

Study on The Role of Management Accounting in The Implementation of A Two-Cycle Strategy

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Abstract: This paper will give full play to the role of management accounting innovation in the internal circulation of investment, services, finance and science and technology under the double-cycle development pattern, so as to promote the internal circulation of China's economy and finally realize the domestic and international double-cycle. Management accounting under the double-loop strategy needs to be continuously practiced and theoretically summarized and improved before a new management accounting theoretical system can be truly formed to adapt to the new development pattern, to the digital economy and to the actual development of Chinese enterprises.

Keywords: Management accounting, Double loop strategy, Domestic loop.

1. Introduction

Under the impact of the new pneumonia epidemic in the previous two years, the world as a whole is in a turbulent and complex environment and is facing a major change unprecedented in a century. With the increasing trend of counter-globalization and the obvious weakening of the traditional international cycle, the global environment facing China's development may change significantly. In response to this dilemma, a meeting of the Central Political Bureau convened by President Xi Jinping in July 2020 proposed that "a new development pattern be formed in which the major domestic cycle is the mainstay and both domestic and international cycles promote each other." Therefore, it is necessary to base on domestic development, expand domestic demand and use the domestic market to achieve high-quality development of our economy. China is a vast country with a large population and the world's largest and most promising consumer market, with huge room for growth in economic consumption. We must always adhere to the new development pattern, form a virtuous cycle of the national economy, adhere to the main body of the domestic cycle, and enhance the adaptability of various enterprises to domestic demand. The "double cycle" development pattern promotes the development and innovation of enterprise management accounting, and the development of management accounting provides practical support for the "double cycle" development. Therefore, all enterprises should actively respond and explore, make full use of their own internal advantages and external opportunities with the help of management accounting tools, recognize the situation and change their concepts.

2. The Profound Connotation and Contemporary Background of The New Development Pattern of The Double Cycle

(1) The profound meaning of the new double-cycle development pattern

Since its reform and opening up, China has actively participated in the division of labour in global value chains,

especially after its accession to the WTO, and its low factor costs and export-oriented industrialisation strategy have been in line with the national conditions of developing countries, thus greatly contributing to the country's economic development and enabling it to achieve in a few decades the industrialisation process that has been taking place in developed countries for centuries. However, in recent years, the lack of core technology in China's enterprises, the suppression of Western countries such as the United States in many aspects, the lack of modernization of industrial chains and supply chains, resulting in poor quality of supply and other problems have made it very difficult for China's economy to move from high growth to high quality development. Therefore, China needs to change its economic development strategy in time to focus on domestic demand growth-oriented economic development. General Secretary Xi Jinping's proposal of a new development pattern, with the domestic circulation as the mainstay and the dual domestic and international circulation promoting each other, at a critical point in the upcoming 14th Five-Year Plan, is an indication of the need to transform the economic development strategy. The main focus on the domestic cycle is a strategic choice made in full consideration of the trend of economic globalization and the turbulent external environment, and it is a strategic choice that is in line with China's national conditions and can promote China's international economic cooperation. On the one hand, the starting and ending points of the new development pattern are more domestic consumption demand, because China's consumption power has huge room for growth, with the world's largest and most promising consumer market, we should insist on expanding domestic demand, forming a virtuous cycle of the national economy; on the other hand, we should improve our innovation capacity, conquer the "neck" of the core key technology, and improve industrial capacity. The new development pattern is in fact a succession of structural reforms on the supply side, to explore the potential of domestic consumption and demand, to improve the quality of domestic economic attacks, to increase reliance on China's mega-consumer market, and to improve the domestic economic cycle while promoting a higher level of international circulation, thus realizing a new development

pattern of international and domestic circulation.

(2) The background of the new development pattern of the double cycle

In recent years, the international situation has been complicated and China is facing a changing international environment, which has brought many new contradictions and challenges. In recent years, China has made leaps and bounds, with the realization of the first 100-year goal and the 100th anniversary of the founding of the Party tacitly meeting, the solemn promise of building a moderately prosperous society, and the comprehensive victory in the battle against poverty. The 14th Five-Year Plan period is a crucial period for the comprehensive construction of a modern socialist country, and the new development pattern is inevitable when China faces new opportunities and challenges in economic development.

One of them is that the new round of scientific and technological revolution has entered the expansion period, the industrial structure has been highly transformed, the income distribution gap is likely to be further increased, the efficiency enhancement is driving economic growth, scientific and technological innovation is the key factor of efficiency enhancement, and it is necessary to effectively enhance the scientific and refined management of enterprise scientific and technological innovation activities. To actively meet the new round of technological revolution and industrial change, the construction and improvement of management system of science and technology enterprises cannot be separated from the introduction and training of management accounting talents.

The second is the Sino-US trade friction caused by the Sino-US friction, from the "special 301 investigation" to the closure of the Chinese Consulate General in Houston, Sino-US relations continue to decline. However, since the 21st century, international economic power has changed dramatically compared to what it was before, with China, as the largest developing country, playing a leading role. This also signals a change in the asymmetrical dynamics of the US-China game.

Thirdly, after the financial crisis, the trend of counter-globalisation has intensified, global supply chains and industrial chains have expanded and then contracted, global trade has shifted to intra-regional trade, regional concentration has increased, and the layout of global industrial chains has also changed.

3. Give Full Play to The Role of Management Accounting in The Internal Cycle of Investment

In recent years, China's internal demand, especially the consumption of its residents, has been relatively low, which is directly related to the export-oriented development model of "capital from abroad and products sold abroad" in the past. Nowadays, the trend of counter-globalisation is intensifying, and there are more uncertainties in the external environment and the foreign cycle, so we cannot rely too much on external demand to drive production.

(1) Expanding investment boundaries and effective investment

Since the financial crisis, China has changed its economic development strategy and made the expansion of domestic

demand a more important economic development strategy. China's rapid economic growth is behind the continuous high investment rate, China's economic growth to the world economic growth of the investment contribution rate of most more than 50%, and sometimes even up to 70%, and this high investment to promote the rapid growth of the economy is not common, so with the rough scale of expansionary growth has produced excessive investment, the urgent need to change this high-speed growth model. Management accounting is the organic combination of management and accounting, the purpose is to provide comprehensive, real and accurate information for enterprise managers and operators to make the right decision, because of this, enterprise managers can make full use of management accounting related knowledge to summarise, collate and analyse all kinds of relevant investment information, discover more possibilities to expand investment, shift the direction of investment from traditional infrastructure and The focus of investment projects should be on social infrastructure, renovation, energy saving and environmental protection, and the areas of investment and the expansion of investment income should match the requirements of expanding domestic demand, so as to promote the formation of effective investment that has a positive effect on optimising the investment structure, promoting technological progress and economic growth while driving new consumer demand, and thus better promoting the internal cycle of investment.

(2) Discover new investment projects and expand investment in new industries

The traditional rough economic development model has caused great harm to the environment in China and has led to many resources not being used effectively and the overall productivity of society not being high. Therefore, new investment projects need to be discovered so that resources can be allocated rationally while taking into account environmental protection and promoting sustainable economic development. Traditional investment decisions only consider the impact of the investment project on the business situation and profitability of the enterprise, ignoring its possible negative impact on society and the natural environment, so the new investment needs pose a new challenge to the enterprise investment decision.

Management accounting uses a variety of advanced data processing methods, so that investors and consumers have a certain understanding of the enterprise's operating and production conditions, avoiding losses caused by blind investment and largely protecting their rights and interests. At the same time, management accounting has a certain role in guiding the sustainable development of enterprises, gradually improving their awareness of environmental protection, helping them to discover new investment projects, controlling investment costs according to investment strategies, effectively safeguarding the operation of investment funds, and expanding investment in new industries. For example, with the increase in life expectancy and income, people's need for medical services is increasing, but the supply of high-quality medical services in China is insufficient, resulting in serious spillover of domestic demand. The new round of industrial changes and technological revolution is getting hotter and hotter, high technology is still a strong guarantee for a country's development and foothold, China needs to unswervingly develop high technology, expand investment in information technology, space technology, new energy and

other industries, and let Made in China become Made in China.

4. Give Full Play to The Role of Management Accounting in The Internal Cycle of Services

In recent years, technology and modern service industry have been integrated, and technology is the guiding point for the development and growth of service industry. Management accounting applies modern management principles, combined with a variety of other professional techniques, is fully adapted to the internal management of the enterprise management tools, through the analysis of financial information and other statistical data, to provide valuable information for business decision-making; integration and research of the most suitable for the development of economic activities, to enhance the effectiveness of business activities; in the collection of information in the industry and the same industry, comprehensive consideration of data reports and development We make full use of our own management and control capabilities, combine the background, current situation and prospects of the development of the service industry, help enterprises to manage the sources and use of funds, costs and expenses, etc., carry out reasonable and effective analysis of relevant data, explore the problems that exist in the service industry at this stage, and improve the scale and profitability of the modern service industry, including property, medical services, express delivery and other tertiary industries. It also provides information for internal managers to make decisions, thus promoting the internal circulation of services.

(1) Strengthen capital management and establish a sound service industry management system

Management accounting, as a new management method, has become a new choice for enterprise management, which can collect and integrate the information needed for the future development of enterprises, and with the continuous application of modern information technology, it has also greatly improved the operation efficiency of enterprises. The country vigorously develops the tertiary industry, and the service industry is an important part of the tertiary industry. However, for service enterprises, working capital is the lifeline of their operation process, and the source, flow and application of capital will affect the four major capabilities of the enterprise. Enterprises should establish a sound management system, add valuable information to the management system, fully investigate the credit qualifications of customers and consumers before business activities are carried out, share the credit qualifications of consumers and other information in the industry in the context of financial sharing, centralise the management of operating funds, optimise the allocation of operating funds, and make the use and deployment of operating funds smoothly within the enterprise. To create a good environment for the industry. The working capital management process is programmed and the rolling budget method is adopted, so that the next budget can be adjusted and prepared in a timely manner, taking into account the market environment and the actual situation of the industry. The company should also ensure the timeliness and accuracy of its budget and maintain a stable market share and sales channels in the service industry.

(2) Improving professional competence and practicality

In order to better reflect the role of management accounting in the internal cycle of services, enterprises should strengthen the construction of information technology, unify the management of branches and subsidiaries, achieve smooth sharing of information, and give full play to the scale effect. In the Internet era, the state has always attached great importance to the training of management personnel and has taken many initiatives to promote the integration of industry and finance, attaching importance to the strengthening of the basic knowledge of management accounting practitioners as well as further training on Internet technology. On the one hand, in order to realise the integration of business and finance, a management accounting system has been set up for the integration of business and finance, and therefore highly qualified personnel are needed to effectively integrate financial and business information, so that the value of the enterprise can be brought into play; on the other hand, the continuous training of management accounting personnel can encourage them to form a self-learning consciousness and to continuously innovate the mode of integration of business and finance according to the changes in the external environment.

To improve the professional ability of accounting personnel, and at the same time have the knowledge of management, economy, finance, marketing and other aspects, enterprises regularly carry out management accounting function training, in the process of training, combined with the company and the actual cases in the industry to explain, for different business process teaching; at the same time should improve the enterprise management accounting personnel comprehensive assessment system, through the written test and the way of practical operation at the same time to urge In addition to having professional knowledge and skills in management accounting, practitioners should also strengthen the concept of capital cost, so that they can deal with the problems in the process of business development objectively and calmly and promote the long-term development of enterprises.

5. Give Full Play to The Role of Management Accounting in The Financial Internal Cycle

Management accounting plays an important role in today's market economy, participating in the processing of economic operations, reasonable control of operating costs, analysis and research of market information, the financial industry through the introduction of management accounting system to better achieve enterprise management, management accounting can be integrated and processed on the financial industry's business process data, development, based on the phenomenon of data and information and the essential conclusions drawn to expand and extend. This allows managers to make decisions based on quantitative data in a scientific and intuitive way. However, in order to avoid risks, many financial companies do not adjust their interest rates in time to adapt to the new market environment, resulting in their own management accounting policies, strategies and even business management models based on the traditional development model, and management accounting reports naturally lag behind the development of other industries in the market. The management accounting report naturally lags behind the development of other industries in the market.

(1) Designing management accounting IT platform to promote development

Since the end of the 20th century, management accounting was introduced to state-owned commercial banks, many banks have gradually established management accounting evaluation systems, but the use of data still lacks completeness and fineness. With the development of modern information technology such as the Internet and cloud data, the progress of informationisation of commercial banks has been on the agenda, and the influence of management accounting on commercial banks has been strengthened. In order to realise the positive role of management accounting information system in the process of enterprise information construction, standing at the critical moment of the unprecedented change of the century, we should rely on the development of science and technology and continuously optimise the enterprise management accounting IT platform, so that it can not only guide the further improvement of the information system and the realisation of specific solutions, but also carry the business development strategy of the enterprise and technology to promote business innovation, thus enhancing overall competitiveness. The management accounting IT platform should be connected with ERP and other management information systems to achieve effective data transfer and query. The following principles should be followed in building a management accounting IT platform: firstly, the basic function of the management accounting IT platform should be clearly defined - profit accounting, analysing financial information in areas such as performance assessment, budget, product pricing, research and development, summarising it into the data required by the enterprise and making recommendations that can improve profitability; secondly, the goal of the management accounting IT platform is to achieve refined management. Secondly, the objective of the management accounting IT platform is to achieve refined management, therefore, in the design process, it should obey the planning of the overall architecture and be compatible with other information systems that already exist in the enterprise, so as to achieve multi-dimensional and barrier-free exchange of information; finally, the management accounting IT platform should be flexible, so that it can meet new requirements after changes in the external environment or management requirements, simply by modifying modules or updating parameter settings. The core indicators of EVA (Economic Value Added) and RAROC (Risk Adjusted Return on Capital) are used to analyse profitability by product, by customer, by organisation and by region, to establish a performance management system and a comprehensive cost budgeting system covering ex-ante, ex-ante and ex-post performance through cost sharing, capital cost measurement and internal fund transfer valuation, and to promote the implementation of a divisional organisational structure. For example, for new businesses, as sales and market share are at a low level, the current task is to expand market demand and reduce operational and financial risks, so budget management is more concerned with aspects such as capital input-output ratio, combined with the characteristics of commodities, more attention to capital management and internal fund transfer. The platform also allows you to set up roles of authority and grant operational rights according to authority and responsibility, thus realising the integration of business and finance and improving the overall level of operation, providing a guarantee for the internal refinement of enterprise management and future core competitiveness.

(2) Strengthen capital management to promote economic and social development services

Capital management is an important element of corporate governance. We should pay attention to the capital structure of financial enterprises, follow the principle of capital preservation and the profit-seeking, scarcity and inclusiveness of capital, etc. By strengthening capital management, we can provide information and data required for internal decision-making and operation of enterprises, and enable management to plan economic activities for the future. It is therefore necessary to improve the internal management accounting operation system of the enterprise, to disclose the financial and non-financial information of the enterprise openly and transparently, to present the business type and development trend of the enterprise comprehensively, and to ensure that the management accounting practitioners can carry out the process of collecting, measuring, analysing, compiling and transmitting information in a smooth and selective manner, so as to improve the efficiency of the internal operation. Capital management should be strengthened so that financial enterprises can better define their main responsibilities and achieve capital preservation and appreciation, not focusing too much on economic benefits, but taking the service of the real economy as the starting and ending point, so as to better serve economic and social development, ensuring that they have sufficient capital and implementing different management models for different business areas, so as to optimise the allocation of resources in the financial sector and comprehensively improve the quality and efficiency of services. In order to optimise the allocation of resources in the financial sector, improve the quality and efficiency of services, allocate resources effectively to the key areas and shortcomings needed for economic and social development, and meet the financial needs of the people and the real economy and social development, it is also necessary to clarify the bottom line of capital constraints for financial enterprises. For example, it should ensure that insurance companies in the financial sector maintain a safe and reasonable solvency and that commercial banks are adequately capitalised to achieve the 100-year goal of building a strong socialist modern state.

6. Making the Most of Management Accounting's Role in The Scientific and Technical Inner Circle

In recent years, technology applications and data governance skills have only emerged in the field of financial management. The use of emerging technologies such as artificial intelligence will further free up management accounting time, freeing human resources from repetitive, mechanical and logical tasks and focusing more time and energy on tasks that require innovation, challenge or a high degree of strategy and change, helping companies to grow better and increase value. The mobile internet has also opened up new opportunities for management accounting. These opportunities are important directions for the future development of management accounting in the context of the mobile internet ecosystem and therefore provide lessons for management accounting to facilitate the internal circulation of science and technology and thus the larger domestic circulation. Two aspects of this should be given priority attention: firstly, the integration of management accounting and the development of the digital economy. Today's management accounting theories and methods are mainly developed around the operation of China's market economy,

but the development of the digital economy is one of the reasons why the strategic model, management model, production model and market organisation model of some of China's enterprises have undergone significant changes, so it is necessary to continuously explore the theoretical practice of management accounting innovation according to these changes in the enterprise model, and then summarise from them the experience suitable for today's double cycle. Secondly, special attention should be paid to the double cycle. Secondly, we need to pay special attention to the changes in China's enterprise management development mode under the double-cycle strategy. Management accountants should follow the development needs of enterprises and adopt accurate and efficient management accounting methods to keep up with the changes in the management development model of enterprises in the digital economy.

(1) The uniqueness of high-tech enterprises promotes management accounting innovation

As technology continues to progress, artificial intelligence has also gradually entered the accounting industry. For some repetitive accounting work content, artificial intelligence can be completed precisely and efficiently, saving a lot of human and material resources, and at the same time, because of the high accuracy and speed of data statistics, it has also greatly improved the work efficiency. Therefore the current good momentum needs to be truly transformed into corporate action, so that management accounting can be more widely and deeply applied in practice, and at the same time, more in-depth research needs to be conducted to continuously draw lessons and promote the integration of management accounting with China's own management model. To be truly data-driven, organisations must develop strategies to ensure that employees are trained in the technology, can use it appropriately, and understand and report on the results accordingly. Most importantly, executives and employees alike must be committed to acting on data-based insights. High-tech companies differ from the average business in that human and intellectual capital are core values of the business, providing a point of innovation for the wider application of the Balanced Scorecard. Based on the status of knowledge, talent, technology and information as core factors of production in high-tech enterprises, the Balanced Scorecard adds new dimensions to the original ones to consider the costs and expenses of enterprises in terms of technological innovation, technology development and so on. High-tech companies focus more on building a people-centred culture, respecting and caring for their employees, creating benefits not only for shareholders, but also considering the maximisation of value for users and society at large. Before developing a big data strategy, it is important to establish a strong approach to data governance and a high-quality infrastructure. Regardless of the source of data, ensuring its integrity and quality is key. Management accounting innovates the use of data and information, collates and analyses big data about users, improves customer relationships with consumers, links employee value to user value with a view to forming strong long-term relationships with customers, encourages employees to run "micro and small businesses" within the company, and encourages employees to treat the company as a business venture. "The "fourth table" of the Haier Group is a strong proof that management accounting provides practical support for high-tech enterprises, putting common non-financial indicators into the "shared value-added table The "fourth table" of the

Haier Group is a strong example of management accounting as a practical support for high-tech enterprises, putting common non-financial indicators into the "shared value-added table" to continuously encourage innovation and value-added within the enterprise, thus better realising the internal cycle of science and technology.

(2) Use management accounting to enhance the technological innovation capability of enterprises

China's technology enterprises are developing rapidly with the advent of the era of intelligent technology. Facing the unstable external environment, it is necessary to use management accounting tools to link technology enterprises with the development of the economy, through data governance combined with the discipline, rigour and thinking structure of management accounting professionals in financial data and the science and art of management, so that they can play a greater role in the daily data governance activities. To play a greater role in the day-to-day management of data and to enhance the technological innovation of the company. Analyse the future direction of the company, so that management plans and research activities are more accurately aligned with the turbulent external environment and market developments. Management accounting can help enterprises to analyse, organise and categorise the financial and non-financial information collected from internal and external scientific and technological innovation activities, so as to obtain powerful and valuable information for scientific management and thus improve the efficiency of enterprise production and management. Management accountants can also work with other business functions to assist more effectively in planning and decision-making; they can provide analysis to help business functions understand the financial implications of their activities or plans; and they can help business functions improve the quality of information used in financial decision-making. At the same time, we grasp the development of science and technology innovation, and use the information obtained to participate in the formulation of the enterprise's science and technology innovation plan. We are mainly responsible for the allocation of resources and the budget for scientific research, helping the enterprise to rationally allocate human, financial and material resources, so that the resources can be utilised and used to the maximum extent, estimating the flow of funds to the enterprise, taking full account of the enterprise's situation, ensuring that the external operation of the enterprise is in a good cycle, and periodically comparing the Regularly compare research activity plans with actual implementation to avoid unreasonable expenditure of research funds and to correct any deviations in a timely manner. Participate in the whole process of scientific research activities, use management knowledge and professional ability to help develop the management system of scientific research activities and supervise the science and technology innovation function and its staff, so as to give full play to the advantages of enterprise technological innovation and achieve healthy and orderly development of the enterprise. In conclusion, management accounting under the double-cycle strategy needs to be continuously practiced and theoretically summarised and improved before a new management accounting theory system can be truly formed to adapt to the digital economy and to the actual development of Chinese enterprises.

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