

Economic Analysis of Enterprise Cost Control and Economic Benefit Improvement

Zixin Yao

Changsha NO.1 Railway Middle School, Changsha, Hunan, China

Abstract: This paper deeply discusses the importance of enterprise cost control and its role in promoting economic benefit. This paper first defines the basic concept of cost control, and summarizes the classification of traditional and modern cost control methods and their applications in enterprises. Then, from the perspective of economics, this paper analyzes the relationship between marginal cost and marginal income, the difference between fixed cost and variable cost and its influence on enterprise decision making, and reveals the core role of economic principle in cost control. Enterprise cost control is not only a means to reduce production costs, but also the key to enhance market competitiveness and achieve sustainable development. Through refined management and innovative cost control strategies, enterprises can optimize resource allocation, reduce waste, improve production efficiency and product quality, and thus enhance profitability. This paper elaborates the specific measures that enterprises should take in the process of cost control, including improving the level of capital operation, fine management cost, optimizing procurement strategy, controlling personnel cost and innovating cost control methods, and analyzes the effectiveness and feasibility of these measures combined with actual cases. At the same time, the close relationship between enterprise cost control and economic benefit is summarized, and the important role of economic analysis in guiding the formulation of enterprise cost control strategy is emphasized. At the same time, the paper also looks forward to the future development trend in the field of cost control, pointing out that with the change of market environment and the expansion of enterprise scale, cost control will face new challenges and opportunities, and

enterprises need to innovate and adapt constantly to achieve long-term and stable development. Through comprehensive economic analysis and rich practical cases, this paper provides useful reference for enterprises how to effectively control costs and improve economic benefits in the complex and changeable market environment.

Keywords: Cost Control; Economic Analysis; Resource Optimization; Market Competitiveness

1. Introduction

1.1 Research Background

In today's increasingly fierce global competition, enterprises are faced with many challenges from the market, technology, environment and so on. In order to remain invincible in the fierce competition, enterprises not only need to constantly innovate products and services, but also need to continuously optimize internal management, especially in terms of cost control. As an important part of enterprise management, cost control is directly related to the profitability and market competitiveness of enterprises, and can help enterprises better cope with the pressure brought by changes in internal and external environment [1]. Therefore, how to effectively control the cost and improve the economic benefits of enterprises has become a hot topic of common concern in the business circles and academia.

1.2 Literature Review

Xie Hui [2] believes that enterprises have problems in cost management such as unsound, single means and unsystematic process, which seriously affect the actual effect of enterprise cost management. Therefore, before cost management, enterprises should change the concept of cost management according to their

own characteristics and requirements, strengthen budget control, optimize resource allocation and strengthen value chain integration, so as to improve the efficiency and effect of cost management. Han Lin [3] used the theory of value chain and cost control to conduct an in-depth study on the current situation and existing problems of cost control in small manufacturing enterprises, and put forward corresponding optimization measures. The research shows that in the highly competitive market environment, only by strictly controlling the cost of each link in the production and operation can we obtain higher economic benefits, enhance the market competitiveness of enterprises, and achieve the goal of long-term stable development. Zhuang Yongwei [4] believes that in the context of rapid economic and social development, enterprises are facing fierce competition inside and outside the industry. In order to actively respond to market competition and continuously increase market share, enterprises must constantly build advantages in products and services to cope with various risks and challenges. For many enterprises, the determination of cost advantage mainly depends on innovation and cost control. More importantly, do a good job in cost control to effectively avoid cost waste. However, it found that there are some problems in cost control, such as insufficient cost management concept, imperfect scientific management system and mechanism, and low overall quality of managers. Song Yan [5] believes that the production cost of an enterprise is an important part of the market value of its products and an important indicator to measure the economic strength and market management performance of an enterprise. Cost accounting refers to the process of calculating the entire cost of the product from production, monitoring and evaluating the cost consumption in the process of production, operation and sales management of the enterprise, checking whether it is necessary to monitor and consume the cost of all aspects of the whole process, and the cost consumption of the enterprise should be classified according to certain rules. The accurate calculation of cost consumption provides an accurate basis for enterprise cost control. Finally, this paper puts forward some

Measures to strengthen the cost management of enterprises, such as: strengthening the control of cost accounting, the control and management of enterprise employees' salaries, and strengthening the consumption control of various links.

Chen Jingjing [6] believes that with the continuous innovation of the economic environment and the intensifying competitive pressure of enterprises, the quality and price of their own products are closely related to the survival and sustainable development of enterprises. Enterprise cost control can maximize the economic benefit of enterprises and improve the market competitiveness of enterprises. But when the single control is a little inadequate, it should rely on information technology, combined with the value chain to implement cost control. Li Xiaoxia [7] found that at present, enterprises have problems such as lack of cognition, narrow scope and lack of professional management system in cost control, which greatly limit the ability of enterprises to carry out cost control. Liu Ying [8] believes that cost management is crucial to the competitive position and survival and development of enterprises. Therefore, enterprises should adopt cost management mode based on value chain analysis to manage and control enterprise cost from diversification. In her research, Ma Wei [9] deeply discussed the problems existing in BYD's cost management and proposed corresponding improvements

Measures. The results show that enterprises should establish and perfect market rules, solve cost management problems, and promote the stable development of enterprises. When Henry Dekker built the enterprise cost control model, he found out the key points of cost control, targeted cost compression, and constantly expanded the profit space of enterprises. With the effective construction of cost control system, enterprises can rapidly expand their market share and steadily enhance their competitiveness [10]. Elizabeth A. Cudney, Ruwen Qin and others have developed data models related to cost control, mainly applied computer programs. They found that ensuring good product quality is a prerequisite for enterprises to conduct cost control and modeling [11]. Nuchira Khongja applied mathematical modeling method in the study of cost control, which made a great

breakthrough and more directly demonstrated the work content of cost control [12].

1.3 Research Significance

Cost control is of great significance to the development of enterprises. First of all, through cost control, enterprises can reduce production costs and improve product price competitiveness, thus occupying a favorable position in the market. Secondly, cost control helps enterprises optimize resource allocation, reduce waste, improve production efficiency and achieve sustainable development. In addition, cost control can also promote the improvement of the internal management level of enterprises, and enhance the ability of enterprises to resist risks and respond to market changes. Therefore, it is of great significance to study the relationship between enterprise cost control and economic benefit improvement for guiding enterprise practice and promoting the development of enterprise management theory.

2. The Importance of Enterprise Cost Control

2.1 Enhance Corporate Profitability and Market Competitiveness

The primary importance of enterprise cost control lies in its direct impact on enterprise profitability. In the competitive market environment, price has become one of the important factors for consumers to choose goods or services. Through effective cost control, enterprises can reduce production costs and sales costs under the premise of ensuring product quality and service level, so as to attract consumers with more competitive prices and expand market share. This price advantage can not only help enterprises quickly occupy the market, but also maintain a leading position in the long-term market competition, so as to achieve a significant increase in profitability.

At the same time, cost control is also an important means to enhance the market competitiveness of enterprises. With the intensification of market competition, consumers' requirements for product performance, quality, price and other aspects are increasing day by day. Only by fine management costs, optimization of production processes, improve production efficiency, in

order to ensure product quality at the same time, reduce production costs, to provide consumers with more cost-effective products. This kind of competitive advantage can not only enhance the market position of enterprises, but also help enterprises to resist the threat from competitors and maintain long-term competitive advantage.

2.2 Promote Sustainable Development of Enterprises

The role of cost control in promoting the sustainable development of enterprises cannot be ignored. On the one hand, through cost control, enterprises can reduce unnecessary waste and loss, improve resource utilization efficiency, and reduce the negative impact on the environment. This helps enterprises to achieve green production, in line with the current social requirements for environmental protection and sustainable development. On the other hand, cost control can also provide enterprises with more financial support for research and development innovation, market expansion, talent training and other aspects. These investments can not only enhance the core competitiveness of enterprises, but also lay a solid foundation for the future development of enterprises. Therefore, cost control is not only the need for the current survival of enterprises, but also the key to its future sustainable development.

2.3 Enhance the Ability of Enterprises to Resist Risks

Facing the complex and changeable market environment and unpredictable risk factors, enterprises must have strong anti-risk ability. As an important part of enterprise internal management, cost control can effectively enhance the enterprise's anti-risk ability. On the one hand, by fine management of costs, enterprises can find and correct waste and loss in the production process in time, reduce production costs and business risks. On the other hand, cost control can also provide enterprises with more capital reserves to cope with possible market fluctuations, policy changes and other risk factors. This kind of capital reserve can not only help enterprises tide over difficulties, but also provide strong support for enterprises to seize market opportunities.

2.4 Improve Enterprise Decision-making Efficiency and Management Level

Cost control also involves the improvement of decision-making efficiency and management level within the enterprise. Through the implementation of cost control strategy, enterprises need to carry out detailed analysis and accounting of various costs to understand the composition and distribution of costs. This process not only helps enterprises to find the weak links and potential points of cost control, but also provides accurate data support for enterprise decision-making. At the same time, cost control also requires enterprises to establish a sound cost management system and internal control mechanism to ensure the effective implementation of cost control and continuous improvement. These measures can not only improve the decision-making efficiency and management level of enterprises, but also enhance the internal control ability and risk prevention ability of enterprises.

To sum up, the importance of enterprise cost control is reflected in many aspects. It is not only related to the profitability and market competitiveness of enterprises, but also related to the sustainable development and anti-risk ability of enterprises. Therefore, enterprises should attach great importance to cost control, strengthen cost control awareness and management level, and continuously improve the cost control effect, laying a solid foundation for the long-term development of enterprises.

3. Classification of Basic Concepts and Methods of Cost Control

3.1 The Basic Concept of Cost Control

Cost control is the process of preventing and adjusting various factors and conditions affecting cost in the process of production and operation in order to achieve the predetermined cost target. It runs through the whole process of enterprise production and business activities, including product design, raw material procurement, production and manufacturing, product sales and after-sales service. The purpose of cost control is to control the actual cost within the budget range through reasonable resource allocation and effective management means, or to achieve the same or higher value output with less

cost. Cost control not only focuses on cost reduction, but also pays more attention to cost-benefit analysis. That is, under the premise of ensuring product quality and service level, the cost is minimized by optimizing the production process, improving production efficiency, and reducing energy and material consumption. At the same time, cost control also emphasizes the accuracy and timeliness of cost information, so that enterprises can timely understand the cost dynamics and make correct business decisions.

3.2 Classification of Cost Control Methods

There are various methods of cost control, which can be divided into different categories according to different classification standards. The following is a classification of methods from several main dimensions:

3.2.1 Divided By Control Time

It can be divided into pre-control, in-process control and post-control. Prior control refers to the forecasting and planning of costs through budget, planning and other means before the start of production and business activities, so as to provide goals and directions for cost control, emphasizing the initiative and foresight of cost control. In-process control refers to monitoring and adjusting the actual occurrence of costs in the process of production and business activities, ensuring that costs are carried out in accordance with predetermined targets, and paying attention to the real-time and dynamic nature of cost control. Ex post control refers to summarizing and analyzing the actual occurrence of costs after the end of production and business activities, finding out the causes of cost deviations, and proposing improvement measures. Although ex post control has lag, it can provide experience and lessons for future cost control through the analysis and summary of historical data.

3.2.2. Divided By Means of Control

It can be divided into standard cost control method, target cost control method, activity cost control method and strategic cost control method. Standard cost control method refers to the development of cost standards (such as standard cost, standard consumption, etc.), the actual cost and standard cost comparative analysis, find out the difference and take measures to control, with clear goals and comparability. Target cost control method

refers to the target cost as the control basis, through the target cost setting, decomposition, implementation and assessment and other links, to achieve effective cost control, emphasizing the cost control of goal orientation and full participation. Activity-based cost control method refers to the identification and analysis of value-added activities and non-value-added activities in the activity chain to optimize the operation process, reduce the cost consumption of non-value-added activities, and pay attention to the refinement and process of cost control. Strategic cost control method refers to the combination of cost control and enterprise strategy from the strategic height of the enterprise, through the formulation and implementation of the cost control strategy that matches the enterprise strategy, to achieve the long-term competitive advantage of the enterprise, strategic cost control method emphasizes the strategic and overall cost control.

3.2.3. Divided By Control Object

It can be divided into direct cost control and indirect cost control. Direct cost control refers to the direct cost control in the process of product production, such as raw material cost, direct labor cost, etc., focusing on the directness and controllability of cost occurrence. Indirect cost control refers to the control of indirect costs in the production process, such as administrative costs, sales costs, financial costs, etc. Although indirect cost control is not directly included in product costs, it has an important impact on the total cost and profitability of enterprises.

4. The Application of Economics to Cost Control

4.1 Marginal Cost Analysis

In economics, marginal cost is the total cost of an additional unit of production. This concept is of great significance in cost control. Through marginal cost analysis, enterprises can evaluate the impact of increasing production on costs, so as to make optimal production decisions. When marginal cost equals marginal revenue, the firm achieves profit maximization. Therefore, in the process of cost control, enterprises should pay attention to the change of marginal cost to avoid cost waste caused by overproduction or

income loss caused by insufficient production.

4.2 Cost-Benefit Analysis

Cost-benefit analysis is a commonly used decision-making tool in economics, which compares the cost and benefit of different schemes in order to choose the best scheme. In cost control, enterprises can use cost benefit analysis to evaluate the effect of various cost control measures. For example, enterprises can compare the price, quality and service cost of different raw material suppliers and choose the supplier with the highest cost performance. Or compare the investment cost of different production equipment with the expected savings in production costs, and decide whether to upgrade the equipment. Through cost-benefit analysis, enterprises can ensure that the implementation of cost control measures can bring actual economic benefits.

4.3 Fixed Cost and Variable Cost Management

Economics divides costs into fixed costs and variable costs. Fixed costs do not vary with changes in production, such as rent, depreciation, etc. Variable costs increase with the increase of production, such as raw material costs, direct labor costs, etc. In cost control, enterprises need to manage these two kinds of costs separately. For fixed costs, enterprises can reduce the total amount through long-term planning and negotiation; As for variable costs, enterprises need to reduce unit costs through fine management. For example, enterprises can reduce variable costs by optimizing production processes, improving production efficiency, and reducing energy and material consumption.

4.4 Opportunity Cost and Market Structure Analysis

Opportunity cost is the maximum value of something you have to give up in order to get something. In cost control, enterprises need to consider the impact of opportunity cost. For example, when deciding whether to invest in a project, companies need to compare the expected benefits of the project with the costs of forgoing other investment opportunities. In addition, market structure analysis is also one of the applications of economics in cost control. Different market structures (such as perfect competition, monopoly competition,

oligarchy, etc.) have different influences on the pricing strategy and cost control strategy of enterprises. Enterprises need to formulate corresponding cost control strategies according to their own market structure.

4.5 The Application of Elasticity Theory in Price Strategy

Elasticity theory is an important theory in economics to study the influence of price changes on demand. In cost control, enterprises can make use of elasticity theory to formulate price strategy. For example, for products with high price elasticity of demand, enterprises can increase sales volume and market share through price reduction promotion; For products with low price elasticity of demand, enterprises can increase profits by raising prices. By flexibly applying the elasticity theory, enterprises can maximize profits while ensuring cost control effect.

5. Enterprise Cost Control Strategy and Concrete Measures

The implementation of cost control strategies and specific measures is the key to ensure that enterprises can maintain cost advantages and improve economic benefits in the fierce market competition. These strategies and measures not only require enterprises to have refined management capabilities, but also need to start from a strategic height and run cost control through the entire value chain of enterprises.

First of all, enterprises should implement comprehensive cost budget management. Cost budget is the basis of cost control, which requires enterprises to prepare cost budget scientifically and reasonably at the beginning of the year or before the project starts, according to historical data, market trends and corporate strategic objectives. In the process of budget implementation, the enterprise should establish a sound monitoring mechanism, regularly compare the difference between the actual cost and the budget cost, timely analyze the causes and take corrective measures. At the same time, enterprises should also encourage employees to participate in the budget formulation and implementation process, and enhance the awareness of cost control of all employees.

Secondly, optimizing production process and supply chain management are important

means of cost control. Enterprises should adopt advanced management methods such as lean production and Six Sigma management to continuously optimize the production process, reduce waste and improve production efficiency. In terms of supply chain management, enterprises should actively establish long-term and stable cooperative relations with suppliers, and reduce procurement costs through centralized procurement and bulk ordering. At the same time, strengthen the quality management of suppliers, ensure the quality of raw materials is stable and reliable, and avoid the cost increase caused by quality problems.

In addition, technological innovation and product upgrading are also effective ways for enterprises to reduce costs. Through the development of new technologies, new processes and new materials, enterprises can reduce the production cost of products, improve the added value of products and market competitiveness. At the same time, constantly introduce new products or improve existing products to meet the increasingly diversified needs of consumers, thereby expanding market share and increasing sales revenue. Technological innovation and product upgrading not only help enterprises reduce costs, but also enhance the brand image and market position of enterprises.

In the aspect of human resource management, enterprises should take effective measures to reduce labor costs. This includes optimizing job placement to avoid redundancy; Strengthen staff training, improve staff skills and quality; Implement performance appraisal and incentive mechanism to stimulate employees' work enthusiasm and creativity. Through these measures, enterprises can reduce labor costs while ensuring the stability of the workforce.

Finally, enterprises should pay attention to the application of information construction in cost control. By constructing a perfect information management system, enterprises can realize real-time monitoring and data analysis of production and operation activities, and provide strong support for cost control. For example, enterprises can use ERP system to realize the integration and sharing of information in various links such as finance, procurement, production and sales, so as to improve management efficiency and decision-

making level. Use big data analysis technology to tap the potential points of cost savings and develop more accurate cost control strategies.

6. Conclusions

As an important part of enterprise management, cost control is of vital significance to the survival and development of enterprises. This paper systematically expounds the basic concept of cost control, method classification, and the application of economics in cost control, and analyzes the specific strategies and measures of enterprise cost control in detail. These analyses not only reveal the multi-dimensionality and complexity of cost control, but also provide valuable references for enterprises to effectively implement cost control. In the process of cost control, enterprises need to establish a global concept, cost control throughout the entire value chain of enterprises, starting from product design, raw material procurement, manufacturing, sales and service and other links, comprehensive use of a variety of cost control methods to achieve cost minimization and maximize benefits. At the same time, enterprises should also pay attention to the accuracy and timeliness of cost information, establish a sound cost monitoring and feedback mechanism to ensure the effective implementation of cost control measures and continuous improvement. In addition, this paper also emphasizes the important role of economic theory in cost control. Through the application of economic methods such as marginal cost analysis, cost-benefit analysis, management of fixed cost and variable cost, enterprises can formulate cost control strategies more scientifically and improve the scientific and accuracy of decision making. The application of these economic methods can not only help enterprises reduce costs, but also improve their market competitiveness and sustainable development ability.

Looking forward to the future, with the increasingly fierce market competition and the constant changes in consumer demand, cost control will face more complex and diversified challenges. In order to cope with these challenges, enterprises need to constantly innovate cost control ideas and methods, and actively explore new cost control paths.

Through the introduction of intelligent and automated equipment, the precise control and optimization of the production process are achieved, and the production cost is further reduced. While ensuring product quality and cost-effectiveness, we actively take environmental protection measures to reduce the impact on the environment and achieve sustainable development. Build close relationships with suppliers, distributors and other partners to optimize the overall cost of the supply chain through information sharing and collaborative work.

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