

# Research on enterprise cost management based on circular economy

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**Abstract:** With the “double carbon” strategy put forward, the circular economy has become a hot spot in the transformation of enterprises, urging enterprises to integrate the social, environmental and economic benefits organically, further reduce pollutant emissions, and promote the sustainable development of enterprises. From the perspective of circular economy, enterprises should change the concept of cost management, establish the concept of green cost management, improve the utilization rate of resources, control the costs; Control the cost of human capital, optimize the cross-department connection and work flow, and improve the economic efficiency of enterprises; Implement the “3R” principle, reduce the cost consumption in resource application, and realize the cost management goal of open source and reduce expenditure; Promote the integration of cost management and enterprise management mechanism, improve the core competitiveness of enterprises, and promote their own sustainable and high-quality development.

**Key words:** Circular economy; Enterprise cost management; Necessity; Current situation and countermeasures

## Introduction:

Characterized by resource conservation and recycling, circular economy advocates a new model of harmonious development between economy and environment, emphasizes the transformation of economic activities into the “resource-products-renewable resources” model, implements the economic development concept of low exploitation, high utilization and low emission, and minimizes the impact of economic activities on the natural environment. Circular economy is leading a new round of industrial revolution, enterprises should actively respond to this new challenge, the concept of circular economy into the cost management, on the one hand to control all kinds of office consumables, raw material consumption, advocating resource recycling, the use of environmental protection materials. On the other hand, enterprises should control the cost of human resources and production costs, integrate recycling and environmental protection into the cost management work, actively carry out cross-departmental cooperation, simplify the work process, further improve the quality and efficiency of enterprise cost management, and promote their own stable development.

## I. The necessity of enterprise cost management reform from the perspective of circular economy

1. It is conducive to scientifically reducing all kinds of enterprise costs

The circular economy model advocates the development concept of low mining, high utilization and low emission, which is conducive to urging enterprises to strictly control energy consumption in production, office consumables, human resource management and other work, and helping enterprises realize resource recycling. It can not only effectively reduce the procurement cost of various materials, but also reduce the amount of various kinds of garbage, thereby reducing the waste disposal expenditure. To achieve the cost management goal of open source and throttling. In addition, the circular economy model is conducive to urging enterprises to transform into resource-friendly and environment-friendly excellent enterprises, integrating internal and external resources of enterprises, building green and environmental protection production chain and human resource management model, and promoting sustainable development of enterprises.

2. It is conducive to practicing corporate social responsibility

The circular economy model is conducive to urging enterprises to use environmentally friendly production raw materials, recycle all kinds of resources, improve resource utilization rate, reduce air, water pollution, etc., so that enterprises can contribute to environmental protection on the basis of reducing production and management costs, which is conducive to practicing corporate social responsibility and establishing a good social reputation. At the same time, cost management reform is conducive to helping enterprise management and employees realize the advantages of circular economy, enhance their environmental awareness, build a green production system, recycle all kinds of resources, reduce all kinds of costs of enterprises, so as to improve the comprehensive competitiveness.

3. It is conducive to promoting the sustainable development of enterprises

Enterprises should integrate the circular economy model into every link of cost management, transform the traditional consumption economy into a sustainable economy, supervise all aspects of production, operation and human resource management of enterprises in the whole process, adopt science and technology and humanized management mode to improve resource utilization efficiency, control the costs of raw material procurement and human resource management, and further improve the economic benefits of enterprises. At the same time, the circular economy is conducive to improving the cost management mode of enterprises, linking production, operation, administration and cost management, realizing data sharing, implementing fine management, and helping enterprises achieve sustainable development.

## II. The problems in the cost management of enterprises under the circular economy model

1. Increased production cost

Different from the traditional economic model, circular economy advocates the use of green materials, the recycling of various resources, and encourages enterprises to optimize production links and processing processes, which virtually increases the expenditure on

raw material procurement and production line equipment maintenance. At the same time, under the circular economy model, the processing technology is more complex, and higher requirements are put forward for processing equipment and production safety, which virtually increases the investment cost of enterprises in the production link, affects the flow of funds of enterprises, and virtually increases the pressure of cost management of enterprises.

#### 2. Environmental costs increase

In recent years, the state has advocated a green and environmentally friendly development model, promoted the “two-carbon” policy, and accelerated the structural adjustment of traditional industries, which requires both gold and silver mountains and clear water and mountains, which provides theoretical guidance for the development of circular economy. Under the circular economy model, enterprises in the production of waste, pollution treatment of more and more investment, such as iron and steel enterprises, coal enterprises also install the state provisions of dust treatment, sewage treatment and other facilities, which is a small amount of expenditure for enterprises, environmental protection requirements increase the cost of enterprises.

#### 3. The difficulty of human resource management is increasing

Human resource management is an important part of enterprise cost management, but also the core of enterprise cost management under the background of circular economy development. However, many enterprises put cost management in the production link, procurement link and other links, ignoring the cost of human resource management, did not adjust the recruitment plan and staff training plan according to the needs of enterprise development, resulting in part of the training content is divorced from enterprise development and circular economy, it is difficult to play the staff training cost. Some enterprises have unreasonable recruitment plans, single recruitment channels, and no reasonable allocation of human resources, leading to the imbalance of human resources management, which is also an urgent problem to be solved in enterprise cost management.

### III. Enterprise cost management optimization countermeasures based on circular economy

#### 1. Implement green cost management to improve resource utilization

Enterprise management should base on the circular economy model, change the concept of cost management, implement green cost management, supervise the whole process of raw material procurement, processing and resource recycling and utilization, implement the concept of green environmental protection, comprehensively improve the utilization rate of various resources of enterprises, and reduce the impact of production activities and economic activities on the environment. In October 2023, the National Development and Reform Commission and other departments issued the Guiding Opinions on Promoting the Green, Innovative and High-quality Development of the Oil Refining Industry, encouraging qualified enterprises to explore the recycling of waste plastics, waste lubricating oil, waste grease and other wastes. According to statistics, as of November 2023, there were 31 new and planned projects in the domestic plastic recycling industry, and 14 renovation and expansion projects, involving recycling, sorting, regranulation and downstream production of recycled plastics, laying a good foundation for the development of circular economy. First of all, enterprises should incorporate resource management into cost management work, try to choose environmentally friendly materials, optimize the production process, the introduction of environmental protection equipment, on the one hand, to reduce the production of waste water, waste gas and other pollutants, to minimize the damage to water, air and soil, to achieve green production. On the other hand, enterprises should treat the production waste in time, such as speeding up the sewage purification, reaching the national industrial wastewater discharge standards and then discharging, or recycling the industrial wastewater after treatment to reduce the cost of hydropower. Secondly, enterprises should actively change the production concept, actively introduce artificial intelligence, big data, blockchain and other technologies, comprehensively optimize the production and processing links, improve resource utilization and production efficiency, and build a green development model featuring efficient use of resources, effective cost control and pollutant reduction. For example, enterprises can introduce intelligent monitoring equipment, set good processing technology standards, and monitor products, improve processing accuracy, reduce the generation of unqualified products or waste, so as to achieve the goal of saving raw materials, scientific control of production costs, help enterprises to save production costs, relieve financial pressure.

#### 2. Implement inter-departmental cooperation to scientifically control human capital costs

Human resource cost management is one of the important components of enterprise cost management under the circular economy model, which is closely related to product quality, marketing, scientific research achievements transformation and other work, and its importance is self-evident. First, enterprises should incorporate human resource cost management into the cost management system, and formulate short-term, medium-term and long-term goals in combination with their own industrial development needs and talent needs. In order to promote the sustainable development of enterprises, enterprises should optimize the cost management of human resources such as recruitment and staff training management. The enterprise administrative department, research and development department, marketing and human resources department should carry out cross-departmental cooperation, according to the research and development department and Marketing Department talent needs to formulate the short-term recruitment plan, introduce the current enterprise scientific research, production and other links of the need for talents, and clear the salary of relevant positions, attach importance to the training of scientific researchers, spend money on the edge, control the cost of human resources. Second, enterprises should base on the corporate culture to carry out staff training, around the new concepts of green production, artificial intelligence and other industries to carry out training, in-depth explanation of environmental protection materials, intelligent manufacturing and resource recycling skills, enhance employees' environmental awareness, urge them to comply with the relevant system of enterprise green cost management, and participate in the

construction of circular economy model. Implement the concept of low development, high utilization and high efficiency cost management. For example, enterprises can organize remote online training and organize employees to watch lectures on green production and resource recycling, which can not only reduce travel expenses and training costs, but also facilitate employees to participate in online training, so as to control human capital costs, help enterprises open source and reduce expenditure, better ease the financial pressure of enterprises, improve the quality of talent training, and enhance the core competitiveness of enterprises.

### 3. Fully implement the 3R principle to promote the sustainable development of enterprises

The 3R principle refers to reduction, reuse and recycling, which is similar to the circular economy model. Both advocate reducing raw material consumption and recycling resources, and point out the direction for the cost management reform of enterprises in the new era. Enterprise management should actively learn the 3R principle, based on their own industrial characteristics, clear short -, medium - and long-term cost management objectives, ensure that all kinds of resources can be fully utilized and recycled, reduce their own cost consumption in resource development and application, truly achieve open source and reduce expenditure, and improve the quality of enterprise cost management. The enterprise management should organize cross-departmental meetings, carefully summarize the periodic expenditure and income of each department, refine the cost management process, synthesize the data report of the financial department, formulate more standardized and high standard cost management standards and implementation processes, clarify the responsibilities of each department in cost management, build a linkage mechanism, and enhance the awareness of conservation of the heads of departments and employees of all departments. Promote the reform of cost management in a full and all-round way, better implement the 3R principle, and help enterprises control costs in details. For example, enterprises can apply the 3R principle in product research and development and production work, refine the cost management objectives and management responsibilities of scientific research departments and production departments, provide them with environmental protection materials, and urge production personnel to timely treat wastewater, waste gas, etc., and recycle related raw materials, avoid wasting raw materials, better save costs, accelerate the transformation of scientific research results, and build green production mode. Give full play to the role of scientific research to further improve the ability of technological innovation and cost management of enterprises.

### 4. Integrate cost management into the management system to improve core competitiveness

First of all, the enterprise management should establish a scientific concept of development, based on the enterprise culture, industry and product characteristics, adjust the strategic development goals, the cost management into the overall management system of the enterprise, clear production cost, human capital cost, marketing cost and other management goals, the implementation of fine management, scientific budget of each link of the cost, urge the relevant departments to implement the cost management system, So as to improve the quality of their own cost management. For example, the enterprise financial department should establish the concept of industry and finance integration, use big data and artificial intelligence to analyze the costs and benefits of various departments, focus on evaluating the costs consumed in the production process of the enterprise's products, formulate the next stage of product production cost management plan, clarify the cost amount, urge the production department to strictly implement the cost management standards, so as to improve the economic benefits of enterprises. Secondly, the enterprise should also put the cost management into each link of product production, and improve the cost management supervision system, urge the financial management personnel to supervise the production link, ensure that the production cost is within the expected range of standards, call on employees to recycle raw materials, reduce the cost of enterprises, so as to improve the core competitiveness of enterprises. Under the circular economy model, enterprises should establish the concept of fine cost management, link it with product research and development, marketing and other links, relieve the pressure on enterprises' capital, scientific control of costs, so as to improve the market competitiveness and innovation ability of enterprises, and further promote its sustainable development.

## IV. Conclusion

In short, enterprises should actively respond to the challenges of circular economy mode, change the concept of cost management, establish a scientific concept of development and green cost management, strictly control the procurement of raw materials and equipment, production costs, improve resource utilization, avoid waste, reduce the cost of production, scientifically control the cost of human resources, optimize recruitment and staff training programs, and carry out online recruitment and training. Reduce the cost of human resource management. At the same time, enterprises should implement the 3R principle, reduce the cost of production, human resources, product research and development and staff training, reduce the damage to the environment in production, marketing and other links, and further promote the sustainable development of enterprises.

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