

# THE CONNOTATION AND FUNCTIONAL ANALYSIS OF OLDER ADULT CARE SERVICE MODELS: AN INTERPRETATIVE FRAMEWORK BASED ON GOVERNANCE MECHANISMS

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**Abstract:** Amid the ongoing restructuring of the older adult care service system, this study explores the general elements of governance mechanisms within the context of China's institutional environment. It proposes an analytical framework for older adult care service models, following the stages of initial form, institution, behavior, and post-intervention state. By clarifying the initial roles of public service agencies, families, social organizations, and enterprises within various service models, the study outlines their functional boundaries, strengths, and limitations. Additionally, using national strategies and current policies as practical foundations, and following the intervention path from institution to behavior, the study constructs a preliminary framework for the ideal network structure and form of older adult care services. This provides a reference for the subsequent development of a multi-tiered older adult care service system.

**Keywords:** Older adult care models; Governance mechanisms; Instruments; Actors; Networks

## 1 RESEARCH BACKGROUND AND PROBLEM STATEMENT

Unlike welfare policies in some social domains, which often face controversy or vague objectives, the significance and urgency of older adult care as a social issue are underscored by quantitative indicators that reflect the deepening level of population aging. Consequently, older adult care has been prioritized on the national strategic framework agenda. Public authorities recognize the long-term necessity of building and enhancing an older adult care system, a goal that enjoys broad consensus among social organizations and the general public. Historically, older adult care in China has been heavily influenced by Confucian values of filial piety and institutional norms, with traditional family-centered care dominating the social structure. However, factors such as the rising number of older adults, the implementation of the one-child framework, and increased population mobility have made traditional family care models increasingly inadequate. These models struggle to meet the comprehensive living and healthcare needs of older adults, especially those with significant functional impairments or cognitive decline. Comparative studies indicate that high dependency ratios in family structures, such as the "4-2-1" model (four grandparents, two parents, one child), place disproportionate caregiving burdens on only children and their spouses. These burdens are further exacerbated by external factors like work commitments and geographical constraints, making it difficult to balance older adult care with other social responsibilities. In response, national planning documents advocate for a comprehensive framework that includes older adult care services, long-term care systems, and service management mechanisms.

As care for older adults ascends the framework agenda, the academic community continues to debate the definitions and classifications of older adult care service models. Some scholars contend that current categorizations—distinguishing between home-based, community-based, and institutional care—fail to capture the true nature of older adult care services [1]. They advocate for a more integrated approach, suggesting that communities should unify various service platforms [2]. Meanwhile, other researchers focus on the practical differences between urban and rural care models, exploring aspects such as public-private partnerships in urban care facilities, community-based home care, long-term care insurance systems, rural "time-bank" models, embedded care, and technology-enhanced smart older adult care systems [3-5]. Motivated by national policies and the dual needs of the older adult population, diverse service models have evolved, prompting questions about their structures and effectiveness. These inquiries are crucial not only for the quality and dignity of older adult lives but also for theoretical discussions within academia. The concepts and scope of older adult care service models reflect the variety of organizational forms within the social structure, such as publicly managed care institutions, family-based care, and public-private partnerships. From a governance standpoint, these models can be dissected through elements like governance goals, tools, the nature of actors and subjects, and the potential outcomes of their actions. This study employs a governance framework from a public framework perspective to delineate the roles and functions of organizations such as public agencies, families, social groups, and enterprises within different older adult care service models. It aims to address pivotal questions about the meaning and operational effectiveness of these models, offering valuable insights for the development of a multi-tiered older adult care system.

## 2 THEORETICAL FOUNDATION AND ANALYTICAL FRAMEWORK

### 2.1 Ideal State and Its Realization Path: Governance Mechanisms and Institutional Structures

In addressing social framework issues, maximizing social welfare within budgetary constraints and available resources significantly influences the range of framework actions available to public service agencies. Williamson expanded the concept of governance mechanisms, shifting the focus from environmental and game-rule dimensions to micro-level analyses, encompassing markets, bureaucracies, and hybrid forms. Governance mechanisms involve organizational structures that producers adopt to minimize transaction costs, such as contracting for intermediate goods or services through cooperative production or outsourcing to external suppliers under conditions of incomplete contracts [6]. At the micro level, governance mechanisms emphasize institutional arrangements rather than institutional environments. The latter serves as a foundational assumption, while economic agents match transactions to governance structures within the institutional context to achieve desired economic outcomes [7].

When governance mechanisms and institutions are applied to the economic production and distribution sectors, the reduction of transaction costs becomes a key goal for organizations providing goods and services. The choices of governance mechanisms are typically aligned with this objective. However, in the social welfare framework domain, transaction cost indicators may not fully capture framework goals such as equity and justice. In the delivery of public services, framework objectives and value orientations significantly influence institutional rules and the behavior of actors, especially when addressing social welfare values that cannot be wholly realized by reducing transaction costs [8].

The overlap between governance mechanisms and institutional structures becomes apparent when abstracted from specific institutional contexts. Organizations such as markets, hierarchies, and non-profits function both as governance structures and as institutional rules. Bridging governance mechanisms with institutional structures, this study adopts a public sector management and social framework perspective. It examines the actions and tools of public service agencies, starting with a functional analysis rather than value judgments. Firstly, the ideal states achievable by various organizational forms and their preconditions are determined—for example, markets operate efficiently under conditions of perfect information, rational decision-making, and competition. Subsequently, the analysis identifies the specific institutional environment in the social welfare field. In China, welfare distribution emphasizes fairness and justice, with institutional analysis focusing on reducing transaction costs within this framework. Finally, specific institutional rules and implementation mechanisms are designed to address potential failures of various organizational forms within the institutional environment.

## 2.2 General Elements of Governance Mechanisms in Public Service Agency Leadership

Within China's institutional environment, governance mechanisms led by public service agencies feature actors (the state and society) as both subjects and participants in governance, fostering a bidirectional interactive relationship. These mechanisms aim to create orderly outcomes through rules that guide, coordinate, incentivize, regulate, and constrain actors' behaviors. Governance mechanisms encompass three core elements: institutional rules, actors, and their interactions [9]. It is worth noting that the nature of governance and the composition of governance systems vary significantly across countries and periods. Institutional environments strongly influence governance mechanisms, reflecting a nation or region's historical, cultural, and socio-economic context.

## 2.3 Analytical Framework for Older Adult Care Service Models: Initial State - Institution - Behavior - Post-Intervention State

Using the timeline of China's "Proactive Response to Population Aging" strategy as a reference, this study analyzes older adult care service models from their initial to post-intervention states. Institutional rules guide actors' behaviors and transactions at the micro level, addressing the relationship between institutional environments and governance mechanisms, while evaluating the implementation effects from a transaction cost perspective.

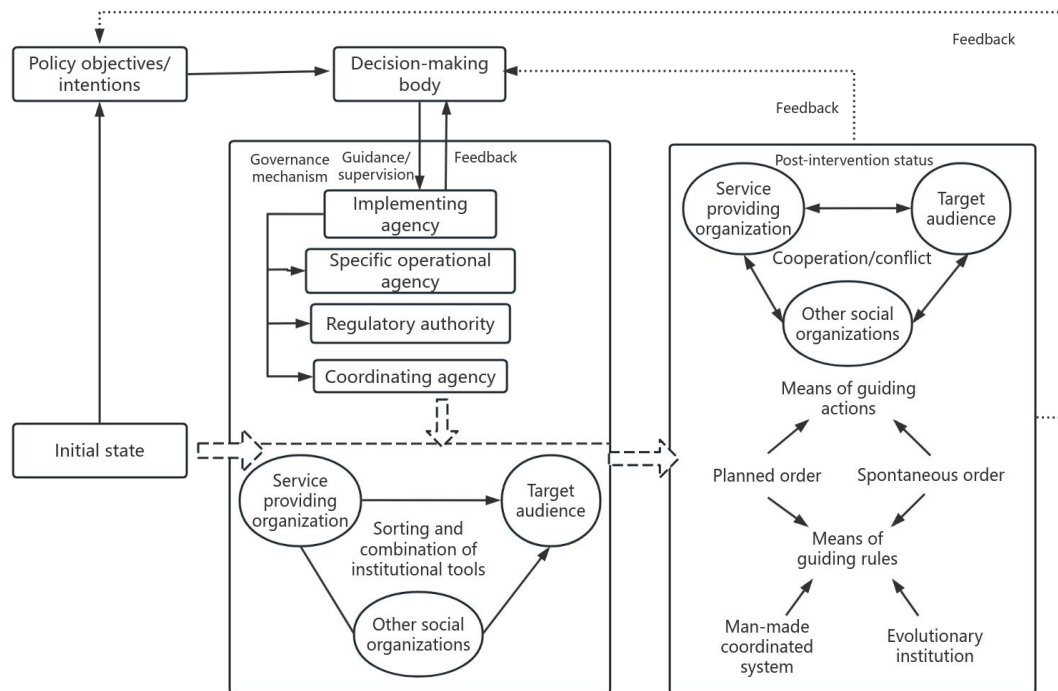
The elevation of aging-related framework goals to a national strategy marks a shift from traditional to modern older adult care models. The initial state refers to the transaction relationships among actors before the implementation of proactive aging measures. Policies and tools for aging responses, such as professional network entry mechanisms and incentive/constraint systems, form part of the institutional structure. These elements shape actors' participation in older adult care service networks and regulate the quantity and quality of transactions. Informal organizational rules, rooted in shared values and moral standards within communities, also influence actors' behavior, often interacting with formal rules to define boundaries within a given domain [10].

In this framework, actors are categorized into three dimensions:

- (1) Individuals: Natural persons who are beneficiaries of framework or participants in its implementation.
- (2) Organizations: Profit and non-profit entities, such as producer networks, expert networks, and issue networks.
- (3) Public Service Agencies: Including framework communities (central agencies and ministries) and multilateral networks (framework implementation and oversight).

The attributes and behaviors of these actors influence the post-intervention states of older adult care supply. In contexts of incomplete information and contracts, actors may exhibit opportunistic behaviors, such as deception or breach of contract, driven by factors like asset specificity, transaction uncertainty, and frequency [11]. However, reputational, moral, and intrinsic value motivations can encourage adherence to or enhancement of contracts. Institutional rules, both formal and informal, collectively shape actors' behaviors and transaction relationships, ultimately influencing the

post-intervention organizational forms. Generally, greater reciprocity and cooperation within governance mechanisms enhance the efficacy, value, and sustainability of older adult care service models (Figure 1).



**Figure 1** Analytical Framework for Older Adult Care Service Models

### 3 FORMS OF OLDER ADULT CARE: FAMILY-BASED AND EXTERNAL PROVISION MODELS

#### 3.1 Diminished Family-Based Care Capacity under Social and Demographic Transitions

Despite the deeply rooted cultural values of respecting and supporting older family members, which are intrinsic to Chinese civilization, the traditional family-centered care model is increasingly challenged by the pressures of societal and demographic transformations [12].

The first tension lies between caregiving capacity and the willingness to provide care. Data from population censuses and sampling surveys reveal a trend toward smaller and simpler family structures. From 1982 to 2010, the proportion of extended families spanning three or more generations remained below 20%, while nuclear families became more prevalent. Structurally, this shift has weakened families' ability to provide older adult care [13]. Middle-aged couples, particularly in single-child families, face significant challenges in balancing caregiving duties with work obligations due to these structural changes. Geographically, the growing scale of population mobility—evidenced by the 370 million people identified as migrants in China's seventh population census—adds another layer of difficulty. Migrant workers, often living far from their parents, encounter barriers such as time constraints and institutional challenges related to the social security and household registration systems. Even with strong caregiving intentions, families are often constrained by these systemic limitations.

The second tension arises from intergenerational cognitive gaps. The discrepancy in understanding between middle-aged and older family members, compounded by a lack of professional caregiving knowledge, may lead to neglect of the older adult's specific needs. For example, older adults often experience cognitive and memory decline, reduced logical reasoning, and slower problem-solving abilities, leading to changes in intellect, personality, emotions, and operational skills [14].

Moreover, life-course experiences uniquely shape individual cognitive patterns in old age, yet these nuances are frequently overlooked in family care interactions. The resulting cognitive dissonance may extend to a societal mismatch between the perceived and actual needs of older adults, such as focusing exclusively on basic care and medical needs while neglecting mental well-being, social engagement, or self-actualization for healthier older adults.

#### 3.2 External Providers of Older Adult Care: Market, Public, and Non-Public Organizations

Surveys indicate that the majority of older adults in China prefer home-based care, reflecting societal resistance to institutional care, which is often viewed as morally less acceptable [15-16]. As a result, even when external care is needed, its acceptance remains low among the public.

External older adult care models are diverse, falling into three main categories: market-based, public, and non-public providers. Emerging hybrid models—such as public-private partnerships, community-based initiatives, and integrated medical and older adult care systems—are expanding the traditional landscape. Examples include social welfare centers, wellness programs driven by real estate and insurance initiatives, and rural mutual assistance networks.

### 3.3 Balancing Goals and Tools: Achieving Public Welfare in Older Adult Care

Each organizational model serves as a specific institutional tool. However, the gap between theoretical assumptions and practical implementation often results in unmet framework goals.

The first challenge arises from the intrinsic strengths and limitations of each institutional tool [17]. Market-driven care improves resource allocation efficiency and fosters industry development but often suffers from high costs, remote locations, inadequate facilities, and uneven service quality. Additionally, market providers are at risk of opportunistic behavior due to asset specificity, such as investments in real estate, which exacerbates information asymmetries within the sector.

In contrast, public institutions prioritize public welfare, benefiting from centralized decision-making, resource allocation, and relatively lower costs. Many public older adult care institutions, integrated into urban development projects, are well-located and have stable funding. However, financial constraints and excessive demand often result in resource shortages, leaving public services insufficient to meet broader needs.

Non-public organizations, though flexible and rooted in communities, face challenges in sustainability due to limited resources, funding, and personnel. Over time, these organizations may shift towards more profit-driven models, diluting their original public welfare mission. Family care remains constrained by its diminishing capacity, and legal mechanisms to address neglect or abuse are often insufficient due to the private nature of family interactions.

The second challenge concerns the inherent conflicts between institutional goals and the limitations of single-tool approaches. For example, while public institutions are the most reliable in ensuring public welfare, mismatched supply and demand for services leave many older adults underserved. Similarly, rising affluence has driven demand for high-end older adult care facilities primarily operated by private enterprises. Balancing these diverse needs requires strategic planning, regulatory oversight, and industry optimization to meet both basic and specialized older adult care demands.

## 4 FUNCTIONAL INTEGRATION AND EXPANSION IN MULTIFORM ORGANIZATIONAL STRUCTURES: INTERMEDIATE MODELS BETWEEN PUBLIC INSTITUTIONS AND THE MARKET

In alignment with theoretical research, the national strategy for proactively addressing population aging emphasizes the establishment of an older adult care system that is home-based, community-supported, institutionally supplemented, and integrates medical and caregiving services. This framework aims to restore the caregiving functions of families through macro-level public policies and supportive social environments [18]. Under this strategic decision, traditional actors in older adult care are integrated with newly emerging ones into a unified system. By leveraging institutional rules and cultural values, the system seeks to achieve an optimal alignment between collective ideals and individual rationality. This section will analyze the elements of the older adult care service network shaped by multiple organizational forms, as outlined in framework documents issued by the State Council and relevant departments (Figure 2).

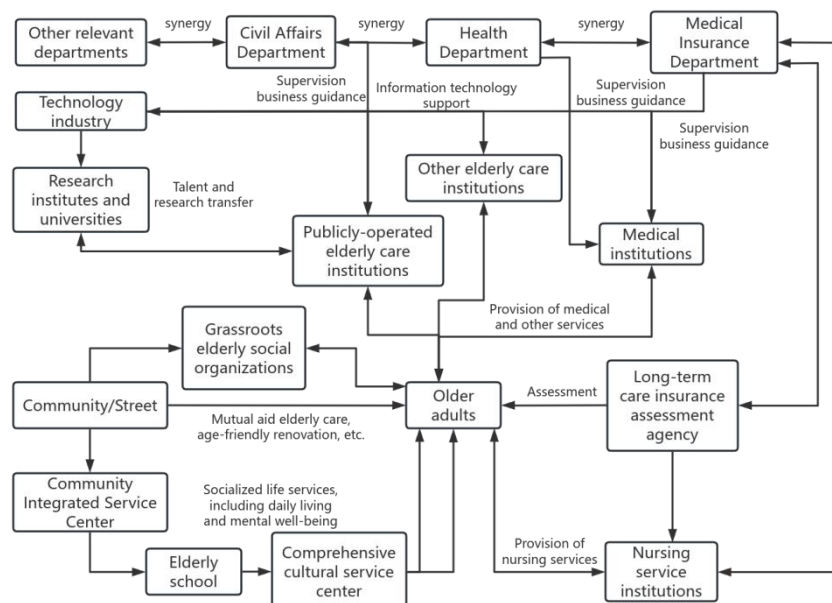


Figure 2 Integration of Older Adult Care Service Models-An Idealized Framework

#### **4.1 Expanding Access Mechanisms**

The number and nature of actors integrated into the older adult care system significantly influence its operational model and effectiveness. Compared with the limited scope of earlier single-department initiatives, the current approach broadens access for both service providers and older adults. For instance, differentiated service provision is now tailored to various older adult groups, including healthy, fully independent individuals; those with chronic diseases but capable of self-care; individuals seeking higher-quality care; and those requiring home-based or institutional care due to disabilities or cognitive impairments.

In terms of service provision, traditional models involving public or for-profit enterprises are undergoing transformation. Public older adult care institutions are being restructured into enterprises or operated through public-private partnerships, with private entities encouraged to participate through sole proprietorships, joint ventures, and other collaborative formats. Framework incentives for private older adult care institutions include support in financing, taxation, land use, and personnel development. Under the ongoing reform of deregulation in the older adult care sector, private capital and social actors are granted easier access to establish care facilities. Models such as franchising, public service procurement, and public-private partnerships are supported, alongside the repurposing of existing urban infrastructure—such as vacant factories and commercial properties—for older adult care.

In parallel, healthcare services have been comprehensively integrated into older adult care provision. Institutions at all levels now assume responsibilities for health promotion, medical care, nursing, and rehabilitation. Furthermore, grassroots organizations, such as street offices and rural collectives, are playing a growing role. These entities facilitate cultural and recreational activities, support volunteer-driven initiatives, and aim to establish fitness and recreational hubs for older adults in at least 90% of urban and rural communities by 2020.

#### **4.2 Rules and Reciprocity in Transactional Relationships**

Expanding access and increasing actors necessitate the establishment of collaborative frameworks to ensure system coordination. Compared with prior regulatory systems in older adult care, the current framework emphasizes two critical relationships to mitigate contractual incompleteness in the older adult care market.

Firstly, the relationship between regulatory mechanisms under public institutions and market-driven mechanisms is paramount. Older adult care institutions, characterized by high investment costs, long construction cycles, and specialized assets, are prone to opportunistic behaviors without regulatory oversight, particularly given the vulnerability of older adult service recipients. To address this, regulatory frameworks are meticulously designed, covering aspects such as service quality, resource allocation, and operational standards. A localized approval and oversight principle ensures comprehensive regulation across various entities, including institutional and home-based care providers.

Secondly, the expansion of family-centered care networks underscores closer integration between families and communities. Recognizing the challenges faced by families in meeting older adult care demands, efforts are underway to enhance the coverage of family-doctor agreements through grassroots healthcare institutions. Incentive mechanisms encourage village doctors and healthcare professionals to practice in integrated care settings, with equal recognition in professional evaluations. Community-based models leverage existing infrastructure—such as rural service centers, cultural hubs, and vacant urban spaces—to meet the diverse needs of older adults, including daily living, dining, and recreational activities.

#### **4.3 Embedding and Strengthening Mainstream Cultural Values**

As a non-monetary institutional tool, cultural and moral education plays an increasingly pivotal role in promoting older adult care. Public institutions and communities have recognized the importance of informal evolutionary institutions in fostering cooperative relationships among actors. Efforts to instill traditional values, such as respect for older adults, are most evident during major cultural festivals like the Spring Festival, Qingming Festival, Mid-Autumn Festival, and Double Ninth Festival.

Notably, the introduction of monetary attributes into promotional activities—such as the "Respect for Older Adults Month" and awards for exemplary older adult care—reflects an evolution in framework design. Initiatives include subsidies for non-local older adult residents to access the same benefits as locals, reinforcing respect for older adults as a societal virtue. The ultimate goal is to embed these values into formal institutional rules, fostering widespread recognition and collective action among diverse actors.

### **5 DISCUSSION AND CONCLUSION**

#### **5.1 Integrated Governance Mechanisms: Innovations in Older Adult Care Systems and Models**

The proposed strategy to actively address population aging represents a paradigm shift from traditional family-based, community-based, or institution-based models. A macro-level perspective is necessary to understand how diverse actors can form cooperative, rather than adversarial, relationships, thereby reinforcing positive feedback mechanisms within

the older adult care system. Instead of relying solely on single-provider models, the continuation of the older adult care framework hinges on institutional innovation in framework implementation at the local level.

## 5.2 Further Exploration of Institutional Tools and Actor Theories in Governance Mechanisms

Given the lack of participatory research and the relatively recent introduction of aging-related policies, the discussions presented here remain preliminary, blending theoretical insights with framework and practice. Further research could address questions such as: What motivates local public institutions to design specific regulations based on regional economic and cultural contexts? How do operational departments implement these regulations? How do actors respond to institutional tools, and to what extent do these tools align with framework goals and cultural values? Comparative studies of governance mechanisms and longitudinal analyses of framework impacts could provide valuable insights into optimizing older adult care systems.

## COMPETING INTERESTS

The authors have no relevant financial or non-financial interests to disclose.

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