

Shanghai Pension Industry

-- A New Engine of Economic Domestic Demand Growth

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Abstract: With the growing aging population in Shanghai, ensuring that the elderly "have something to rely on and enjoy" has become a pressing issue. Concurrently, Shanghai's economic growth has slowed in recent years due to the impact of the COVID-19 pandemic and China's economic transition to a "new normal," leading to a decline in economic vitality. This paper explores whether reform and innovation in the elderly care industry can stimulate domestic demand and drive economic development in Shanghai. Using a combination of qualitative and quantitative research methods, including a questionnaire survey, the study analyzes awareness of pension financial products, government policy support, and innovation in the elderly care sector. Findings indicate that despite Shanghai's advantages in population quality and standard of living, there is a lack of awareness among the elderly regarding pension financial products and room for improvement in government support and industry innovation. The paper suggests that enhancing understanding of pension products, improving government policies, and fostering innovation in the elderly care industry could effectively stimulate Shanghai's economic potential. These measures could provide a reference for developing the elderly care industry in Shanghai and across China, offering a new approach to addressing aging challenges and promoting sustainable economic growth.

Keywords: Shanghai, pension industry, economic, pension financial products, government policy.

1. Introduction

The purpose of this paper is to explore in depth how Shanghai, as the oldest and fastest aging city in China, can ensure a high-quality old age life for the growing number of elderly people and take the elderly care industry as a foothold for Shanghai's future economic development.

According to Tao, the aging problem in Shanghai lies not only in the absolute number of the elderly population, but also in its growth rate, which undoubtedly puts new requirements on the city's pension system and economic development model[1]. Si & Zhang show through research that there is an obvious imbalance in the distribution of elderly care facilities in Shanghai, and the elderly have unequal rights and interests in government and community elderly care services[2]. This imbalance

not only affects the quality of life of older people, but also poses a challenge to social equity and sustainable economic development.

However, Shan regards that with the advancement of science and technology, especially the popularization of Internet technology, the "Internet + home care" model has gradually become a new way to solve the problem of elderly care[3]. Through the application of information technology, this model provides more flexible and personalized elderly care services for the elderly, which helps to alleviate the pressure of insufficient traditional elderly care facilities, and also provides new ideas for the innovation and development of the elderly care industry.

Although existing studies have discussed the promotion effect of reform and innovation in the pension industry on the growth of economic domestic demand from a macro level, such as the development of pension financial products, the adjustment of insurance tax rates and the improvement of the social welfare system, these studies often neglect in-depth analysis of the actual living conditions of the elderly individuals, especially the real needs and pension experience of the elderly in Shanghai. In addition, most of the existing studies focus on the dimension of economic development, and the spiritual needs of the elderly and the well-being of the economy are not considered enough. In view of this, this study emphasizes the importance of the economy of happiness, suggesting that spiritual comfort and care are equally important for the well-being and quality of life of the elderly. Therefore, this study incorporates the consideration of the spiritual needs of the elderly in the investigation, in order to provide a more comprehensive and in-depth perspective for the reform and innovation of Shanghai's elderly care industry.

The structure of this paper is as follows: First, it outlines the main difficulties faced by the elderly care industry and economic development in Shanghai, including the unbalanced distribution of elderly care facilities and the unequal access to services for the elderly. Secondly, it reviews the innovative models of pension financial products and services proposed in previous studies, and analyzes the effects and limitations of these models in practical application. Then, through the analysis of the results of the actual questionnaire, it reveals the practical problems faced by the elderly in Shanghai and the shortcomings of the pension industry. On this basis, combined with the concept of a happiness economy, a series of improvement suggestions and solutions are put forward to improve the quality of life and happiness of the elderly. Finally, the limitations of this study are discussed, and the development prospects and opportunities of Shanghai's elderly care industry in promoting the growth of economic domestic demand are prospected, which provides a direction for future research and practice.

2. Literature review

2.1. The Current Situation and Trends of Shanghai's Population Development

According to the data from the seventh national census, Shanghai has a significant proportion of its population with a high level of education, indicating a high standard of population quality. However, concurrently, this city has also entered a stage of a deeply aging society[1]. Yang's spatial and statistical analyses revealed that not only does the elderly population constitute a large proportion of the total population in Shanghai, but it is also growing at a rapid pace[4].

2.2. Shanghai Elderly Care Facilities and Overview of Potential Issues

As the national economy enters a new normal, Shanghai's economic growth has slowed down. Yet, the development and innovation in the elderly care industry may offer a glimmer of hope for its economic growth. Si and Zhang pointed out that the central urban areas of Shanghai are well-equipped with elderly care facilities and have a rich per capita provision of such facilities[2]. However, there is a significant disparity in the distribution of elderly care facilities in the suburban areas. The

community-based constructions that are more common in Shanghai include day-care centers, meal assistance points for the elderly, social organizations for the elderly, and comprehensive elderly service centers. Despite the diversity of elderly care services, the industry in Shanghai still faces numerous challenges. Qu noted a substantial gap in the nursing workforce, and many elderly care projects lack a clear business model[5]. Moreover, the elderly care industry is highly fragmented, with most projects neglecting the humanistic and spiritual care[3]. Furthermore, some non-profit private elderly care institutions have left the elderly unable to access or choose services that provide a sense of security and inclusiveness[6]. It is evident that there are many latent issues within Shanghai's elderly care industry.

2.3. The Role of Pension Insurance in Promoting Shanghai's Economic Development

Gong suggested that the insurance industry should embrace technological innovation to enhance its products, services, and overall innovation[7]. Building on this, Gao proposed a sustainable commercial pension insurance model that focuses on knowledge and experience, material resources, intergenerational wealth, and emotional connections[8]. Taking Shanghai Bank as an example, it has evolved from offering simple pensions to a combination of online and offline financial insurance products for the elderly. This transformation not only provides a sense of belonging and love for the elderly but also fulfills corporate social responsibility while continuously optimizing its asset structure and steadily increasing economic benefits[9]. Song and Gao, through a series of data analyses, have found that pension insurance expenditure has a positive effect on high-quality economic development, although there is some heterogeneity across different regions[10]. Moreover, moderately reducing pension insurance contribution rates and innovating in enterprise annuities and commercial pension insurance can further promote economic growth and development[11]. Li believed that to further enhance the return rate, the social insurance fund should provide more value-added and preservation services[12].

2.4. The Role of Innovative Pension Finance in Promoting Shanghai's Economic Development

Enriching the variety of pension financial products can stimulate market demand and increase the supply of long-term products[13]. At the same time, non-profit private elderly care institutions should focus on their target customer groups to achieve a rolling development that opens up sources of revenue and reduces expenditures[6]. Qu suggested that in the future, the financing and leasing market for elderly housing will gradually be activated, and the payment model for housing-based pensions will be valued, further stimulating and developing Shanghai's economy[5]. Smart elderly care can further promote cooperation between medical institutions and elderly care institutions, and the internet plus home-based elderly care will gradually become a new type of elderly care model[3]. Shanghai Bank has also carried out public welfare activities for the elderly, launched elderly classes, and popularized financial and financial management knowledge for the elderly, thereby increasing the income of elderly customers and promoting economic development [8].

2.5. Balancing GDP Growth with Enhancing the Happiness Economy of the Elderly

Pursuing profit maximization without restraint does not ensure the longevity of a business, and excessive personal wealth growth does not necessarily increase happiness[14]. Therefore, while relying on the development of the elderly care industry to boost the economy, it is also important to consider the happiness of the elderly. The main factors affecting residents' subjective happiness include absolute and relative income, housing and property rights, and a sense of social fairness [15]. Additionally, Li found out that different types of insurance have various effects on enhancing

residents' happiness through research. Therefore, although the elderly care industry may become a new driving force for Shanghai's economic development in the future, attention should also be paid to improving the happiness index of the elderly[11].

3. Methodology

3.1. Research Design and Sample Collection

This study adopted a cross-sectional survey design and collected the views and cognition of residents in Shanghai on pension financial products and services through online questionnaires. The questionnaire design was carefully divided into five sections to ensure comprehensive coverage of the key areas of the study. The first part focuses on collecting the basic information of the respondents, including age, gender, educational background, etc. The second part aims to assess the respondents' knowledge of the elderly care industry. The third part explores the respondents' attitudes and preferences towards elderly care services and financial products. The fourth part focuses on respondents' expectations of the role of the elderly care industry in promoting the growth of domestic demand in the economy, and the demand for government policy support. The fifth part collects the respondents' views and suggestions on the future development of the elderly care industry. The questionnaire was widely disseminated through social media platforms to ensure the diversity and representation of the sample. Data collection took place in mid-to-late August 2024 and lasted for half a month.

3.2. Data Coding and Analysis Methods

The collected questionnaire data were professionally coded and analyzed by SPSS software. At the stage of data analysis, this study first adopted basic descriptive statistical methods to outline the basic information characteristics of the participants. In addition, in order to display the data more directly, this study used graphical representation methods such as frequency distribution table, bar chart and fan chart to analyze the respondents' views and opinions on pension finance and services, as well as their feasibility prediction on the pension industry to promote the growth of economic domestic demand. In terms of preference analysis, the Chi-square test was used in this study to identify significant differences between respondents of different ages and education levels.

3.3. Research Limitations

This study acknowledged limitations, particularly in the time span and age distribution of the samples collected. Samples were collected over only half a month, which may limit the general applicability of the results. In addition, the age distribution of the sample was not concentrated enough, which may cause the study results to be biased from the actual situation. Nevertheless, the geographical specificity of the study and the high quality of the sample collection provided a degree of reliability and validity to the findings.

3.4. Reliability and Validity

Despite its limitations, various measures were taken during the design and execution of this study to ensure the reliability and validity of the results. First, the questionnaire design underwent a rigorous pre-test to ensure the clarity and relevance of the questions. Secondly, anonymity was implemented in the process of data collection to reduce the influence of social expectation bias on the authenticity of answers. Finally, advanced statistical methods were used in the process of data analysis, and cross-validation was used to enhance the robustness of the results. Overall, this study aims to provide an

empirical basis for the development of pension financial products and services, and provide valuable insights and recommendations for policy makers and industry practitioners.

4. Results

4.1. Basic Information of Interviewees

A total of 126 questionnaires were issued and 126 were effectively recovered(see Figure 1). Among them, the proportion of men and women is basically evenly distributed, accounting for about 50% each. So the results of the questionnaire are not easily affected by gender differences. However, in this survey(see Figure 2), the proportion of people aged 35 and below is relatively small, which is only about 7.14%, the proportion of people aged 36-45 and above 56 is about 23%, and the proportion of people aged 46-55 is relatively large, accounting for 47.63%. Combined with the relevant analysis, this study believes that different age groups have different views on whether the elderly care industry can promote the growth of domestic demand in Shanghai's economy to a certain extent. Most of the people who participated in the survey(see Figure 3) concentrated on the two modules----enterprise employees and retirees. Meanwhile, more than 75% people have the education level of bachelor's degree or above(see Figure 4). Therefore, this study can conclude that the population participating in the survey has a high education level, and the reliability of the questionnaire results is high.

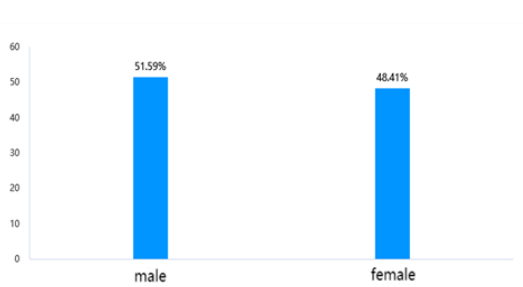


Figure 1: the gender of the interviewees

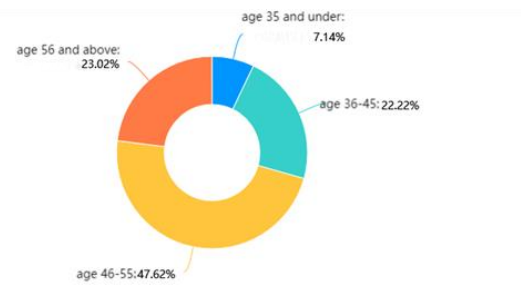


Figure 2: the age of the interviewees

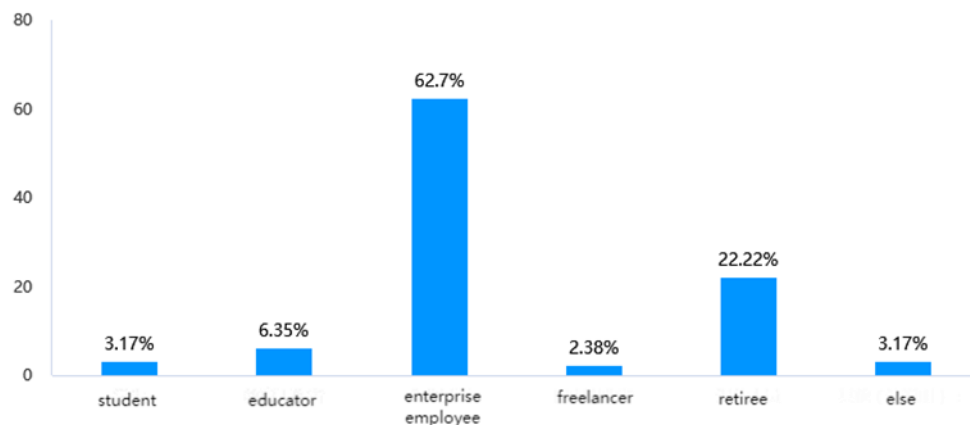


Figure 3: the job of the interviewees

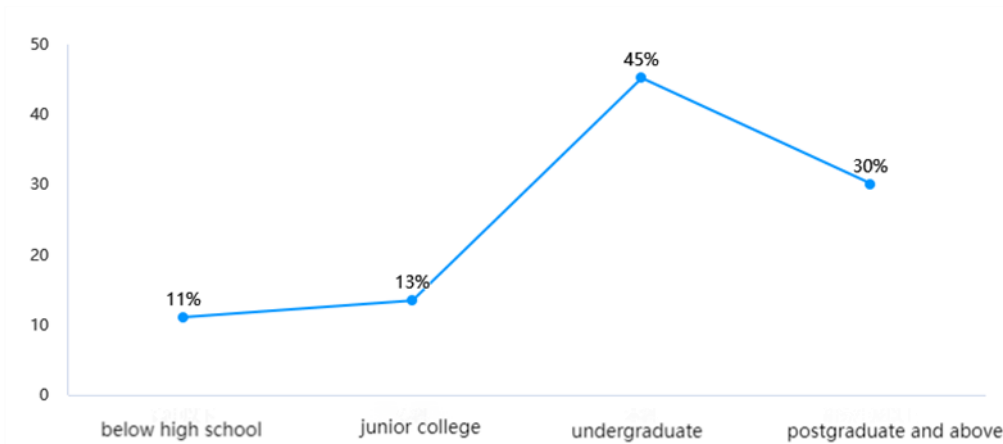


Figure 4: the academic background of the interviewees

4.2. The Cognition of the Current Pension Industry

According to the analysis of statistical results(see Figure 5), most people's understanding of the pension industry is only heard of some. Although the education level in Shanghai is higher, people are not very concerned about the pension industry. Based on people's vague understanding of the elderly care industry, more than 85% of people think that the service quality of the elderly care industry in Shanghai is uneven, and more than 50% of people hold the opinion that the elderly care facilities are insufficient and the price of elderly care services is too expensive, which is not within their budget(see Figure 6).

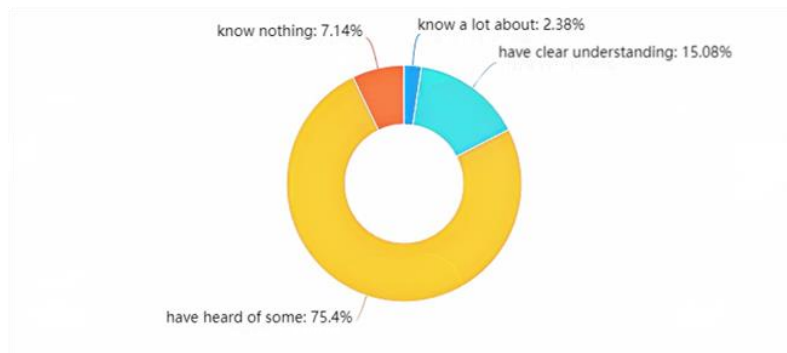


Figure 5: understanding of the current situation of Shanghai pension industry

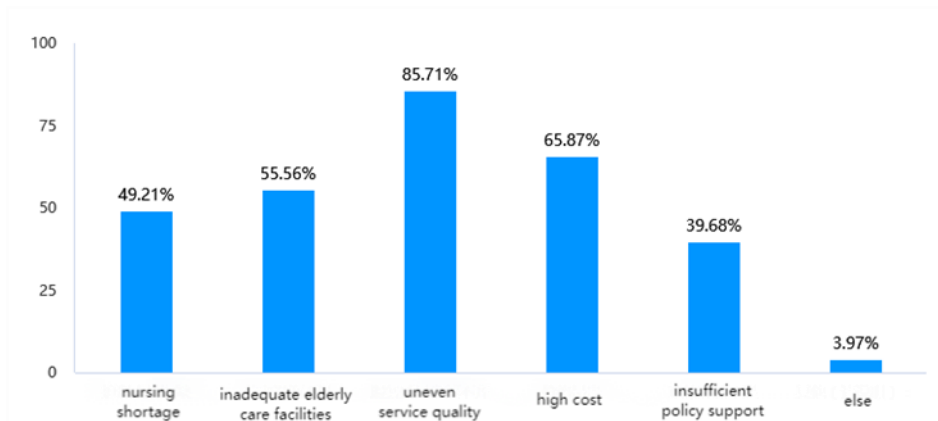


Figure 6: the biggest issues facing the elderly care industry today(choose up to three)

4.3. The Awareness and Participation of Elderly Care Services and Financial Products

According to the survey reveals(see Figure 7), with the increase of age, the proportion of people using elderly care services increased, and the two showed a positive correlation. However, most people think that the elderly care service they use is relatively general and not very satisfied, and more than 50% of people think that the quality, price and professional personnel of elderly care service need to be improved(see Figure 8). In addition, according to the analysis of the survey results(see Figure 9), it is not difficult to find that people have a low understanding of pension financial products, most of them still stay in commercial insurance, wealth management products and other traditional financial products, and the reasons for buying these products are mainly concentrated in investment, more economic security, and better pension.

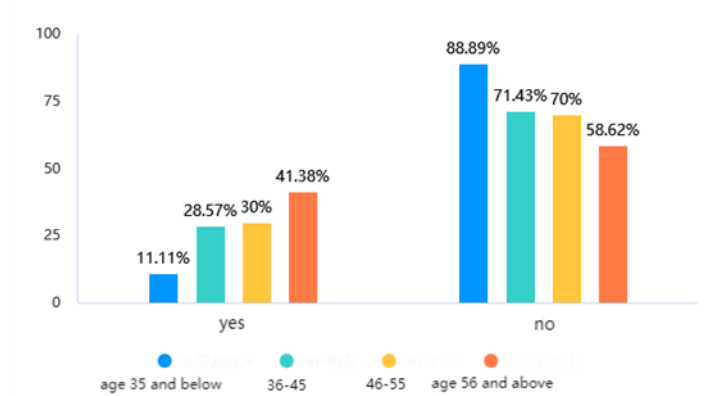


Figure 7: distribution of the proportion of elderly care services used by different age groups

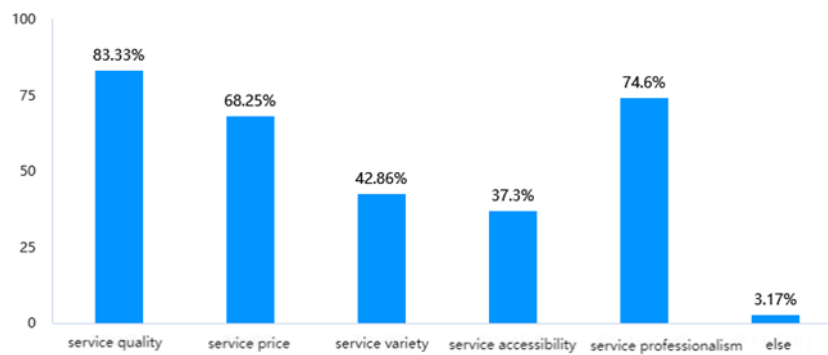


Figure 8: improvement point where the elderly care service deserves

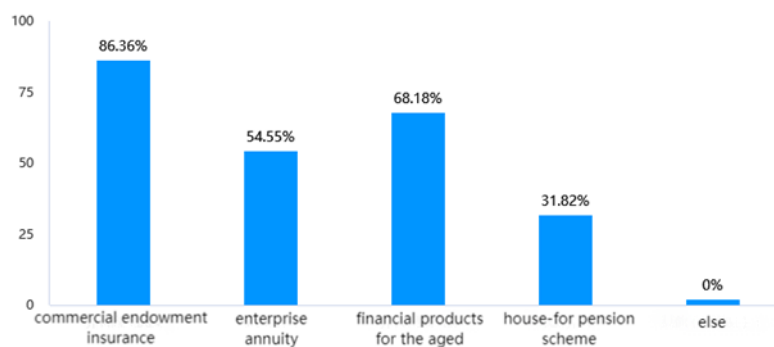


Figure 9: List types of pension financial products you know(multiple choice)

4.4. The Impact of the Pension Industry on the Economy and Government Policy Support

About 46% of people think that the pension industry has a moderate impact on Shanghai's economy, and a small number of people show better expectations and hopes(see Figure 10). It can be seen that the elderly care industry still needs time and opportunities to promote Shanghai's continuous economy. At the same time, more than 40 percent believe that improving the social welfare system is necessary to boost domestic demand in Shanghai's economy(see Figure 11). In addition, it is generally believed that the social attention to the elderly care industry shows a positive attitude, and it is necessary to optimize the elderly care service policy.

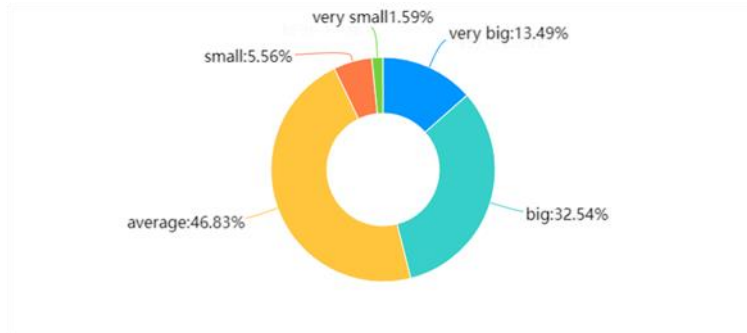


Figure 10: the contribution of the pension industry to the economic development of Shanghai

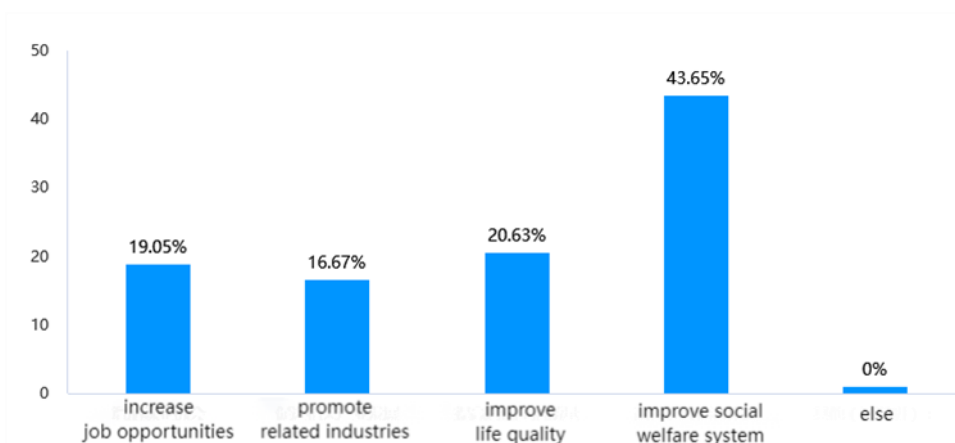


Figure 11: the methods of promoting the growth of domestic demand in Shanghai economy

4.5. The Future and Feasibility of the Elderly Care Industry

According to the survey results(see Figure 12), more than 80 percent of people believe that it is necessary to innovate the service model for the elderly. In addition, people put forward the necessity of government policy support, and the quality and professionalism of nursing staff need to be further improved. Finally, the majority of retirees reflect that they do not receive the corresponding respect in society, so it is necessary to enhance the overall moral quality of the community and the awareness of caring for the elderly.

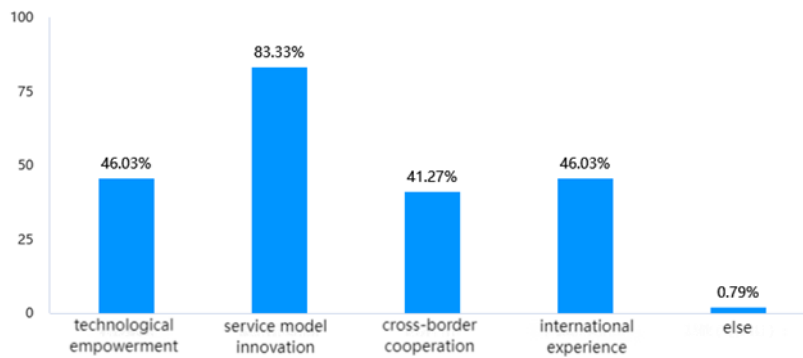


Figure 12: the possible future innovation direction of the elderly care industry(multiple choice)

5. Discussion

5.1. Summary of Results

First of all, there are still many problems in the elderly care industry, and the professionalism of nursing staff and service prices, as well as the lack of government policies, are the main factors hindering the development of the elderly care industry today. Secondly, the current development of pension financial products is still relatively traditional, with large space for innovation, and the elderly's awareness of financial pensions is generally insufficient, which is also the main reason for the slow development of pension financial services. Finally, most people are still optimistic that the pension industry will promote the growth of domestic demand in Shanghai's economy in the future, but it should still make enough efforts in the process, the most important of which should be to improve the social welfare system.

5.2. Comparison with Other Studies

Liu 's research on the transformation of the pension financial products module of the Bank of Shanghai is of enlightening significance to this research topic[8]. Banks, communities and streets can jointly conduct public welfare lectures to help the elderly popularize financial knowledge for the elderly, including but not limited to commercial insurance, margin financing, etc., so as to stimulate and explore the pension financial market, improve the liquidity of money, and promote the high-quality development of Shanghai's economy. Moreover, according to the results of the questionnaire and Shan's article, the biggest problem of the elderly care in Shanghai is still the lack of humanistic and spiritual care for the elderly[3]. The elderly lack belonging and love, so people in society should pay attention to this and make further changes. Shan also proposed that the 'Internet+home-care' model should be gradually developed in combination with technological empowerment, which, to a certain extent, can enable the elderly to have access to more big data and information flow[3]. Besides, since they do not use specialized pension institutions, the price of old-age care services will drop significantly, but the quality of old-age care services will be higher than before. Then people will be more willing to invest in it and buy corresponding services, so that the elderly care market will expand and transform, and the economic domestic demand can be further pulled.

5.3. Limitations and Implications

This study expounds on the potential problems of the current pension industry in Shanghai from a macro perspective, and further explores the changes and innovations that can be made in the pension industry, as well as its feasibility as a new economic growth point in Shanghai. However, due to the

limited sample size and time, there is a certain degree of deviation between this study and the actual results, and the consideration of factors at the micro level is still insufficient. However, the high quality of the sample indicates that the results of this study still have certain reference values.

6. Conclusion

With the rising degree of aging in Shanghai, how to provide for the elderly is bound to become a hot topic in the near future. However, there are still many deficiencies in the elderly care service in Shanghai today. Therefore, in order to stimulate the domestic demand of Shanghai's economy, it is necessary for the elderly care industry to make a series of reforms and innovations, while integrating modern elements of elderly care finance and Internet products, rather than adhering to the traditional way of elderly care. Furthermore, government policies should be further refined, and the social welfare system should be enhanced to ensure that pension financial products and services are accessible and reliable for the elderly. In line with the traditional Chinese adage, "respecting and caring for the elderly," it is imperative that, while pursuing economic growth, society also prioritizes the well-being and dignity of its aging population. By fostering an environment where the elderly can genuinely experience the benefits of economic development, a more inclusive and harmonious society can be achieved.

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