

A Research on Enterprise Innovation Ability Under Dual Circulation Development

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Abstract: The new development model, which takes the domestic cycle as the main body and advocates mutual promotion of domestic and international dual circulation, has brought new opportunities and direction to the survival and development of enterprises. The traditional enterprise management model cannot meet the current development needs. Enterprise management innovation based on dual circulation has become an inevitable choice. This paper deeply discusses about enterprise management innovation based on dual circulation from two aspects: data capitalization and intelligent decision-making. As a result, the research on enterprise innovation capability is fostered based on the dual circulation strategy.

Keywords: Dual circulation; Enterprise innovation ability; Business management

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1. Introduction

The measure of “building and forming a new pattern of development that takes the domestic cycle as the main body and advocates the mutual promotion of domestic and international dual circulation” depicts a new blueprint for the development of China’s economy and enterprises in the post-pandemic era. The pandemic has had an impact on global economic development, including China, but the new business form represented by digital economy has made brilliant achievements and pointed out the direction for economic development. Digital technology, represented by dual circulation, provides an impetus for enterprise development, and it is the only way for enterprise survival and development in the future.

2. Connotation of “dual circulation” to China’s enterprise innovation

Adhering to dual circulation development engenders the marching forward of science and technology, improves the innovation ability and level of enterprises, as well as leads to a breakthrough of the bottleneck dilemma. From the macro level, dual circulation is an objective description of a country’s economic operation pattern and a new development strategy. From the industrial level, it can cultivate a higher-level industrial chain, supply chain, and value chain system. From the perspective of enterprises themselves, by attaching importance to the factor cycle, supply and demand cycle, as well as the innovation cycle, they can improve their innovation ability, overcome the adverse situation of key technology research, basic raw materials, advanced technology, and basic industrial technology, as well as promote the breakthrough of leading products and technologies in basic research, so as to realize independent control. Secondly, it can improve the innovation system and mechanism to form good innovation culture and eventually achieve innovation ecological balance. Under the dual circulation development, enterprises should start from the innovation level and take into consideration of higher-level strategies or thinking to strengthen the overall

sustainable competitive advantage of enterprises.

3. Limitations of innovation management of modern enterprises in China

In recent years, a considerable number of independent innovation capabilities have been improved to varying degrees in China. Individual enterprises also have certain competitiveness in the world, but the independent innovation capability of the industry is still very weak. Compared with developed countries, there is still a considerable gap ^[1].

3.1. Insufficient technological innovation capabilities and the control of other core technologies

China's industrial technology has several core proprietary technologies. Half of China's patent applications come from overseas, and most of them are concentrated in high-tech industries, such as mobile communication and wireless transmission. In the high-tech field, the patents owned by Japan and the United States account for about 90% of the global patents, whereas other countries, including China, account for only 10%. Due to the lack of core technology with independent intellectual property rights, the industrial technology of many industries in China is in danger of hollowing out. This is the bottleneck for enterprises in China to further develop and enter the international market.

3.2. Insufficient innovation consciousness and limited investment in material resources (talents and finance)

Some enterprises are satisfied with becoming "manufacturing factories" or "processing factories." They believe that profits can be guaranteed through thorough labor, sufficient materials, and smooth sales. The current situation is that the number of research and development institutions of enterprises in China is small, while the research and development capacity is insufficient. In industry university research, enterprises are basically in the lower position; they pay more attention to production, emphasize introduction, digestion, and absorption, as well as focus on the imitation of innovation and inventions with low innovation levels ^[2]. Many enterprises are "manufacturing" without "creating" or having any "property rights" and "knowledge," while some enterprises surfaced from imitation or forgery.

3.3. Flawed market system that lacks institutional system to effectively promote independent innovation

The socialist market economic system is flawed, without any fair competitions or honest market environment. There are loopholes in the intellectual property protection system as there is no legal environment conducive to the emergence and transfer of independent intellectual property rights. The whole society lacks an innovative cultural environment ^[3]. A good innovation culture and environment for cultivating innovative talents, commending personality as well as honest and fair competitions, encouraging exploration, advocating excellence, and tolerating failure have not yet been formed. These are obstacles to the innovation of modern enterprises in China. The issue to be discussed is how to overcome these obstacles and realize the actual innovation of enterprises.

4. Strategies for modern enterprise innovation

Since the outbreak of the pandemic, the internal and external circular economy has been depressed. The mainstream view of economic circles at home and abroad holds that only when a country is driven by domestic demand can it achieve stable and sustainable development. The growth created by enterprise production can stimulate consumption, explore new growth models, and hone the path of enterprise innovation ^[4]. Developing digital economy and deepening digital technology may provide an impetus for enterprise innovation ^[5].

4.1. Technological innovation as the source of enterprise power

In the era of knowledge economy, changing technology has realized commercialization and industrialization as well as created economic and social benefits. By learning new technologies, new productivity can be generated, and production capacity can be improved.

The introduction of technology is an important means to grasp the development trend of new technology around the world, shorten and level the gap with the world's advanced technology level, and even surpass the world's advanced level ^[6]. However, enterprises should not only pay attention to the introduction of technology, but also strengthen innovation while digesting and absorbing. In this process, enterprises' product technology, process technology, design technology, manufacturing technology, and technical level should conform to a higher level of independent innovation and spend less energy to realize innovation on the basis of the original technology. Turning scientific and technology into actual productive forces can promote social progress and create social wealth. Therefore, the application of scientific research results in actual production plays an important role. However, in the process of transformation of scientific research achievements, enterprises should pay attention to supplementing, enriching, and improving scientific research achievements in production and application.

4.2. Market innovation as the foundation of enterprise expansion

4.2.1. Establish a sound risk management system

The ball game is to test the ability of enterprises to deal with risks. This ability does not only help an enterprise to adjust its strategy to deal with emergencies, but also support its own survival in the market. In order to solve the risk, it is crucial to first have an insight about the risk and master the whole risk. The dual circulation risk management system combined with data mining, prediction analysis, and statistical modeling is considered to be a very effective and practical risk management tool compared with traditional potential risk management. In order to establish a complete risk management system, it is necessary to comprehensively and objectively grasp the overall situation of enterprises that require the collection of all types of important structural data, e-mail, web page data, and other semi-structured data, images, and documents, in addition to other unstructured data through voice and data systems. Therefore, a large database is required. After realizing dual circulation centralization, it is necessary to build an analysis platform, optimize the dual circulation structure, and build a data model. In order to give full play to dual circulation, the key is to analyze data, extract valuable information, and apply them to risk management ^[7].

4.2.2. Improve the efficiency of the industrial chain and strengthen effective supply

The resistance to the realization of dual circulation lies in whether it can deal with the consistency of supply and demand in the economic cycle, meet the needs of residents for high-quality goods and services, as well as improve the quality and distribution efficiency of the industrial chain. Dual circulation can help enterprises optimize the industrial chain, integrate various resources, information, and data on the chain, reduce transaction funds, improve the overall resource allocation efficiency of the chain, as well as strengthen the chain. Enterprises can use dual circulation to integrate various resources, such as production, procurement, and management, optimize the whole chain in terms of research, production, supply, marketing, operation management, and production management, as well as improve the distribution speed and the internal and external resource efficiency. Dual circulation reflects an enterprise's market-oriented industrial chain management. A single enterprise cannot complete the industrial chain. The industrial chain mandates the mutual cooperation of various enterprises. In the context of dual circulation, enterprises connect and enjoy each other, gather more resources, and provide various services required by the industry. Dual circulation can provide enterprises with accurate information, such as product sales, product hot sales, product life, and customer demand, help enterprises find the inflection point of product production, as well

as realize the accuracy and effect of product supply.

4.2.3. Find new consumption growth points to meet customer needs

The key to the new development model is to expand domestic demand. Objectively speaking, the current economic situation is still grim, and some unnecessary consumptions are still weak. It is possible to expand domestic demand. On the other hand, it is necessary to promote customer supplement and look for new consumption growth points. Dual circulation plays an important role. When there is a gap between income and consumption, it is important to find the key consumption growth points, correctly identify the needs of residents, and solve the issue of residents' intention to purchase goods. Dual circulation concedes to data collection from the internet, intelligent terminals, and real-life scenes, along with various tags through keyword search. Based on dual circulation, an enterprise can obtain the label of the customer group, master comprehensive portraits such as the consumption situation, consumption habits, attitudes, and behavior habits of the target customer group, find a new consumption growth point, accurately design and produce products to meet customers' personalized, cost effective, and high-quality needs of commercial products. From facing intermediate customers to facing end customers directly, from industrial and commercial market to consumer market, and from consumer market to the industrial market, potential competitors are overlooked by customers.

4.3. Management innovation as the guarantee of efficient operation

Enterprise innovation is an important part of the national innovation system. In other words, the new elements and the combination of elements have new functions and innovations, which are the advantages of new vitality and innovation inscribed in the enterprise management system ^[8].

It must reflect the spirit of the modern enterprise system. A mechanism system should be established so that enterprises can meet the requirements of the socialist market economic system. The introduction of appropriate market competition mechanism in enterprises is not only the external pressure of enterprise innovation, but also its internal driving force. Enterprises face the market and organize production. It is crucial to innovate the investment mechanism of business and operation activities based on market conditions and value method as well as transform the simplification of investment subjects into diversification, so that enterprises can seriously invest, make decisions, operate according to market conditions, as well as be responsible for and bear the risk of transforming into knowledge. We should boldly use the talent management mechanism, introduce useful talents from enterprises, break the "iron rice bowl," the concept of egalitarianism, and the boundaries between career and worker status, appoint people on the basis of advantages, help improve their skills, and appropriately dismiss those who are mediocre. With the development of work, the coexistence of multiple distribution methods will change the distribution and stimulate employees' enthusiasm as well as creativity. Through the transformation of management mechanism, the management mode should also be innovated. Knowledge economy emphasizes flexible management and operation. Moreover, it needs to change the enterprise from a strict management mode to a dynamic management mode as well as formulate strategies in order to adapt to the development and changes of the environment.

4.3.1. Establish strategic awareness and strengthen strategic development

The purpose of strategic management is to predict and plan the future of an enterprise according to its current development. It does not make plans easily but emphasizes on the attention of enterprise managers to enterprise strategic management ^[9]. First, enterprise managers should cultivate the strategic consciousness of long-term development, overcome the traditional concept of "bad life," and determine the enterprise development correctly. Secondly, enterprise managers should have a comprehensive

understanding of strategic management and make systematic analyses of strategic management. Some enterprise managers believe that only large enterprises' strategic management can play a role. In small enterprises, the work and strategic management are simple, and there is no need for active management. Many successful cases tell us that these views are not worth taking. Strategic management is an important part of enterprise development. We should pay attention to strategic management and never disregard the importance of strategic development. In order to improve the development level of enterprises with weak ability and insufficient practical ability, enterprises should strengthen the awareness of strategic development according to their own development advantages, establish a firm service concept and management position, maintain a good development trend in strategic management, and promote the development of strategic management under the enterprise model. On one hand, managers should analyze the problems they face according to the times, cooperate with the government, society, and other relevant departments, integrate scientific awareness of strategic development, adjust various strategic contradictions, as well as encourage enterprises to enter the working environment harmoniously. For example, in Japan, in addition to the support of policy economic institutions, such as the national treasury and the industrial and commercial investment portfolio central treasury, the government also provides preferential policies, such as low cost, tax reduction, and those for the development of enterprises; in addition, the government also provides corresponding technical support and auxiliary technology to assist enterprises in developing scientific strategic development consciousness and making internal operations more transparent and explicit.

4.3.2. Establish leadership training mechanism and strengthen leadership training

Enterprise strategy formulation often reflects the value of enterprise leaders. First, enterprise leaders should strengthen the understanding and training of enterprise strategic management. There are various training methods. They can hire professionals or entrepreneurs with successful experience in enterprise strategic management. Educational contents should become the basic means and typical enterprise cases of enterprise strategic management. Through education, enterprise leaders should be encouraged to form strategies in order to make it possible to achieve in the shortest period of time. In view of environmental changes, the Ministry of Education should set up courses related to enterprise strategic management in universities. As the students are future enterprise managers, helping them to understand and master enterprise strategic management plays an extensive role in the future development of enterprises in China. Moreover, enterprise managers should learn theories and integrate them into practice to enrich the management experience of enterprises.

4.3.3. Establish an appropriate strategic management organizational structure

Enterprises do not pay attention to the establishment of strategic organizations; they tend to disregard the importance of organizations, thinking that it does not matter whether they are organized or not. In fact, this is a very important aspect. Through organizations, enterprises can improve the implementation of strategic plans and the design process of organizational structure. In each department, it is important to fully consider the time when the department successfully completes its own objectives and its cooperation with other departments. It is necessary to investigate the post balance, clarify the rights and responsibilities, improve the enterprise management foundation, as well as define the management responsibilities of each department through re-designing the organizational structure, so as to improve enterprise management efficiency ^[10].

4.4. Perform well in market research

Strategic management can provide direction for the operation and development of enterprises in China.

Even under big data, if the strategic management objectives are not properly set, enterprises will face challenges in its development process ^[11]. Therefore, to improve the efficiency of strategic management, enterprises must clearly and correctly grasp the strategic management objectives, which not only requires enterprises to understand the market trend, but also to combine the current market situation with their development, find a balance point, and conduct market research to fully understand the market, formulate strategic management objectives, as well as perform well in internal strategic management. First of all, enterprises must fully understand the market. This requires enterprises to conduct market research. Due to the insufficient financial strength of enterprises in China, it is impossible to invest a lot into market research. Therefore, their market research can begin from using the data provided by the National Bureau of Statistics. Combined with the survey data of state-owned enterprises, large enterprises, and other enterprises, through their own investigation and observation, enterprises can grasp the market trend based on their business strategies. Taking Kodak as an example, Kodak was once a world-famous brand. As there is no accurate prediction, with the popularity of digital cameras, the products of large companies are backward and are gradually eliminated in the market. Kodak must accurately grasp the anti-market trend of all enterprises and adapt to the development trend of the times.

Another requirement to fully understand the business and correctly grasp the strategic management objectives of the enterprise is to fully understand the actual situation of the enterprise. Strategic management is the key to daily operations and management. Correct strategic management will reflect the orderly management of the enterprise. In that way, the enterprise can develop smoothly. Enterprises should fully understand their own operation, financial status, staffing, etc. ^[12]. It is recommended that enterprises should fully understand their financial situation based on the property catalogue at the end of each year. As a well-known brand in China, Haier has implemented the business strategy of advantageous enterprises; that is, on the premise of grasping their own advantages, they can give full play to their own advantages and steer clear from their weaknesses. This strategic management strategy has been very helpful to Haier's success and is greatly promoting the development of Haier Group.

5. Conclusion

At present, with the transformation of China's economic structure, if enterprises desire to pursue long-term development, they need to actively participate in the fierce global market competition, maintain competitive advantages, and attract the attention of customers. The sustainable profitability and long-term sustainable development of enterprises are important links of enterprise strategic management. Local enterprise entrepreneurs should be based on reality, prioritize people, standardize enterprise behavior and the continuous improvement of enterprise management level and quality, adhere to independent innovation, seize opportunities, as well as actively respond to challenges. Only through dual circulation development can enterprises overcome the constraints of their own development, highlight the encirclement, and realize sustainable development.

Disclosure statement

The author declares no conflict of interest.

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