

Original Research Article

The Development Trend of Accounting Costs from the Perspective of Economic Costs

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Abstract: This paper explores the differences between economic costs and accounting costs, as well as their impact on business decision-making. Among them, economic costs cover both explicit and implicit costs, emphasizing opportunity costs and optimal allocation of resources, and accounting principles focus on all potential benefits and losses; Accounting costs focus on actual expenses incurred, emphasizing authenticity and comparability, and are classified into direct costs, indirect costs, etc. There are significant differences between the two in terms of cost recognition and measurement, as well as their impact on business decision-making. Economic costs can provide a macro perspective on decision-making, while accounting costs are more commonly used for short-term financial management. Understanding the differences between these two costs is beneficial for businesses to optimize decision-making and improve resource allocation efficiency.

Keywords: Economic cost; Accounting costs; Opportunity cost; Cost accounting; Enterprise decision-making

1. Introduction

Cost, as a core concept in economics and accounting, has unique definitions and applications in different fields. Economic costs focus on opportunity costs and the effectiveness of resource allocation, while accounting costs tend to focus on cost accounting and financial management within the enterprise. With the changing economic environment and technological progress, cost accounting methods are becoming increasingly diversified, driving accounting costs towards more accurate, dynamic, and international directions. This article will explore the development trend of accounting costs from the perspective of economic costs, hoping to bring new inspiration to relevant theories and practices.

2. Comparison of Economic Costs and Accounting Costs

2.1. Differences in Principles of Cost Accounting

Economic cost emphasizes the concept of opportunity cost, focusing on the optimal allocation of resources and maximizing efficiency. The core principle is to comprehensively consider all possible alternative options, calculate the potential benefits and losses of each choice, and evaluate the optimal resource allocation plan. For example, when making investment decisions, enterprises not only need to consider direct capital investment, but also evaluate the benefits and losses caused by giving up other investment opportunities. This reflects the principle of economic cost. However, the accounting cost accounting focuses on the actual cost expenditures incurred, paying attention to the internal cost records and financial reports of the enterprise. The principles are mainly authenticity and comparability, requiring accurate recording of each actual expenditure expense and classification and collection according to fixed accounting standards. It emphasizes the recording and disclosure of actual economic activities in financial statements to ensure the transparency and accuracy of the enterprise's financial situation, and pays more attention to the accurate recording of historical costs, without estimating and

analyzing possible opportunity costs.

2.2. Differences between Cost Confirmation and Measurement

In economics, cost recognition generally covers all direct and indirect resource consumption, as well as opportunity costs of abandonment. Its measurement is not limited to monetary expenditures, but is also related to the efficiency of resource allocation and the substitutability of choices. For example, when evaluating the economic benefits of a new production project, all possible resource utilization conditions during project implementation and other potential benefits abandoned due to project selection will be considered. However, in accounting, cost recognition is mainly based on the financial transaction records of the enterprise, emphasizing the actual occurrence and verifiability of costs. Measurement usually relies on the records in financial statements, classifies actual expenditures according to accounting standards, and then summarizes and reports them. Accounting is concerned with the actual expenses incurred, such as production costs, operating expenses, etc., and does not involve opportunity costs or potential future losses of resource allocation. The cost measurement methods in accounting include standard cost method, variable cost method, etc., which can help enterprises accurately record and control costs, but do not involve opportunity costs at the economic level.

2.3. Different dimensions of impact on corporate decision-making

Economic cost analysis provides a macro perspective by analyzing all possible costs and benefits, helping decision-makers evaluate the economic benefits of different choices. For example, when a company faces multiple investment choices, economic cost analysis can help identify the potential opportunity costs of each choice and make decisions on the optimal allocation of resources. This analysis method not only focuses on current financial expenditures, but also considers future opportunity costs and long-term resource benefits, assisting companies in making forward-looking strategic decisions. In accounting, cost data is mainly used for financial management and short-term decision-making. Its detailed recording and classification can help enterprises prepare budgets, control costs, and evaluate performance. The accurate data provided by accounting cost accounting allows enterprises to conduct actual expenditure analysis, control budget overruns, and optimize production processes. Through the analysis of actual costs, accounting can help enterprises identify and solve practical problems in operation, and provide targeted improvement methods. However, the short-term perspective of accounting costs may not fully reflect the opportunity cost of resource allocation, so when making strategic decisions, it may be necessary to combine the analysis results of economic costs.

3. Analysis of the Trend of Accounting Cost Development

3.1. Impact of Information Technology on Cost Accounting

The advancement of information technology has brought revolutionary changes to the field of cost accounting, especially in data processing, automation, and real-time analysis. With the help of information technology, enterprises can achieve full process cost tracking, thereby significantly improving efficiency and accuracy. ERP (Enterprise Resource Planning) systems can integrate data information from various links such as procurement, production, inventory, and sales, automatically perform cost accounting, and eliminate the tedious and erroneous manual operations. Moreover, the application of cloud computing and big data analysis enables enterprises not only to obtain real-time cost information, but also to use historical data analysis and prediction to formulate more accurate cost control and management strategies.

For a large manufacturing enterprise, before introducing an ERP system, cost accounting mainly relied

on traditional manual methods, which required integrating data from multiple departments, which was time-consuming and prone to errors. After introducing the ERP system, enterprises first input raw material procurement, production scheduling, inventory management, and sales data uniformly, and then the system automatically generates cost data for each link. When the procurement department places an order to purchase raw materials, the system automatically calculates the procurement cost of the materials and associates it with the corresponding production order. Then, the production department's labor costs and machine depreciation expenses are automatically included in the cost accounting process. By relying on the ERP system, cost accounting from procurement to finished product sales can be completed in just a few minutes, greatly reducing errors in human operations and time costs. In addition, this company also optimized inventory management by analyzing the relationship between inventory costs and sales prices through big data, successfully reducing inventory backlog by 20% and significantly improving overall operational efficiency.

3.2. Integration of Environmental Cost and Social Responsibility Accounting

Due to the increasing awareness of environmental protection and corporate social responsibility, environmental costs have gradually been placed in the core scope of accounting cost management. Environmental cost refers to the expenses incurred by enterprises during production and operation due to environmental protection measures, compliance with regulations, or environmental remediation. These costs not only include direct environmental expenses such as wastewater treatment, exhaust emission control, and solid waste management, but also indirect costs such as depreciation, maintenance, and personnel training of environmental protection equipment. The accounting of environmental costs requires enterprises to consider environmental impacts on the basis of traditional accounting costs, making cost management more comprehensive and scientific. By incorporating environmental costs into the accounting system, enterprises can not only enhance their ability to control environmental impacts, but also improve their social image and market competitiveness. This integration encourages enterprises to prioritize environmental benefits while pursuing economic benefits, achieving sustainable development.

For example, a large pharmaceutical company faced strict environmental regulations and social responsibility pressures before introducing an environmental cost accounting system. So the company decided to fully integrate environmental cost accounting into the production process. Firstly, the company conducted a comprehensive evaluation of the production line and identified the environmental facilities that require investment, such as exhaust gas treatment systems and wastewater treatment facilities. The company has invested in the construction of efficient waste gas treatment facilities and installed a real-time monitoring system to track the amount of waste gas emissions. At the same time, to ensure effective wastewater treatment, the company has introduced advanced wastewater treatment equipment and provided relevant technical training. The purchase, installation, and operating costs of all these environmental protection equipment are systematically recorded and calculated. Specifically, the installation of the exhaust gas treatment system cost 5 million yuan, with an annual operation and maintenance cost of 500000 yuan. The investment in wastewater treatment equipment is 3 million yuan, with an annual operation and maintenance cost of 300000 yuan. These cost data are integrated into the environmental cost accounting system and tracked and analyzed through monthly reports.

3.3. Dynamic Cost Management and Real time Cost Monitoring

Dynamic cost management emphasizes that enterprises should flexibly adjust their cost strategies based on actual conditions and market changes during operations. Unlike traditional static cost management methods,

it focuses on real-time monitoring and rapid response, making cost management more flexible. Real time cost monitoring relies on advanced information technologies such as ERP systems, big data analytics, and the Internet of Things to achieve real-time tracking and analysis of cost data.

For example, an international retail chain enterprise faced complex supply chain management challenges before implementing dynamic cost management and real-time cost monitoring systems. In order to strengthen the flexibility of cost management, it decided to build a comprehensive cost management platform. The company will first deploy real-time data collection devices in its major stores and warehouses worldwide, which can record sales data, inventory levels, and supply chain costs in real time. The data will be uploaded to the enterprise's central system through IoT technology for real-time aggregation and analysis. The central system integrates big data analysis functions through the ERP platform to monitor real-time operational data of each store and warehouse. The system tracks in real-time that the inventory of a best-selling product is below the preset value and automatically issues a replenishment notification and adjusts the procurement plan to avoid sales interruption. It can also analyze historical data to predict future cost trends, helping enterprises optimize procurement and supply chain management. When it is found that the procurement cost of certain products is higher than expected, the system automatically recommends adjusting suppliers or changing procurement strategies. Through this system, the company successfully reduced inventory backlog by 15%, shortened supply chain response time by 30%, and significantly improved operational efficiency and market competitiveness.

4. Conclusion

This article systematically compares the main differences between economic costs and accounting costs, revealing their differences in cost accounting principles, recognition and measurement methods, and their impact on corporate decision-making. Economic costs focus on comprehensively considering the efficiency and opportunity costs of resource allocation, while accounting costs focus on recording actual expenditures and financial transparency. By analyzing these differences in depth, companies can better integrate two cost perspectives, optimize decision-making processes, improve resource utilization efficiency, and achieve more scientific cost management. Future research should continue to explore the practical applications of the integration of the two to promote further development of enterprise management practices.

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