support their parents. In China, generation A nurture generation B, and in turn generation B support generation A; generation B nurture generation C, and in turn generation C support generation B, which means later generation should give "feedback" to the previous generation, referred as "feedback mode". Fei has pointed out, in China the family structure relations, the ways children support parents is different from Western ways (Fei, 1998). There exists a "feeding mode" between Chinese children and their parents. In the traditional culture of ethical obligation children have the obligation to support parents, which reflects the balance principle of reciprocity that raising children for protecting the old age, as the family ties to maintain economic community. Yang and He (2004) proposed the "ethics of responsibility" in their family care which reflects that the elderly have responsibilities and obligations to their children. Although the family care involves two aspects, the elderly and their children, as far as "ethics of responsibility" is concerned, the elderly only emphasize on their own responsibilities and obligations to future generations. So the elderly only sacrifice without expecting for any returns and given tolerance leniently when children do not give enough "filial piety", while they try to be independent and self-reliance in the maintenance of the three aspects (financial support, life care and spiritual solace), in order to reduce the burden for their children in the fast pace society. This paper argues that, from China today 4-2-1 family structure and the aging society point of view, Yang and He (2004) "ethics of responsibility" is more suitable for Chinese elderly status quo.

Long-term Care, Health Care and Cost for the Elderly

The World Health Organization defines long-term care as follows, the support from the informal caregivers (family, friends or neighbors) and professionals (health and social services) and activities for the care system, to ensure that those who do not have full self-care ability can continue to receive their personal favorite and a high quality of life, to access to the greatest possible degree of independence, autonomy, participation, personal satisfaction and dignity. As the improvement of health of the elderly, the proportion of incapacitated persons is in decline, partially offsetting by an aging population and increased life expectancy increase demand for care.

Germany, Britain, Sweden and other countries have implemented a long-term care insurance, adult children of informal care is a relatively common form of long-term care, which can partially substitute formal care, reduce medical costs.

Jiang and Zhao studied the opportunity cost of caring for the elderly, by using the 2005 Chinese Healthy Longevity Survey data, based on the elderly parents and children paired data. Authors found that the adult children would choose not to work, or sacrificed working hours to solve the problem of the elderly care, they reduced the average weekly working time of 1.4 hours, female caregivers sacrificed nearly seven working hours per week. For the aging problem, society focuses only on the decline of labor force due to aging problem. The study showed that the aging problem had a dual inhibitory effect on labor market and caring for the elderly also limit their children's labor participation.

THE ANALYSIS ON BACKGROUND AND ELDERLY CARE INDUSTRY SERVICE IN DEVELOPED COUNTRIES

This chapter briefly describes the care service system and service models in five Eastern and Western developed countries, which share common characteristics and remain distinctions in their elderly care service system.

(1) Japan is the first Asian country which entered the aging society, and shares many similarities in the traditional culture with China have. Japan's social security system is perfect, elderly care products and services market is relatively developed, with senior housing market as the biggest bright spot, and be very worthy of China to learn from. Very popular type of housing in the initial bear longevity design, the principle of sustainable use of the concept, taking into account the different life stages of a person's life needs to set aside certain space, to meet user needs in old age. The elderly can select the home care on the basis of existing homes, without moving, according to their own health, and gradually adjust housing design. As a typical East Asian countries, the analysis Japan's care service model provides a useful reference work for China to carry out more effectively care service.

Care services in Japan reflect human services, through continuous improvement and policy development, which is the very worthy for China to learn. The Japanese government has divided care facilities into several types, including short-term residence type, long-term residence type, convalescence type, and recovery type. The government has built about 3,100 health facilities and about 3,700 convalescent care facilities all over the country, when needed the elderly of 65 years can use social health insurance facilities. The Japanese elderly can

enjoy residential alterations, life care, health care, rental appliances, short stay facilities, day care nursing for dementia and information collection. Generally the elderly can obtain help from local communities or civil society. Elderly care industry is also very developed.

(2) In the United States and other developed countries, the elderly grew up after World War II received a good education, having higher incomes. The United States has formed a huge elderly market by the development from various industries. As early as 1986, the United States elderly consumption accounted for 18% of GDP.

In the United States there are several popular elderly care methods, such as reverse mortgages, apartments for the elderly, community care and other migratory tourism. The elderly who select reverse mortgage can put their house as mortgage to the bank, and regularly receive a living expenses from the bank, the banks assess housing values and life expectancy of the elderly through a professional organization, then effect monthly payment of living expenses until the elderly death, after the death of the elderly the banks deal with the housing. Home care is a relatively popular model with the elderly living in their own home or in the community, where specialized agencies provide domestic service and care services, and these services are tailored for the users. The choice of apartments care for centralized care is also a relatively popular model to meet the needs of elderly, with more colorful life for them. The construction of apartments for the elderly is generally in pleasant climate areas and community design is very user-friendly with various ancillary facilities, basic accessibility and leisure life for the elderly. More than 85 percent revenue comes from the pension industry in Florida. Travel pension is a better choice for those healthy elderly who love to travel in the United States and inn business is very hot for the elderly.

American community care combined home care seems very reasonable, but this laissez-faire policy makes the elderly feel that American government does not want direct intervention in the pension and health insurance, so as to encourage businesses and individual self-accumulation of capital through market practice, which may result in an economic slowdown and a large number of pension funds shrink. Health care system is seen as an industry, and laissez-faire policies adopted by the employer or self-insurance in the private insurance market. Only the elderly of 65 years old can enjoy some of the benefits from the federal government Medicare and Medicaid. These practices may fail in the end because the government or personal financial crisis and the ultimate welfare of the elderly cannot be guaranteed.

(3) Sweden is typical of the Nordic welfare state who advocates the social security policy "from cradle to grave". It is also the world's first country to implement mandatory the state pension retirement system for all citizens in the country. People generally accept the state pension concept. However, with the deepening of the aging problem and the increasing burden of state pension, Sweden's pension system has been reformed. Under the principle of fairness a greater efficiency is emphasized to provide advance pension reform experience to other countries.

(4) German with an earlier industrialization is the world's first country to provide protections for the elderly. Many countries are based on the experience from Germany to set up their own pension systems. German's legislation and aged care nurses training are well worth our

reference, in addition to elderly insurance law, the promulgation and implementation of the Care Act which provides an additional protection for the elderly. Meanwhile, the state through a number of policies to encourage young people to actively participate in the elderly care services activities to make full use of the country's human resources. German training system for nursing care industry is also worth our reference.

(5) Australia is a typical migrant's country, national pensions, corporate pensions and savings personal are three pension pillars. The individual citizens have no payment obligations. The national insist on absolutely fair and impartial, regardless of age, region, gender and other factors on all citizens equally. Despite this there is certain irrationality in this elderly care, the efforts and achievements are apparent in fairness wealth of society with the reduced gap between rich and poor.

Through the analysis of pension systems and care service of these five countries, we can find some common similarities which are points that China should learn from.

Firstly, the perfect social care protection system. In addition to national mandatory basic pension insurance, businesses and individuals are encouraged to participate in other supplementary pension insurance through tax reduction and other ways, which reduce the pressure on the payment of basic pension insurance, and also ensure security for the elderly with multi-channel sources of income.

Secondly, the great coverage of social care. The country's various pension system has largely achieved universal coverage, not only solved the problem of the elderly care for the enterprise workers, but also for non-professionals, freelancers, private owners, farmers and so on, and a variety of pension systems insure a clear boundaries without overlapping phenomenon .

Thirdly, fairness and efficiency of the basic national pension system. The amount of premiums paid occupies a certain percentage of the amount of the salary and the pension recipients at a minimum level to avoid the impact of the payment amount.

Fourthly, home care, community care and institutional care is the popular model of all countries with home care and community care as the mainstream care model, which is encouraged by the government. In order to help more elderly to achieve home care, government organizations provide a range of community care services, and to monitor the quality of services and review the qualifications for the care receivers.

Fifthly, professional and non-professional caregivers of all countries. Professional nurses have received a relatively perfect nursing training, with their qualification certificates. Professional nurses have relatively high professions, distinct division of work.

Sixthly, full national development of elderly care products and services in the market. In the market the elderly can buy products easily which are suitable for them. Meanwhile, the non-profit organization of pension service in developed countries also played a huge role in optimizing allocation of social resources, reducing the burden of government and society.

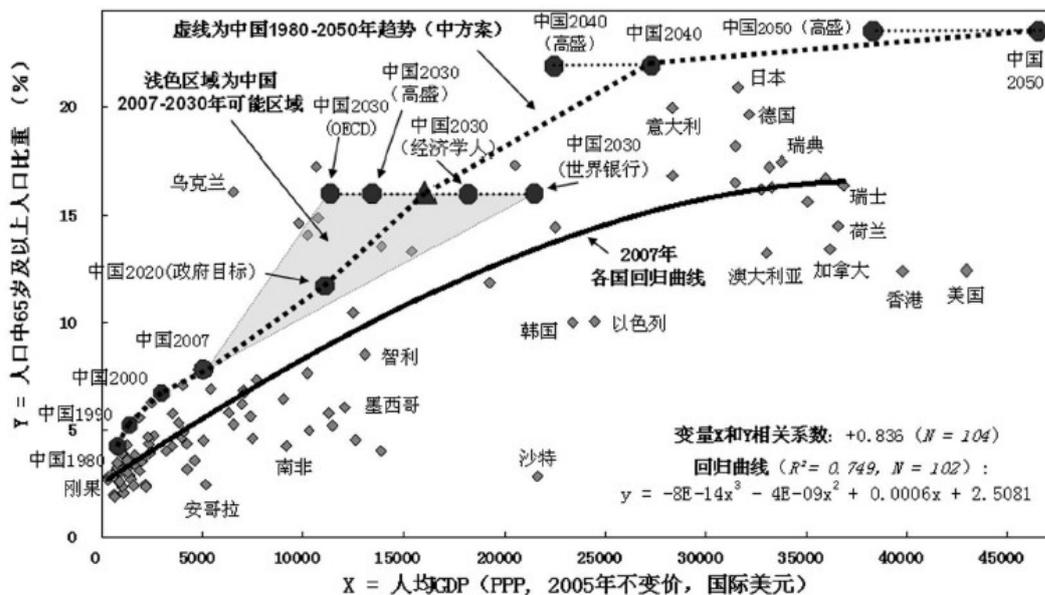
THE ANALYSIS ON THE DEVELOPMENT OF CHINA'S ELDERLY CARE INDUSTRY AND ITS MODEL

The Level of the Development and Aging Problem

Aging problem has become a global phenomenon, which emerges with the economic and social development. As early as 1986, Wu proposed that China became "old before getting rich", and the assertion triggered intense debate and research continuously to this day. From a macroeconomic point of view, the inharmonious of aging population and economic development will impose greater pressure on the economic and social development. The earlier the aging problems appear before the economic development, the more obvious the pressure is.

Moron, in his "1980-2050 China's Aging Population and Economic Development Coordination Quantitative Study" proposed studied China's aging problem and coordination of economic development. Author studies more than 100 countries, and reversed level of aging population with economic development represented by GDP per capita to get a regression curve as a general rule so as to determine synchronization between China's aging population level and economic development.

FIGURE 1 THE COORDINATION BETWEEN AGING AND ECONOMY



The mapping of figure 1 curve requires two data indicators, namely GDP per capita for countries and proportion of elderly over 65 years old. Author used national per capita GDP data in the World Bank's "World Economic Development Indicators 2008," published in 1980-2007, at the same time, he used the data from World Bank, the OECD and the U.S. Goldman Sachs forecast on China's economy 2008-2050 and "The Economist" forecast per capita GDP of 70 largest economies in the world. The Aging population data was from the United Nations' World Population Estimates 1950-2050 (2008 edition).

By Figure 1, we can find a number of questions, such as China's aging population problem and coordination economic development curve is significantly higher than general rules of the reaction from regression curve, which also supports the judgment of the country's "old

before getting rich". The development of aging population is obviously ahead of economic development level. After 2007, the aging population problem is more serious and it is very obvious between 2020 and 2040.

China's Elderly Care System and Its Transition

China's elderly care system was established at the beginning of the founding of People's Republic China, with a history of 60 years. This development history can be roughly divided into two parts, 30 years before and after the reform and opening up to the outside, with the first 30 years of highly planned economy country/corporate insurance, and then 30 years after the reform and opening up marked by the modernization of the social security system.

Chinese social security system began from the promulgation of "PRC Labor Insurance Regulations" in 1951, the Insurance Act covered all urban enterprises, enterprise workers and their families were able to enjoy social security benefits. The insurance was provided by the specific implementation of enterprise unions, financing from the payment of companies, with part cost entered business cost. Rural elderly insurance system was regulated by the "Advanced Agricultural Production Cooperatives Model Charter" adopted in 1956, reflecting mainly in the "Five Guarantees" (guarantee for food, cloth, medicine, lodge and funeral). In the health care, farmers paid a small amount premium to enjoy free prevention and care services. In order to reflect the "civil officers and enterprise difference", the institutions pension system and the enterprise pension system was implemented separately. The pension was linked with the length of services, and implemented by the financial support for free medical care. This system lasted until the "Cultural Revolution."

In the Chinese "Cultural Revolution" period, the urban social security system was fully stuck in trouble. Due to the "Cultural Revolution" impacts, state-owned enterprises suffered great losses with the functioning of Chinese enterprises severely broken. The urban social security contribution only relied on a single enterprise financing channels and the company's loss led to the depletion of social security financing channels. And during the Cultural Revolution, the Worker's Union was revoked and pension management was in disorder. In February 1969, the Ministry of Finance issued a "Several Opinions to State-owned Corporate Finance System Reform (draft)", regulating that state-owned companies to stop paying social insurance funds and social security expenditure on enterprise workers became the company's internal affairs. The rural "Five Guarantees" system was also almost completely stopped, but the cooperative medical system was continued.

After the reform and opening up in 1989, in order to solve the problems left over the old social security system, the state restored some of the old regime, while began a new exploration of the social security system. In 1986, the State Council promulgated the "Interim Provisions of Implementing Labor Contract System for the State-owned Enterprises", for contract employees, in pension insurance system, the enterprise contributed a payment of 15%, and the cumulative individual contributed 3%. In 1991 the State issued "The Decision of State Council on urban Enterprise Workers Pension System", which made the decision to change the state and corporate pension model, with the tripartite model from state, enterprises and individuals. Some cities implemented a social pooling base, combining with personal accounts as the pilot. In 1993 the Third Plenary Session of the Fourteenth Communist Party Congress adopted "The Decision of Establishment of a Socialist Market Economic System and a Number of Issues", and further proposed national pension system from the social co-

ordination and co-ordinate the implementation of corporate social pooling and individual accounts. In 1995 the State Council issued “Notice on Deepening the Reform of Pension for Enterprise Workers“ which clearly put forward the establishment of social pooling and individual accounts of combining pension mode. In 1997 the State Council promulgated the "Decision on Regulations of Establishment for a Unified Basic Pension System for Enterprise Workers" to further clarify the system account ratio.

In 1998 Social Security system is basically formed and in 2000 and 2005, the Social Security mode basically established, then the state carried out an experiment in three provinces of northeast China as a pilot, trying the real accounts and set up accumulation system. In 2007 the state promulgated the basic medical insurance system for urban residents, "Guidance", and in 2003 in rural areas "New Farmers Cooperative Health Care System” was established to replace the "Elderly Farmers Cooperation Health Care System". In 2009, the "Young Farmers Insurance" pension system guidance officially announced.

Looking back at the development history of social security system, the government's role in establishment of social security system experienced was “first exiting then entering”. In this process, the majority of urban and rural residents experienced a loss of units or collective provision of social protection without social protection policy. In recent years, the government has made tremendous efforts to establish a sound social security system. China's current social security system is still facing a number of challenges below.

Firstly, the social security problem for the floating population is waiting to be solved. Along with China's urbanization, a large number of rural labor force flow into cities, with a separation of their health care and their resident records, away household registration (as a special term in China, *Hu Kou*) system. Encouraged by the Government, some farmers have jointed the social security program, but there exists a problem in transferring social security to urban from rural areas, especially for the floating migrant workers.

Furthermore, the social security problem for individual industrial and commercial households, freelance professionals and other informal practitioners is waiting to be solved. China's current social security system generally applies only to formal employees with stable income, and it is not applicable to the informal employees with low income or unstable income. This is not conducive to open up channels for neither employment nor promotion of employment. The social security coverage is guaranteed and the interest of informal employees is not protected.

Finally, the social security system faces challenges from an aging population. China is a populous country which suffers an aging population and the growing pressure. The government has to undertake the heavy burden of social pension insurance and health insurance in the underdeveloped economy.

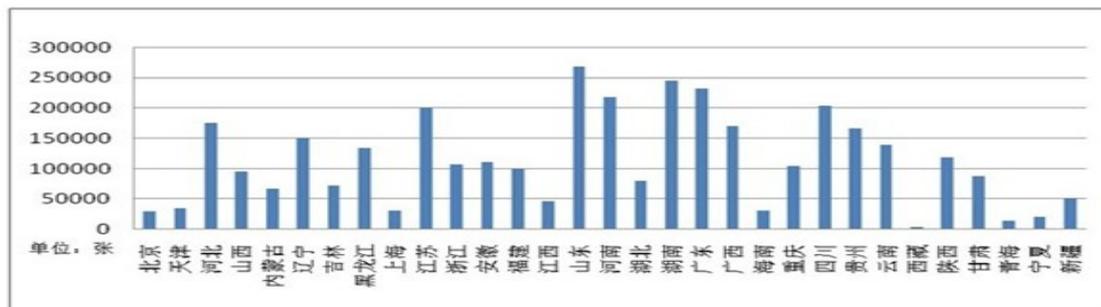
The Distribution and Current Situation of China’s Elderly Care Services

Number of Beds in Elderly Care Institutions

China's "12th. Five-Year Plan" has planned the development of the elderly care industry, by 2015, a perfect organized, well-run and well monitored sustainable social care service system

will be basically formed with appropriate scale and excellent service. There 30 beds for per thousand elderly, 5 million new jobs posts will be added to elderly care services. Home care and community care service network is basically sound. In the "12th. Five-Year" period, 3 million beds will be increased for day care and institutional care, doubling the total number of beds. 30% of the existing beds will transformed so as to achieve the construction standards.

FIGURE 2 THE SHORTAGE OF NURSING BED



In order to deal with the serious beds deficiencies phenomenon, based on China's "12th. Five-Year Plan" many provinces have formulated detailed policies to encourage private capital investment in the elderly care industry, while planning a special land for that. They also encourage social capital to set up non-profit elderly care services.

Every year there are an addition 76,000 "lost single child family" and by the end of 2012, there are more than one million families like this kind in China. This means that nearly 2 million elderly facing medical, psychological, care services and other difficulties because of losing their only child. How to make the elderly be supported becomes a hot topic of current social concerns. China has carried out the family planning policy for 30 years, making her contribution to the world by decreasing the world population. The majority of families have only one child. Many families have made great sacrifices, especially premature death of the only child. The government should adopt institutional reforms to ensure the elderly a dignity aged life by providing emotional and material help and removing their worries.

Situation of Elderly Care Staffs

The survey of urban and rural elderly care staffs shows that there are 73,403 people engaging in elderly care services in urban areas, with additional 932 assistant social workers and social workers. In the rural areas, there are 141,636 people engaging in elderly care services, with additional of 1,213 assistant social workers and social workers, among them 32% are 35 years old and 39% of them are between 36-45 years old, 45 years old and above account for 29% in urban areas but in rural areas 24.5 % are 35 years old, 41.5% are between 36-45 years old, 45 years old and above account for 34%.

In summary, there is a serious shortage for professional nursing staff, whether in urban or rural areas, professional nurses with vocational qualifications account for less than 1%, the vast majority of nurses or maids without formal, systematic geriatric nursing education or training.

Situation of Home Care Services

Family care is the most economical way for the elderly care. China has large population with an increasing aging population. The elderly population has exceeded 100 million. Chinese government has been encouraging family care and provinces and municipalities have also put forward the “9064” care model, that allows 90% of the elderly to enjoy care in their own homes, 6% of the elderly to the community care, and 4% of the elderly to the nursing home; and “9073” care model, that allows 90% of the elderly to enjoy care in the home-based care, 7% to the community care, and 3% to the institutional care. Living in a familiar environment, together with their families the elderly can gain greater happiness.

But according to the statistics from Civil Affairs Bureau in 2011, the current network of community home care covers less than 20% in big cities in China, while the rural areas are yet open. However, in urban and rural areas the empty-nest families’ proportion reach 50%, some cities reach 70%, about 40 million elderly people remaining in rural areas with their children working as migrant in big cities, accounting for 37% of the elderly population in rural areas. A huge scale empty nesters and elderly left behind and serious deficiency community care services show that China currently does not have the basic elderly home care conditions.

In order to support the development of home care, local government try their best to elderly care service platform to promote scientific management for the elderly care service work. On July 24, 2012, Ministry of Civil Affairs issued " An Opinion to Encourage and Guide Private Capital to Elderly care Services" so as to encourage private capital and foreign capital into service areas: The state supports of private capital to expand home care services areas, such as housekeeping service, rehabilitative care and so on. While encouraging private capital to be invested in elderly care institutions, such as aged nursing and daycare centers, the governments support the development of community care service network chain and encourage private capital to participate in development of home and community care services in rural areas. And the “left behind elderly” are provided day care and short-term care support, etc., while guiding capital development geriatric care and rehabilitation aids industry. Meanwhile, the government's social responsibility is to be further clarified as so to assume the role of supervision and delegation. Government increases support in taxes preferences for elderly care industry. Business tax is exempted if the private capital is invested in elderly care service industry and more than 50% of the revenue from the local civil affairs welfare lottery is set to be used in social elderly care service system construction.

At present, Shanghai and Zhejiang takes the lead in government's home care service industry, with Shanghai as the forerunner. In 2000 began to they started the exploration and in 2004 a breakthrough was made to form Shanghai’s significant home care model which becomes gradually mature and proved to be effective. The "9073" elderly care model appeared in Shanghai first proposed, namely 90% of the elderly care is provided by family members or the elderly take care of themselves, 7% elderly receive community home care services and 3% elderly get them care through elderly care institutions. Shanghai’s "11th. Five-Year Plan" development program quantifies explicitly the home care services, and included into indicator system. For eight consecutive years since 2004, home care has been put into municipal project budget. At present, Zhejiang and Shanghai have set a number of home care service centers in each community with jobs of personal care, integrated home care, home maintenance care services, individual rehabilitation care and care consulting services.

Home care services in Shanghai is funding mainly from the welfare lottery, Municipal Civil Affairs Bureau raise funds through issuing lottery, mainly for the purchase of home care subsidies for those who have difficulties. Municipal Civil Affairs Bureau gives subsidies to street home care services institutions to cover the cost of home care services.

Currently there are two main kinds of home care service in Shanghai is: the one is relying on the care institutions to provide elderly daycare services (just like the kids daycare center), the elderly from neighborhoods can enjoy various recreational activities, providing lunch but charging a little. "Golden Harbour Elderly Apartments" in Luwan District's and "Urban and Rural Welfare Apartments" in Jiading District have a daycare service centers. Another is to rely on the care institutions to assign care workers to elderly home. In the home care center services have been carried out in all districts with neighborhood communities as a network. Home Care provides services will focus on the spiritual solace, daily life care and housekeeping services, with meals delivery, laundry, barber, doctors accompany, shopping, cleaning and other daily care and housekeeping services.

Currently in Shanghai, home care service institutions are mainly set up in districts and neighborhood communities, which focus on cooperative help. Institutional settings generally consist of three kinds: the first one is attached to the elderly care institutions, such as home care service department and creation center (daycare) in Luwan District. The second is attached to community service centers, such as the care service agencies in Huangpu District. The third is the independent home care service center, such as the ones in Changning District. This setup is more scientific, fully taking into account of the convenience of home care methods on the request.

Home care staff can be divided into two levels, management staff and services staff. In the current situation the persons in charge of a full-time home care are generally civil affairs officers or recruiters. Generally speaking, they are not professionally trained nor with social work expertise. There are two main service staffs: the laid-off workers and migrant workers. From the service level, they generally receive only short training. They can only manage the general housekeeping services, but there is a great gap between what is required from the elderly, such as spiritual solace and health care. Even so, poor treatment or low payment to the service personnel, laid-off workers are unwilling to engage in home care services, although migrant workers are willing to do the work, but many of them just take it as the first step of settle down in the city area; so for habits, safety and other reasons, many elderly are reluctant to accept them. In addition, due to the different regional level from different neighborhoods and communities, and different requirements from the elderly, so there is often an imbalance between supply and demand for home care service, while home care service institutions cannot afford a fixed support services staff.



THE SURVEY FINDINGS AND ANALYSIS

The survey team for the situation of Shanghai elderly care project, the ECUST-UC joint MBA students take two months for designing the questionnaire and collecting 213 samples from the local citizens at the age of 40 years old above to 90 years old.

Samples

Among 213 samples, 46 are from Baoshan District, 63 from Minhang, 16 from Changning, 13 from Pudong, 12 from Xuhui, 2 from Yangpu, Luwan, Zhabei separately, 3 from Putuo and Huangpu separately, 1 from Jing'an and Hongkou separately. 50 samples are not mentioned the particular district.

TABLE 1 STATISTICS SURVEY IN SHANGHAI DISTRICTS

district	Pudong	Yangpu	Minhang	Xihui	Baoshan	Huangpu	Putuo	Hongkou	Zhabei	Changning	Jingan	Luwang	No
sample	13	2	63	12	46	2	3	1	2	16	1	2	50
Total population (10000)	281	109	100	91.7	90.7	90.4	88.3	79	68.4	62.7	30.1	-	-
age above 60 (10000)	68.6	28.3	24.2	24.4	22.9	24.8	24.1	22.1	18.4	15.8	8.8	-	-
Elderly population (%)	24	25.9	24.2	26.6	25.3	27.5	27.3	28	26.7	25.3	29.2	-	-
Elderly in district (‰)	0.19	0.07	2.6	0.49	2.01	0.08	0.12	0.05	0.11	1.01	0.11	-	-

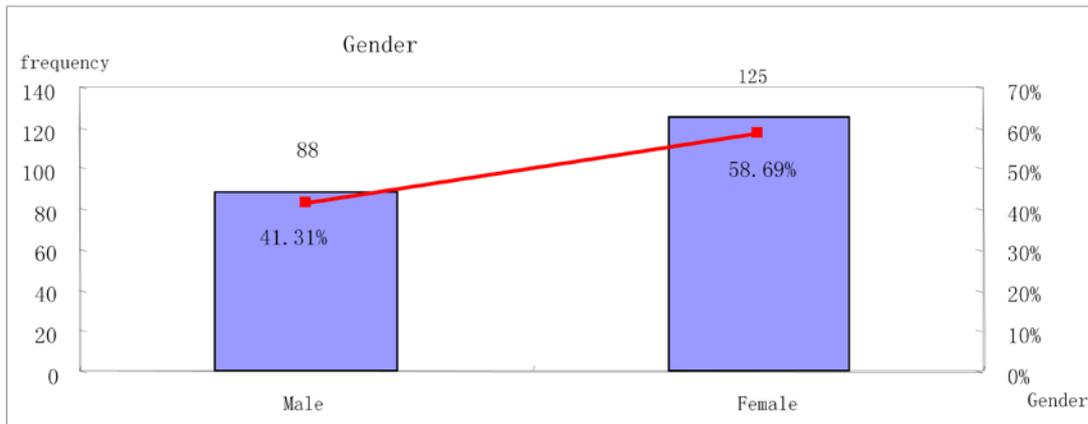
From the view of total population of each district and the number of elderly people (who are at the age of over 60) accounted for the percentage of the total population, Pudong has the largest number of total population and the elderly people among all the districts in Shanghai. Jing'an has the lowest number in total population and the elderly people, but the proportion of the elderly accounted for 29.2% of the total population, which is the the highest area among all regions.

Baoshan, Minhang and Changning have more data with convincing information. The aging population is relatively concentrated in Yangpu and Minhang District as population immigrated to due to the infrastructure development. Putuo and Zhabei Districts' economy is relatively underdeveloped, the data is less representative; Huangpu, Jing'an, and Hongkou Districts, as the booming areas for economic development and central downtown areas, the less samples collection will cause the information insufficient.

Information from the Questionnaires

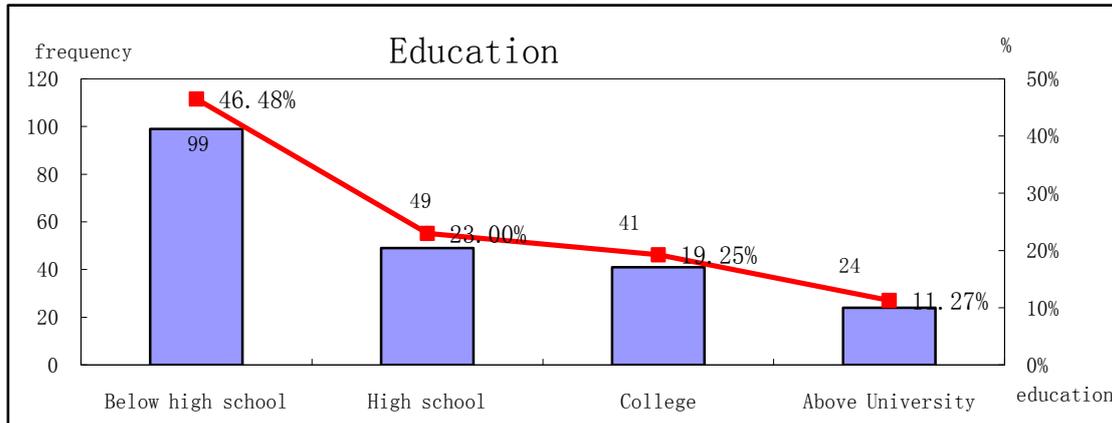
Part 1. Personal Information (from 213 interviewees) (A) Gender: 88 are from males, accounting for 41.31%; 125 are from females, accounting for 58.69%.

FIGURE 3 PERSONAL INFORMATION



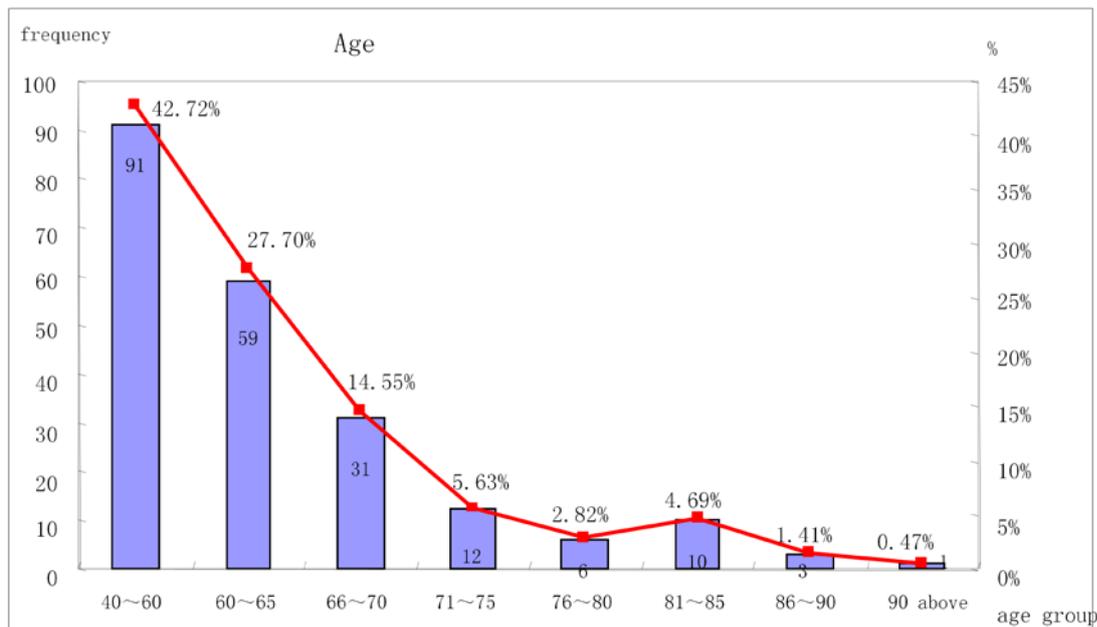
(2) Education: 99 are below the high school education, 49 have received high school education, 41 graduated from college, 24 from university. Half of the interviewees are below high school education, which means the elderly people's pension is lower.

FIGURE 4 EDUCATION LEVEL



(3) Age: 91 samples are from 40-60 years old, accounting for 42.72%; 59 samples are from 60-65 years old, accounting for 27.70%; 31 samples are from 66-70 years old, accounting for 14.55%; 12 samples are from 71-75 years old, accounting for 5.63%; 6 samples are from 76-80 years old, accounting for 2.82%; 10 samples are from 81-85 years old, accounting for 4.69%; 3 samples are from 86-90 years old, accounting for 1.41%; 1 sample is from 90 years old, accounting for 0.47%.

FIGURE 5 AGE DISTRIBUTION

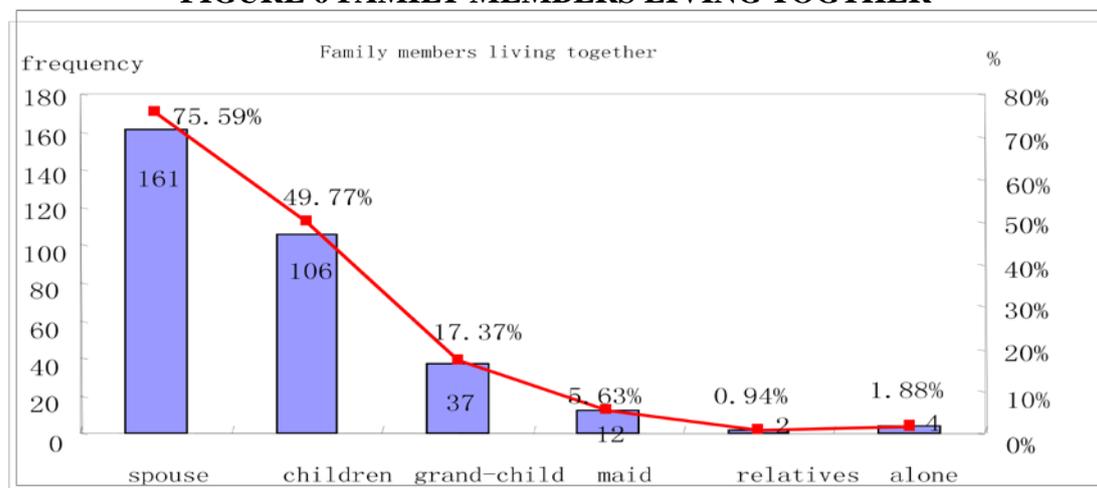


Nearly 1/3 respondents from the survey are between the age of 60-65; approximately 5% of respondents are between 71-75 and 81-85 years; nearly 3% of respondents are in the group of 76-80; less than 2% of respondents are over 86 years old.

(4) Members living together in a family (multiple choices):

161 are couples living together, accounting for 75.59%; 106 with children, accounting for 49.77%; 37 with grandchildren, accounting for 17.37%; 12 living with caregivers (maid), accounting for 5.63%; 2 living with relatives, accounting for 0.94%; 4 living alone, accounting for 1.88%.

FIGURE 6 FAMILY MEMBERS LIVING TOGETHER

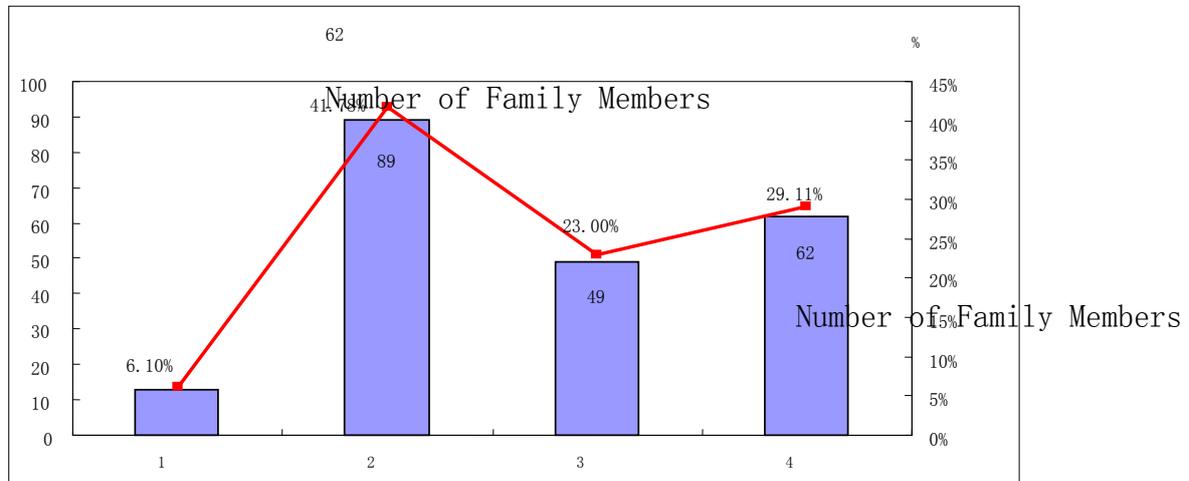


The survey shows that nearly 76% of respondents living with their spouse, about 50% living with their children, 17% living with their grandchildren, about 6% with the maid, less than 1% living with relatives, and less than 2% respondents living alone.

(5) The number of family members (including respondent him/herself):

13 respondents are 1 person in the family, accounted for 6.1%; 89 have 2 members, accounting for 41.78%; 49 have 3 members, accounting for 23%; 62 have 4 members, accounting for 29.11%.

FIGURE 7 NUMBER OF FAMILY MEMBERS

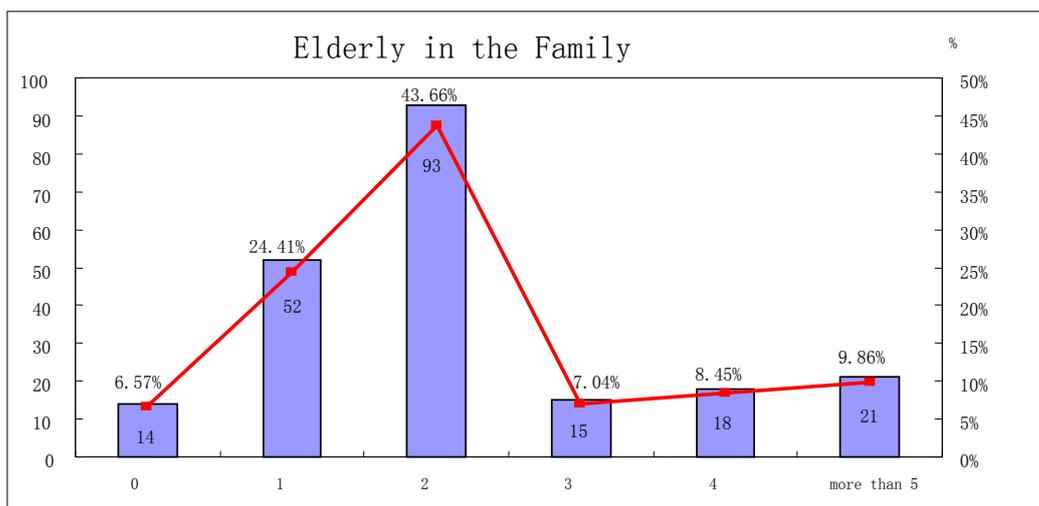


The survey shows that more than 40% of the respondents' families for more than 2 people, four-man family is close to 30%, three-man families are more than 20%, one person family is more than 6%.

(6) Elderly people in the Family:

52 respondents have at least an elderly in the family, accounting for 24.41 %; 93 respondents have 2 elderly, accounting for 43.66%; 15 respondents have 3 elderly people, accounting for 7.04%; 18 have 4 elderly people, accounting for 8.45 %; 21 have 5, accounting is 9.86%; 14 respondents have no elderly in the family, accounting for 6.57%.

FIGURE 8 ELDERLY IN THE FAMILY

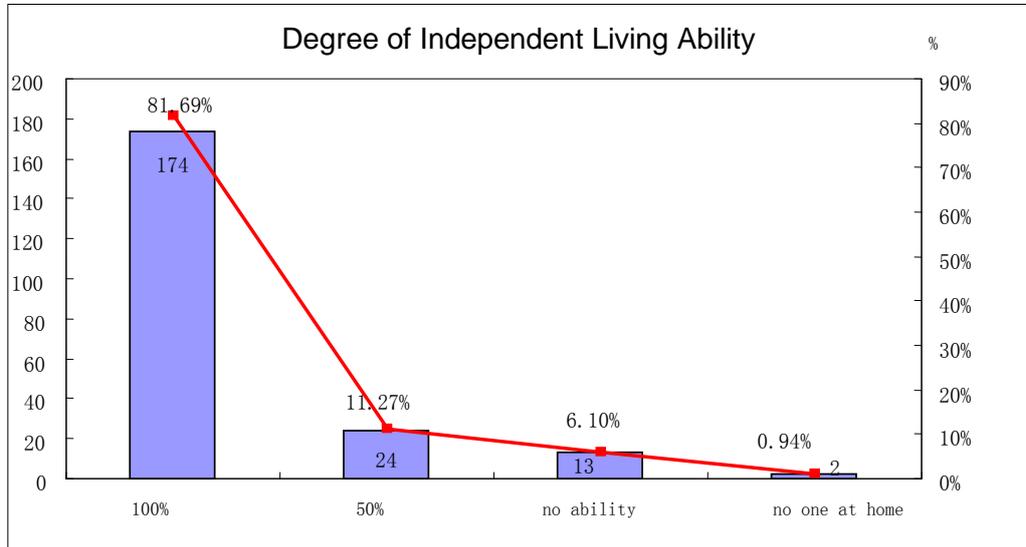


The survey shows that more than 40% of the respondents have 2 elderly people in the family, at least 1 elderly people is accounted for nearly 25%. Nearly 10% family has 5 or more elderly, more than 8% of families have 4 elderly people, and about 7% families have 3 elderly people. The data is fully described trend of being aged society.

(7) The Degree of Independent Living Ability (multiple choices):

174 respondents' life completely take care of themselves, accounting for 81.69%; 24 are semi-self care, accounting for 11.27%; 13 are completely depend on nanny's at home, accounting for 6.10%. 2 respondents have nobody to take care of them, accounting for 0.94%.

FIGURE 9 DEGREE OF INDEPENDENT LIVING ABILITY

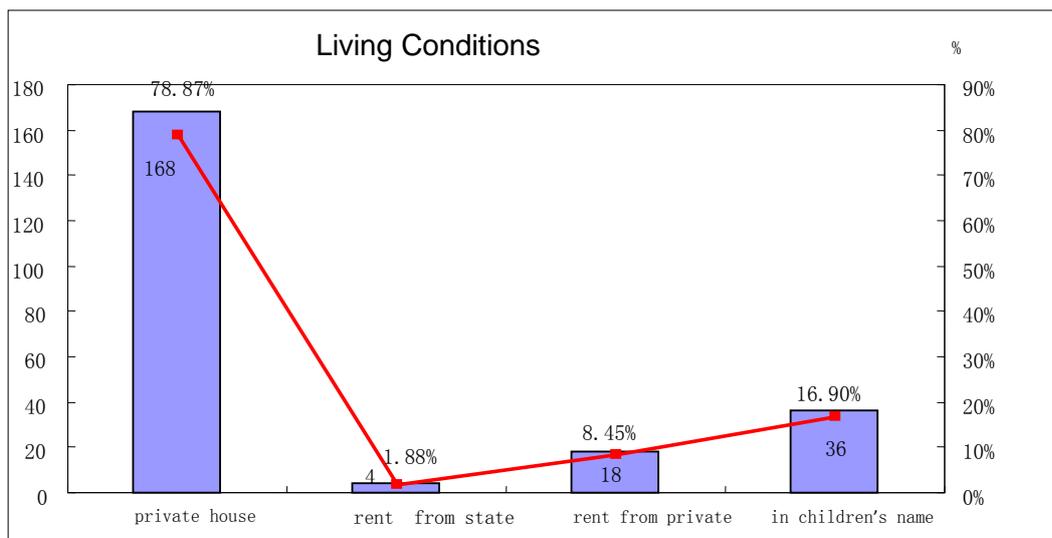


Since the survey respondents' age is from 40 to 90, so our purpose for this question is to see the current situation of the elderly family and the potential number of the family elderly care in Shanghai.

(8) Living Conditions:

168 respondents have their own apartments, accounting for 78.87%; 4 rent the state-owned housing, accounting for 1.88%; 18 rent from the private landlords, accounting for 8.45%; 36 live with their children with their own property, accounting for 16.90%.

FIGURE 10 LIVING CONDITIONS

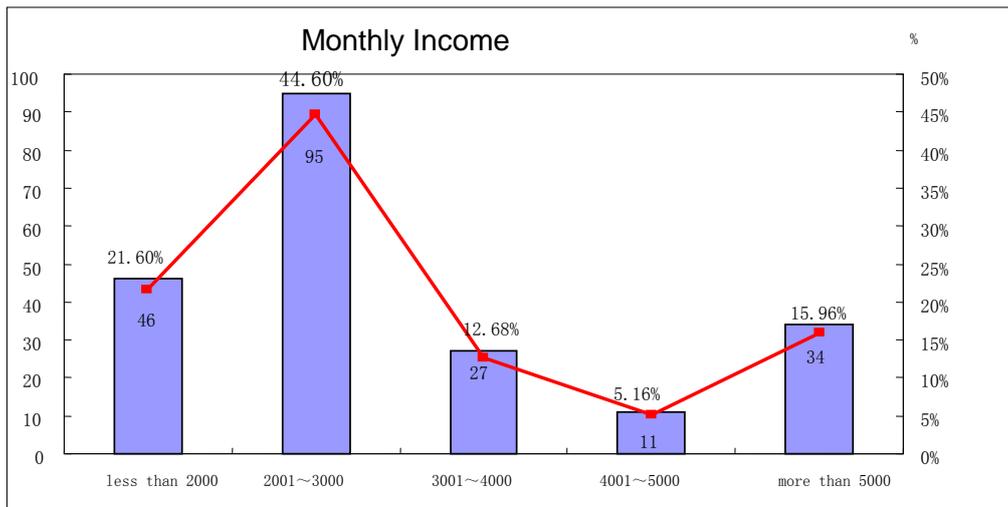


The survey shows that about 80% of the elderly respondents have their property; about 17% purchase housing on behalf of their children; about 9% of families have their old private apartments; about 2% family have the state owned rental households.

(9) Monthly Income:

34 respondents have salary or pension/month of RMB 5,000, accounting for 15.96%; 11 have RMB 4,001-5,000 per-month, accounting for 5.16%; 27 have RMB 3,001-4,000 per-month, accounting for 12.68%; 95 have RMB 2,001-3,000 per-month, accounting for 44.6%; 46 have RMB 2,000 per-month, accounting for 21.6%.

FIGURE 11 MONTHLY INCOME



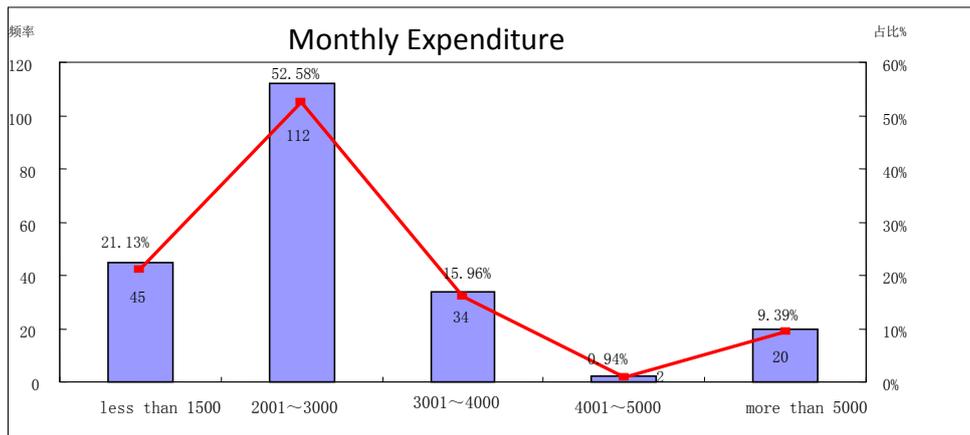
The survey shows that 1/5 respondents' monthly income is 2,000 Yuan; approximately 45% of the respondents' income is 2,001-3,000 Yuan; about 13% of their income is 3,001-4,000 Yuan; more than 5% is 4001-5000 Yuan; more than 16% income is 5,000 Yuan.

The survey shows that about 45% of the respondents' salary is 2,001-3,000 Yuan, more than 20% is 2,000 Yuan, about 16% can get 5,000 Yuan or more, about 13% is 3,001-4,000 Yuan, more than 5% is 4,001 – 5,000 Yuan.

(10) Monthly Expenditure for Daily Life:

45 respondents will cost 1500 Yuan, accounting for 21.13% ; 112 spend 2,001-3,000 Yuan, accounting for 52.58%; 34 spend 3,001-4,000 Yuan, accounting for 15.96%; 2 spend 4,001-5,000 Yuan accounting for 0.94%; 20 spend more than 5,000 Yuan, accounting for 9.39% .

FIGURE 12 MONTHLY EXPENDITURE

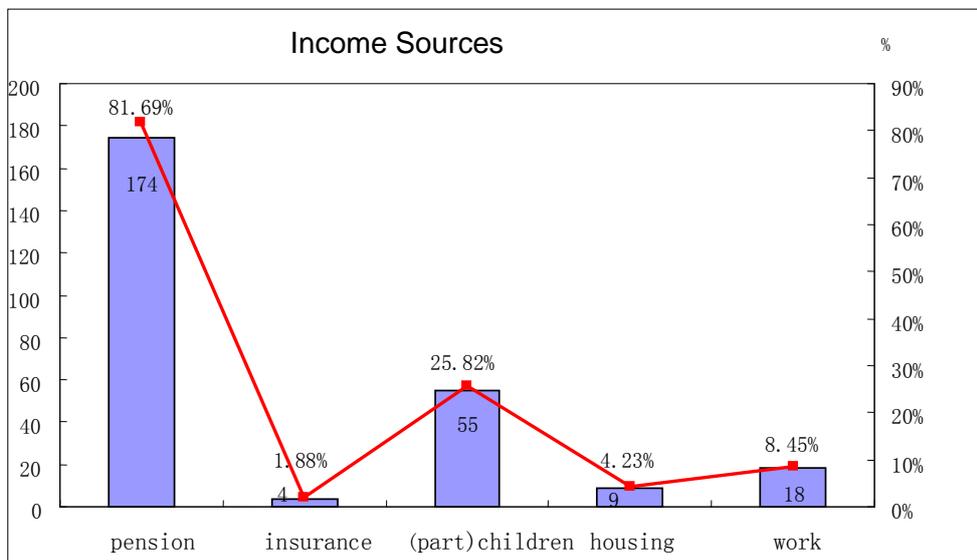


The survey shows that over 50% respondents spend 2,001-3,000 Yuan monthly, more than 20% spend 1,500 Yuan, about 16% spend 3,001-4,000 Yuan, and about 10% spend 5,000 Yuan more or more. Monthly pension has been spent mainly in daily life.

(11) Income Sources (multiple choice):

18 respondents have jobs, accounting for 8.45%; 174 depend on their pensions, accounting for 81.69%; 4 have got a commercial insurance, accounting for 1.88%; 9 get their housing rental income, accounting for 4.23%; 55 are supported financially by their children, accounting for 25.82% .

FIGURE 13 INCOME SOURCES



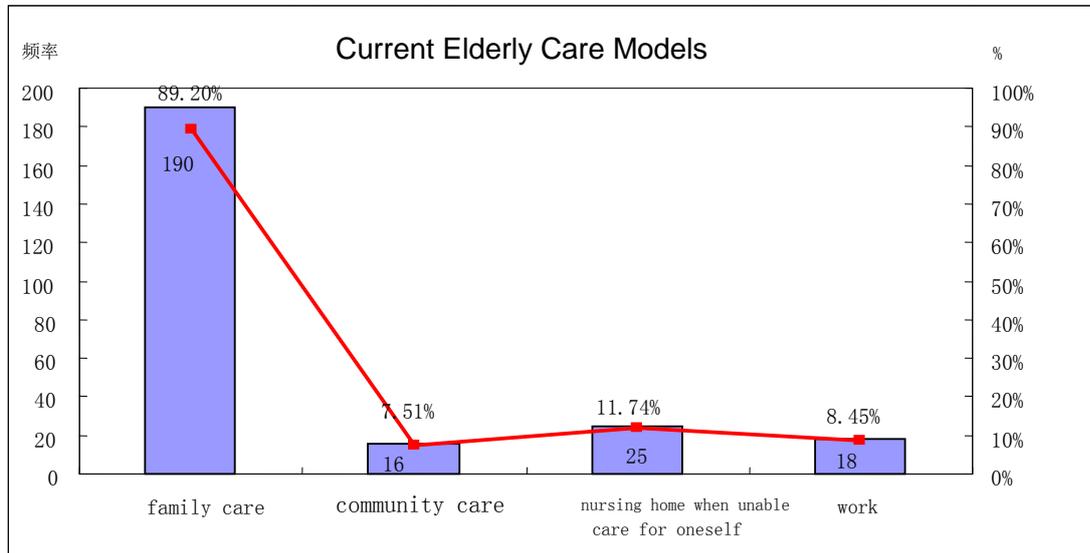
The survey shows that 80% respondents depend on their pension, more than 25% respondents are partly funded by their children, and less than 1% respondents have a job to get some payment, less than 5% respondents can get extra money from their housing renting. Less than 2% have got the commercial insurance, which shows the weak awareness of commercial insurance among the elderly people, while it can show the salary was too low to pay for the insurance.

Current Elderly Care Models

(12) The current elderly care models:

190 respondents prefer family care at home, accounting for 89.2%; 16 prefer the community care, accounting for 7.51%; 25 prefer to go to a nursing home, when he can not take care of themselves, accounting for 11.74%.

FIGURE 14 CURRENT ELDERLY CARE MODELS

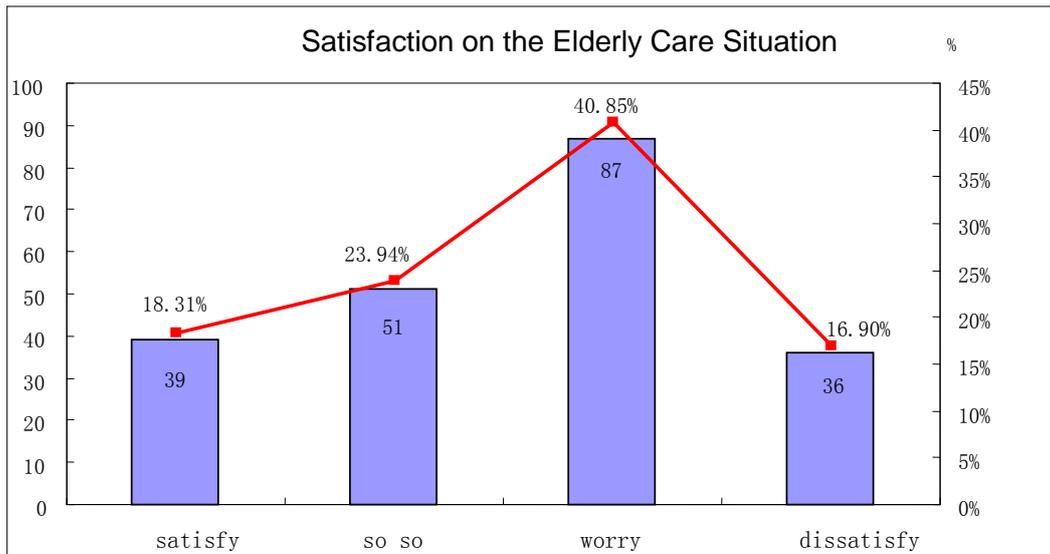


The survey shows that about 90% of the respondents selected family care, 12% would like to go to a nursing home after they depended on others help in daily life, 8% prefer the community care, where is near the elderly familiar environment. The survey data can reflect the majority of the current elderly care situation in Shanghai.

(13) Satisfaction on the Elderly Care Situation:

39 respondents express their satisfaction, accounting for 18.31%; 51 feel it good, accounting for 23.94%; 87 express their concerns and worries, accounting for 40.85%; 36 are not satisfied, accounting for 16.90%.

FIGURE 15 SATISFACTION ON THE ELDERLY CARE SITUATION



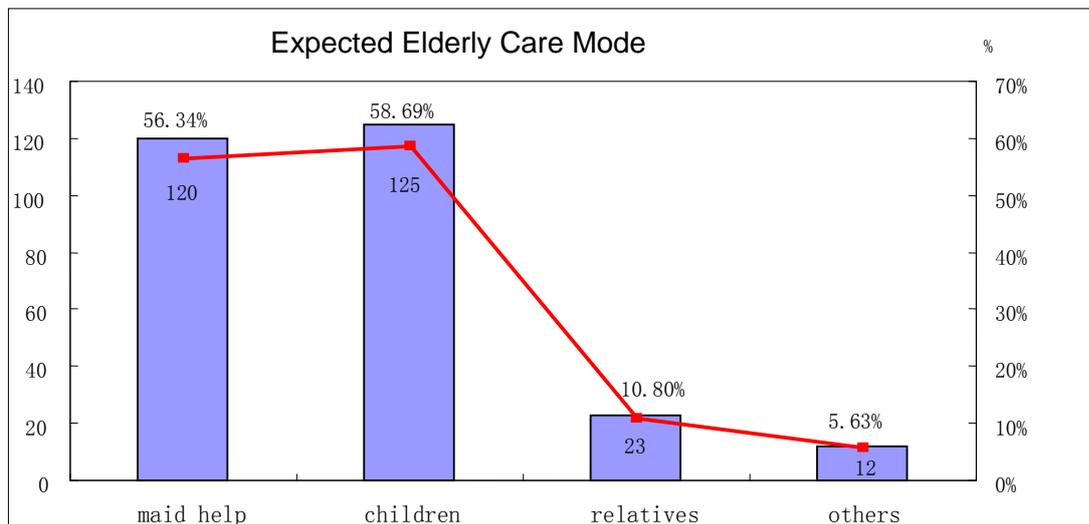
The survey shows that the 40% of respondents are worried about their aged care problems, 24% feel it good, more than 18% feel satisfied, and 17% are dissatisfied. The survey data show there is much to do for improvement of the elderly care models in Shanghai.

Expected Elderly Care Mode

(14) The desired elderly care modes (multiple choices):

120 respondents prefer to have self-employed nanny, accounting for 56.34%; 125 rely on their own children, accounting for 58.69%; 23 would ask for their relatives for help, accounting for 10.8%; 12 would choose other modes, accounting for 5.63%.

FIGURE 16 EXPECTED ELDERLY CARE MODE



The survey shows that the 60% respondents hope to stay with their children, or have self-employed nanny, they also consider to invite their relatives as nanny to stay with them, and 6% would select other ways.

Community Care

A. Contents of Community Elderly Care Service (multiple choices):

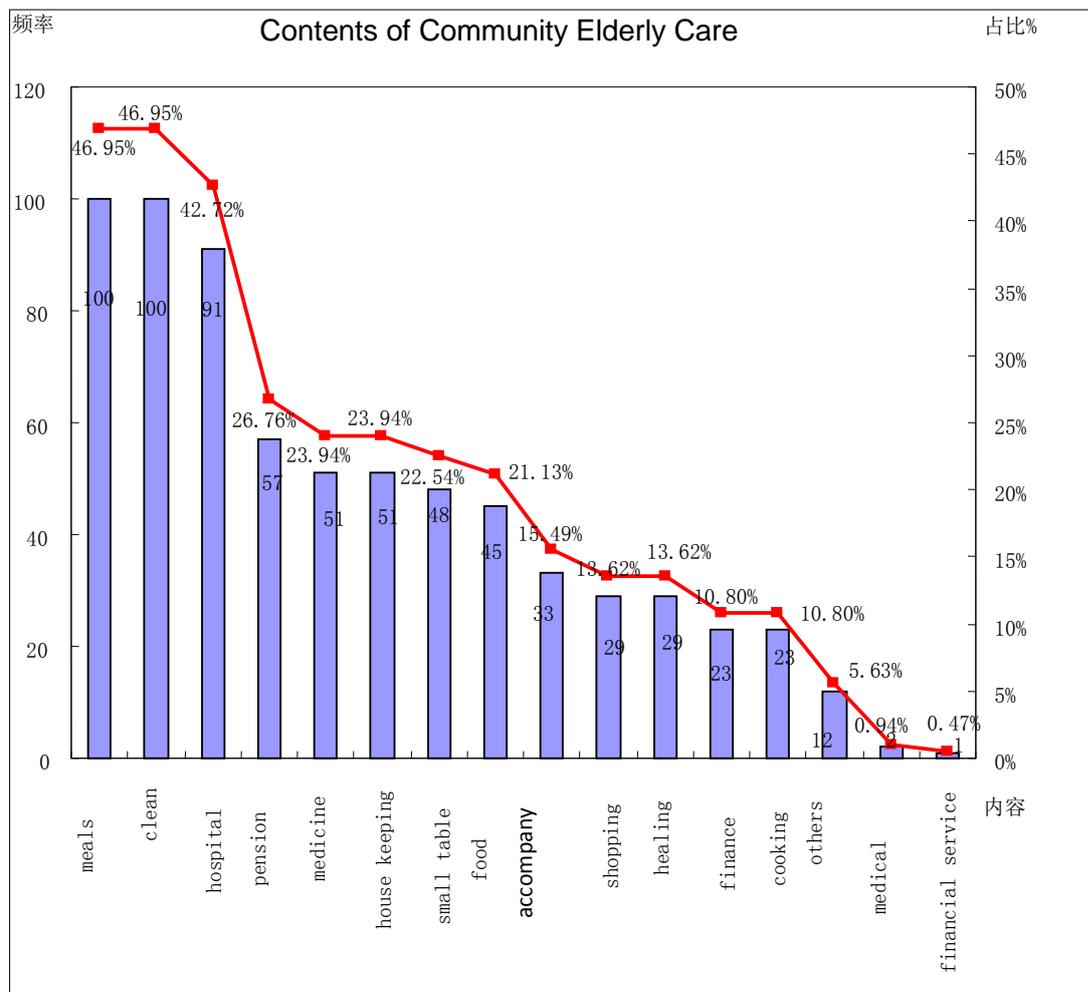
a. Food Order service: 100 respondents like to order meals and send them to home, accounting for 46.95%; 48 like to go for meals in the community dining hall for lunch, accounting for 22.54%; 45 prefer to deliver 3 meals/small dining table, accounting for 21.13%.

b. Housekeeping: 100 want to have room cleaning, accounting for 46.95%; 29 want some one could help them shopping, accounting for 13.62%; 23 want 3 meals/day be taken care of, accounting for 10.8%. 51 want others help with their shopping + cleaning + cooking + meals + accompanying when going out, accounting is 23.94%.

c. Medical care and healing services: 91 need to be accompanied to see doctor, accounting for 42.72%; 51 need taking medicine for them, accounting for 23.94%; 29 need doing exercises for getting well, accounting for 13.62%; 2 need to be accompanied for medicine taken from hospitals/chemists service+ healing help, accounting for 0.94 %.

d. Financial Services: 57 prefer their pension be sent home directly, accounting for 26.76%; 23 want to get some financial services, accounting for 10%; 1 prefer to get door to door pension service and financial services, accounting for only 0.47 %.

FIGURE 17 CONTENTS OF COMMUNITY ELDERLY CARE

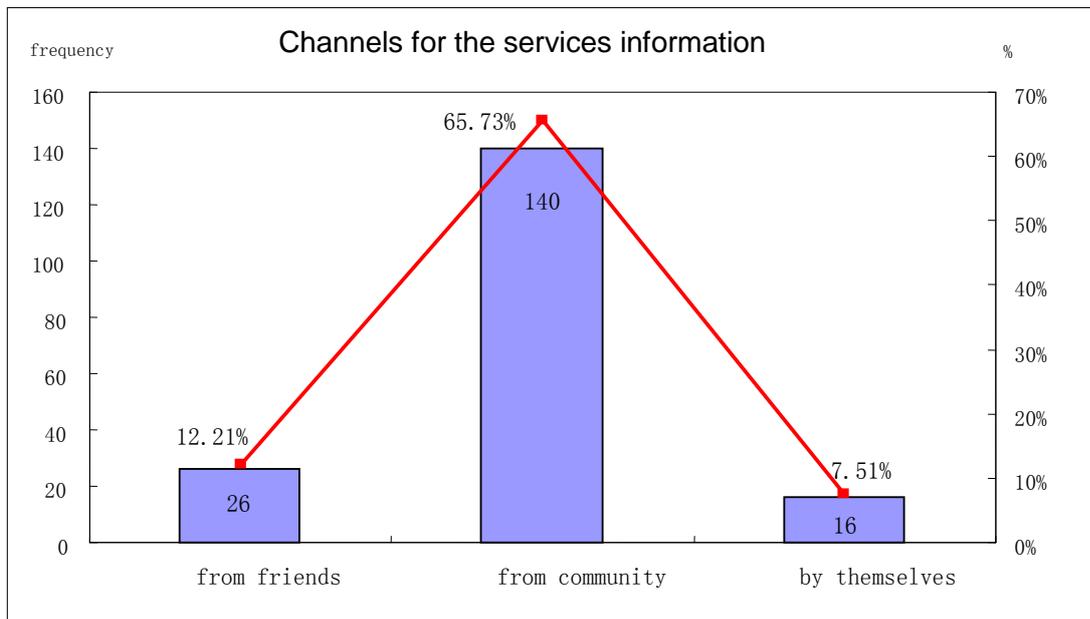


The survey shows that 50% of respondents want to get community service for the meals ordering, house cleaning and being accompanied to hospital, which is the highest demands for the elderly care; the second demand is to get their pensions service, the third demand is for three meals being delivered to small dining table, housekeeping, and medicine taken. The five key services are meals ordering, house cleaning, accompanied to hospital, and pension sent home service, accounting for 40-50% of all the respondents.

B. Channels for the services information (multiple choices):

26 respondents get service information from their friends, accounting for 12.21%; 140 from the neighborhood community, accounting for 65.73%; 16 solve family elderly care problems by themselves, accounting for 7.51%.

FIGURE 18 CHANNELS FOR THE SERVICES INFORMATION



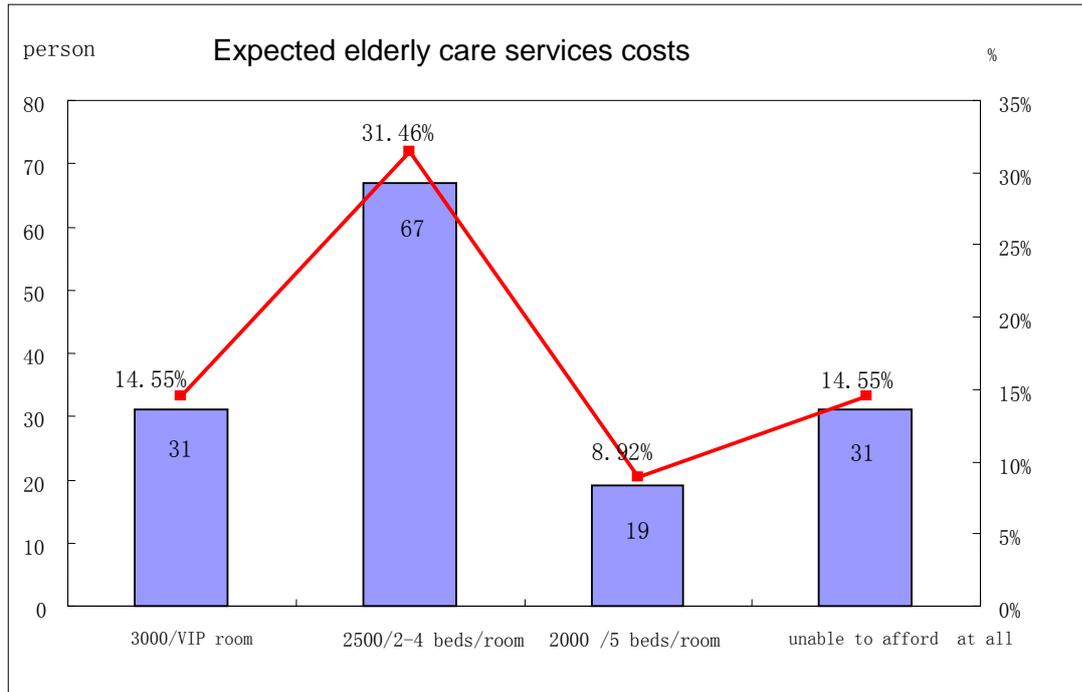
The survey shows that approximately 66% of the respondents want to get the elderly care service from the community service, more than 12% obtain service information through friends, and 7.5% prefer to cope with the elderly care by their own way.

C. Service charging methods:

40 respondents prefer a package fee, accounting for 18.78%; 121 prefer to be charged by service categories, accounting for 56.81%. The survey shows that the elderly prefer to be charged according to the types of service.

D. Expected elderly care services costs: 96 feel it reasonable to spend less than 1,500 Yuan, accounting for 45.07%; 37 prefer to spend 1,500 Yuan, accounting for 17.37%; 19 prefer to spend 2,000 Yuan, accounting for 9.2%; 10 prefer to spend 2,500 Yuan, accounting for 4.69%.

FIGURE 19 EXPECTED ELDERLY CARE SERVICES COSTS



The survey shows that 45% of the respondents hope a monthly cost for the elderly service should be less than 1,500 Yuan, 17% would spend 1,500 Yuan, 9% would spend 2,000 Yuan, and about 5% would spend more than 2,500 Yuan.

E. Hourly paid service fee:

136 respondents would pay 15 Yuan/hour, accounting for 63.85%; 23 pay 15-20 Yuan/hour, accounting for 10.8%; 4 pay 20-25 Yuan / hour, accounting for 1.88%.

The survey shows that 64% of the respondents prefer to pay 15 Yuan/hour, 10% prefer to pay 15-20 Yuan/hour, and about 2% would pay 20-25 Yuan/hour.

(16) Nursing home fee (multiple choices):

Monthly fee (including bed, nursing, food) is: 31 respondents would pay 3,000 Yuan as a package payment, accounting for 14.55%; 67 would pay 2,500 Yuan to share a 2-4 beds room, accounting for 31.46%; 19 would pay 2,000 Yuan for a less than five beds room, accounting for 8.92%; 31 cannot accept the above choices, accounting for 14.5%.

The survey shows that over 1/3 of the respondents would pay a nursing home 2,500 Yuan for a 2-4 beds room, about 15% would pay 3,000 Yuan, about 9% would pay less 2,000 Yuan for a less than 5 beds room, and about 15% can not afford the above expenses by living in a nursing home.

(17) The expected aged life (multiple choices):

138 respondents would help children with some housework, accounting for 64.79%; 85 would go to the elderly school, accounting for 39.91%; 47 would like to do some public interests work, accounting for 22.07%; 16 prefer to stay in other places, where their children stay or the living cost is less expensive than Shanghai, accounting for 7.51%; 61 prefer doing

nothing after retired, accounting for 28.64%.

The survey shows that over 60% of respondents want to help their children by living together, and 40% wish to attend the elderly schools to enjoy themselves, more than 7% select other places to stay, and only 30% prefer doing nothing at home.

(18) The most worried things in the elderly care:

- A. Having no money for the medical treatment, 140 respondents select, accounting for 65.37%;
- B. No one takes care of them, 131, accounting for 61.5%;
- C. Lack of activities, no fun in daily life, 114, accounting 53.52%;
- D. Children are far way from them, lack of family warmness, 114, accounting for 53.52%;
- E. Discrimination, 29, accounting for 13.62%;
- F. Have no worries (not select any of the above choices), 2, accounting for 0.94%.

(19) The most concerned problems in the elderly care:

- A. Being healthy, 150 respondent select, accounting for 70.42%;
- B. Have sufficient pension income or money saved, 137, accounting for 64.32%;
- C. There is a suitable place for their aged care, 113, accounting for 53.05%;
- D. Being accompanied by family members, 111, accounting for 52.11%;
- E. There is something for entertaining themselves, 98, accounting for 46.01%;
- F. Others, 40, accounting for 18.78%;
- G. Don't care about anything, 1, accounting for 0.47 %.

Findings and Analysis

(1) Family care is the basic way for the elderly care

Currently, people in Shanghai at the age of 60 generally have the following characteristics: 90% of the Shanghaiers would select the home care mode, 60% prefer to stay with their children and have a self-employed nanny for help. More elderly are females, whose education level below the high school, which accounted for 50%. 1/3 of them are between 60-65 years old.

45% of the elderly have their monthly pension income of 2,000-3,000 Yuan, 50% of them spend around 2,000-3,000 Yuan per month, 80% of them depend on their pension for their daily life, no additional income after retirement.

76% of the respondents have spouses, about 50% were living with their children, whose living conditions are relatively well-off, and 80% of them have their own apartment with stable financial income and better living conditions.

Over 40% of respondents have two parents, 30% of them have four elderly in the family, which shows the increasing trend if aged society. General speaking, the elderly is in good health, have the self-care ability; the self-evaluation of health status is high.

From the survey, except for those elderly who have to rely on the others in the daily life, the majority of the elderly people prefer to have a home care mode, which is primary way in the present and future for the elderly care. However, with the aging population growing and the

changing of the family structure, young couples would live alone; the increasing pressure on the family care is getting heavier. The increasing life stress and work pressure make the family "4-2-1" structure powerless to the elderly care issues.

(2) There is some room for nursing homes care and other elderly care institutes

With the economic and social development, Shanghai elderly people have changed their traditional ideas, the majority of elderly people have a high recognition of the nursing homes or elderly care institutes.

The survey shows that though more than half of the elderly want to live with their children or self-employed nanny, about 12% would take to consider staying in a nursing home when their children have some difficulties to take care of them.

The nursing home fee (including bed, care and food) at 2,500 Yuan with a 2-4 bed/room per month can be afforded by the 30% of the elderly. 3,000 Yuan/month package price can be afforded by 15% of the elderly, and 2,000 Yuan with a less than a 5 beds can be afforded by 9% of elderly people. 37% of the elderly can afford 1,500 Yuan/month with a 3 beds room, plus some fee for some nursing fee, which can be negotiable.

Since 1980s, although the government has put its efforts on building nursing homes, at the moment, we are facing the problems of lacking of funds, labor sources, professionals and operation experiences, which provide opportunities for the elderly care service industry.

(3) The community care mode as the supplement

The survey shows that more than 7% of the elderly would select the community care mode. The current services are daycare and meal ordering, to help families' problems when children go to work in the day time.

Around 60% of elderly people would pay 15 Yuan/hour in the different community service category; 40-50% of them pay services, sent three meals to door, house cleaning and accompanying to hospital in order.

Community home care services started in the early 2000s with the existing difficulties and market needs, which can be regarded as the third mode of elderly care in Shanghai. Such a system can integrate the local government support, market, and many other social and individual sources in the elderly care in this transitional period.

(4) Put much emphasis on the mission of having social security, enjoying life when getting old

The survey shows that 40% of the elderly expressed their worries about their elderly care. Another 20% feel satisfied, while less than 20% expressed satisfied or dissatisfied separately. It shows there is much to be improved in Shanghai elderly care work.

(5) The basic life insurance as pension can only meet the needs of surviving

The survey shows that over 43% of the respondents are in the age group of 40-60 years of age, among whom 16% have monthly income of more than 5000 Yuan, which shows that they have more options to arrange future care lifestyle. In preparation elderly care, many

people confused, inflation has become their biggest problem encountered in the process of elderly care preparation. In addition to improved living standards. The key problem in "money was gone" is inflation. If one wants to spend a comfortable old age, taking into account of inflation and changes in the savings rate and other factors that influences future pensions, it is better to plan now, starting from calculating how much pension will be needed.

The retirement pension consists of two parts for the professionals, basic pension and individual account pension. Currently, according to the state policy, 195 months pensions is to be paid to those who retire at the age of 50, 170 months pensions is to be paid to those who retire at the age of 55 and 139 months pensions is to be paid to those who retire at the age of 60. A male of 60 years old and a female of 50 years old with the cumulative pension insurance paid for 15 years or a female of 55 years old at technical management positions will receive a monthly basic pension benefits. An additional year paid insurance means 1% pension increase. Assuming that 10 years later in 2023, one retires at the age of 50, after paying pension for 20 years, his average monthly wage of 6,000 Yuan in 2013, and the average monthly wage is \$ 10,000 in 2023 in the city where one lives, while the average monthly payment of his salary index was 1.28, so in 2032 his monthly pension will be calculated as follows:

FIGURE 20 EXISTING RETIREMENT PENSION FORMULA

$$\text{Pension} = \frac{\text{Base of social security} \times 8\% \times 12 \times n}{(\text{average life span} - \text{retirement age}) \times 12} + \frac{\text{average salary of last year} + \text{personal salary index}}{2} \times n\%$$

The basic average monthly salary 6000 Yuan divided by the average monthly payment 4,692 Yuan is index of average monthly payment of his salary (6,000 / 4,692 Yuan = 1.28). Basic pension (10,000 + 10,000 × 1.28) / 2 × 20% = 2,280 Yuan shows that basic social pension insurance can only meet the basic need for survival.

5. Bottleneck of Chinese pension business operations

Xiao, the Director of Shanghai Municipal Development and Reform Commission and Shanghai Development and Reform Research Institute, said, "by 2020 the number of elderly over 65 years in Shanghai will be more than five million, accounting for 36% of the population. The current 4-2-1 family pattern imposes great challenge to the elderly care service. Although large number of migrants reduces the rate of elderly in Shanghai resident population, it is inevitable that the aging population, low birth rate, empty nest issues and elderly care issues have become increasingly prominent. Shanghai is the first city entering aging society, is currently with the highest degree of aging population among large cities in China. The survey shows that the elderly love family love with family mentality, so home care is still the most popular model, which still plays a significant role in elderly care in Chinese cities. From the long-term development trends, family care will gradually be replaced by society care. But the family care can not completely disappear. As long as the home exists, it still retains certain function. Family care, institutional care and home care are the main models in present China.

Family Care Model

Family care refers to the care in which children of the elderly provide funds, daily care (including health care) and spiritual solace.

At present, China has at least more than 23 million elderly remain in the "empty nest" and the number is constantly rising. Changes in family structure requires community to assume the responsibility of caring for the elderly and the socialization of elderly care service becomes imperative. Changes in family structure also call for the establishment of elderly care industries. The Elderly, due to physiological reasons, demand for health care particularly. China is also experiencing the transition from traditional "home care" to "community care". Family remains the main provider of care services, at the same time. Corresponding social measures should also be gradually established and perfected .

Home Care Model

Home care refers to the care, in which the elderly live at home, receiving aged care services provided by the community. Most of the elderly, for the economic and emotional reasons, do not want to leave the familiar environment of the neighborhood. Those who have a better living environment prefer to receive care at home instead of the services from communities, which are China's future development trend. But large institutional care costs more, only middle-class families are rich enough to afford the costs. So 95% of elderly like to use of community service resources and community environment in their own family in the future pension. But this care model implements on the premise that the community ancillary services should be developed maturely and perfectly. At present, the Chinese community organization and development is incomplete and resource is not adequately mobilized.

Institutional Care Model

Institutions care mainly refers to the care in which the elderly receive care services in rest home, homes for the elderly and nursing homes which are established by government or the communities and other institutions to receive cares after paying certain amount of payment. In recent years, it becomes a fashion for the elderly to get care services in a home for the elderly, with changing the concept as another important aspect. The speeding up for the construction of constitutional care is an inevitable choice to positively response to issue of aging population. There are five main reasons: First, reducing the burden on their children. Second, avoiding generation gap conflict; Third, reducing the pressure of labor services for the elderly; fourth, eliminating loneliness; fifth, e is able to receiving health care and professional services.

(1) Apartment for the elderly is designed residential type for the elderly to live together, meeting their physical state of mind characterized, with food, sanitation, culture and entertainment. Health care system is integrated in the management.

This kind of apartment reflects both elderly home care, and various services. In big cities like Beijing and Shanghai, apartments for the elderly are very common. They are of low, medium and high grade. Apartments for the elderly is designed and built by government and society to provide accommodation for those elderly who lack of care from their children and relatives. Apartments for the elderly in Western countries are mostly built in a beautiful environment with convenient transportation, or quiet suburb. The architectural style is simple and elegant,

with interior equipment, and access to convenience. The interior layout and the average family room size is much the same, with living service, SOS alarm, health care, rest, entertainment, cultural study, self-labor and other facilities. With the development of the Western welfare and apartment conditions for elderly improved, although elderly can be cared by their children or relatives, in order to avoid intergenerational conflict, many elderly voluntarily apply for apartments to spend their remaining years.

(2) Nursery for the aged provides sustenance, service facilities, daycare and boarding and other forms for the elderly. It is like the "old people's home" in Western Europe, Japan and other countries. It is broadly divided into three categories: First, it accept health elderly who can live independently; Second, it accept the partially independent elderly, but they also need cares; Third, it accept the elderly who can not take care of themselves, or with some kind of chronic illness or disability.

RECOMMENDATIONS

How to solve Chinese elderly care burden problems is a new challenge in the Chinese fast development, while it can be also regarded as a new business opportunity for the service industry.

Growing old is a process that humans can not be avoided, as time passes on, for the vast majority of one-child families, a young couple in parenting, it is a very heavy burden to take care of 1 to 4, even 6 to 8 the elderly in a family, which needs the help of community care services, elderly daycare centers or nursing homes working integrated. We think it an effective to set up a third party as an elderly care evaluation institute to combine the existing human resources, social resources together with the residential area committees, to establish more community aged care centers with an elderly care assessment to utilize the recourses in an effective way to solve this social problem. Through such a practice, the Shanghai elderly care services industry will be developed soundly.

The Elderly Care Service Institutes as a Third Party

(1) Elderly care service center under the community

At present, China still lacks the Elderly Care Assessment professional teams, or elderly service center, even the family doctors in the community clinics or hospitals have not been popular due to the historical reasons. In order to use the limited facilities in a reasonable way for the he elderly service, we should firstly try to set up Shanghai Elderly Care Assessment Panel or the elderly care service center. In this way, with the help of the current Shanghai existing community system, more families can be good taken care by the integrated services to the self-care families.

In accordance with Chinese national conditions, an elderly care service center can be consist of three parties, the residential committee, community property company, residential property owners committee. At the beginning, the Center should seek for the supports given by the public interest organizations, social workers, and volunteers to be involved with their professional skilled to assist regular Center operations.

To make home care possible, referring to the advanced developed countries home care contents, services should include:

- (A) get and update the data of the elderly people in a residential area, define the necessary services for the elderly, living alone (called empty nesters), frail, widowed;
- (B) provide medical treatment, medication, daily life care; some elderly care guide training to the family members;
- (C) assist the elderly to adjust to the home environment; provide walkers, shower chairs, commode chairs and other complementary tools, in order to improve the elderly living alone skills; and give sustained support services and comprehensive care to those necessary when they get very weak;
- (D) assist the elderly to improve home safety inspection, removal of hazards, to prevent accidents, such as gas, electricity and water;
- (E) coordinate the arrangements for shopping, meals order, household cleaning and other services;
- (F) give psychological, technical, economic support to long-term elderly care families, who can not take care of themselves.

The Center's functions are to maximize and sustain daily living skills, prolong independent living life through home care arrangements for the elderly. With living alone, the proportion of empty nesters growing, alone elderly, frail, widowed, and more need is to give sustained support services and comprehensive care.

(2) Elderly Care Assessment Team (ECAT)

When sick, demented, whether the disabled elderly need to live in nursing homes or care centers, an elderly care assessment team needs to be involved to undertake a comprehensive assessment on the elderly health and daily living skills, which decides if the elderly need short-term or permanent stay care facilities, hospitals or at home. In addition, for the family care elderly, who needs help, we can give the arrangements for community care center services.

Shanghai Changning District, for example, has jointly set up an ECAT consisting of District doctors, nurses and disability care experts, dedicated to the Changning District in each community, where a comprehensive assessment is undertaken on the elderly health and daily living skills. They provide the elderly community assessment services through the residential area - neighborhood committee - Community Service Center to arrange such a survey regularly.

(3) Community Elderly Daycare

Community elderly daycare centers usually rent the community vacant space. In fact, a lot of community elderly daycare operators haven't played an important role due to the government policy. The neighborhood committee is unwilling to take further action with the fear to bear the relevant responsibilities. If it can introduce some companies who would like to operate a community elderly daycare center, or decentralized the elderly care service center in a residential area, the work of old-age care services can be carried out smoothly and effectively.

We could also invite some social workers organizations, who will charge some money for the

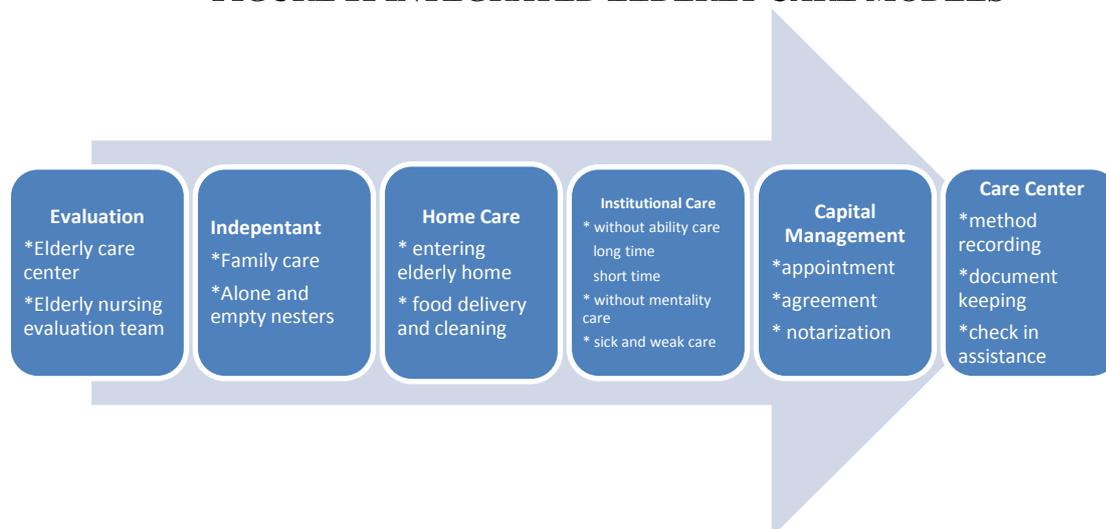
services, to give training to the younger care workers, allowing junior elderly to take care of the senior ones; an effective connection with the volunteer groups, through appropriate training to them for solving the labor shortage problem in the community.

In addition, the elderly daycare center are now mostly working in the day time period during the weekday, however, sometimes, nights and weekends services should be considered for some special occasions for families, so as to utilize the hardware facilities in an effective way and increase the payment to those caregivers in the Center.

Provide vigorously training of the elderly care professional skills

From the all over survey on the caregivers, we found that the workers are in a very low educated level, only at the primary school or middle school level, while many of them are not really willing to work in a nursing home, just for their initial step to settle down in the city, which can provide them a free lodging. Therefore, we should provide some basic professional skills and issue certifications after the training in a mass scale. While some vocational schools should open elderly care majors to meet the social demands of the elderly care service industry.

FIGURE 21 INTEGRATED ELDERLY CARE MODELS



Source; According to research group pension model study countermeasures and suggestions of the system.

CONCLUSION & SUMMARY

Shanghai is the first city entering aging society, with currently the highest degree of aging population in the large cities in China. The survey shows that the elderly love home, like living at home, It is still the most popular way for the elderly to have home care, 95% of Chinese people in the future choosing home care and the community service, where they live for long, familiar with its residential environment. However, such an elderly care model should be implemented on the premise that the community services being matured and improved.

If conditions permit, institutional care is a good model, in which the elderly can not only be well taken care of, but also can have more friends. According to the Chinese national

conditions, there are not enough nursing homes to accommodate the ever-increasing elderly population. Taken western countries experiences as reference, the following conclusions have been drawn:

Firstly, according to the current shortage of the elderly care institutions in Shanghai, we still encourage home care. While we should improve the elderly care service resources in the residential area environment. We should give a large-scale training of nurses, to effectively meet the needs of the aging society.

Secondly, in order to better solve the problem of Chinese elderly care, we need to set up a mechanism of a third-party evaluation, to link closely the residential property services, human resources network in the community and thousands of families together. Such community care system will satisfy the aged people physiological needs, improve their quality of life, and to be free from the fear of being aged people.

Thirdly, according to the increasing number of the elderly population in Shanghai, we should set up a system with three leveled administration of district government, neighborhood committees and residential areas by the preferential government policy. With such a system we can coordinate the work of aged care issues.

Fourthly, we should mobilize the social forces, such as volunteers, NPOs and public interest groups to participate in the elderly care work, to assist the shortage of the government investment.

Papers Deficiency

Due to the time limitation and personnel constraints, we only conduct a preliminary investigation and analysis on the elderly care model and the willingness with inadequacies: (A) Samples are limited in some of the districts in Shanghai, so the details and specific data is limited.

(2) The paper only discusses the elderly care model qualitatively from Chinese current conditions and its needs. We haven't explored the specific implementation of the community home-based care model.

Currently, Chinese elderly care concerns has been raised by the government and people themselves. With the whole society's attention and the government investment, we are convinced that the vision, to be good cared when elderly, to have medical care, to keep on learning and happy when being elderly, can be really implemented.

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- 3,001~4,000 Yuan
 4,001~5,000 Yuan more than 5,000 Yuan

Income source: (multiple choices)

- pension commercial insurance (part) from children
 using your real estate extra work after retirement

Your model of elderly care: family care community care

go to nursing home when unable to live on one's own

Are you satisfied with the elderly care mode? very satisfied satisfied
 worried dissatisfied

What kind of life changes do you expect? _____

The elderly care model you and your family expect:

1. Family care : (multiple choices)

- self-employ maid children relatives others

2. community care : (multiple choices)

A. The services you hope for :

- food service(three meals be delivered to you(small table dinner
 housekeeping service cleaning helped shopping
 cooking accompany when going out
 Medical care accompany to hospital collecting medicine
 rehabilitation Financial services have pension delivered
 entrust financial managers

B. How to get care services?

- introduced by friends from community self-solution

C. The expected community care services :

- charged by package charged by service category

D. Monthly payment for the community care services :

- below 1,500 Yuan ; 1,500 Yuan ; 2,000 Yuan ; 2,500 Yuan

E. The unit service charge : 15 Yuan/hour ; 15-20 Yuan/hour ; 20-25 Yuan/hour

3. Elderly Care in Nursing Home : (multiple choices)

The monthly charge :

- below 3,000 Yuan 3,000~4,000 Yuan more than 4,001 Yuan

How do you want to arrange your old age? (multiple choices)

- helping with grandchildren caring, housework attending elderly school
 doing some public interests work ; having elderly care in other places

doing nothing

The things you worried most in pension. (multiple choices, and rearrange in order) (those at aged 60 can choose)

- A. poor, no money for the medicinal care;
- B. weak, no one takes care of you;
- C. loneliness, lack of activities, no fun at all;
- D. missing children, lack of family caring;
- E. being discriminated;
- F. others;
- G. never worried

The things you concerned most in elderly care. (multiple choices, and rearrange in order)
(those at aged 60 can choose)

- A. healthy;
- B. insufficient money;
- C. having a suitable place;
- D. Being accompanied by family members
- E. having some fun;
- F. others
- G. don't care