

Research on Environmental Cost Management Problems and Countermeasures of China's Iron and Steel Enterprises

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Abstract

Steel is an important industrial basic industry in China and plays an important role in promoting China's economic development. However, the environmental problems brought about by the steel industry are getting worse. As a traditional Chinese "three high" (high energy consumption, high pollution, high emission) industry, the steel industry needs to be transformed. To achieve its own sustainable development, it is necessary for steel companies to continuously improve the level of environmental cost management in order to achieve a double balance between their own interests and environmental benefits. This paper analyzes the problems that may exist in the environmental cost management of the steel industry, summarizes the existing problems, and then proposes targeted recommendations.

Keywords

Steel enterprise; environmental cost; cost management.

1. Introduction

Researchers at home and abroad have their own views and opinions on the concept of environmental costs. This paper mainly refers to the following two concepts: First, in 1998, the United Nations International Accounting International Environmental Accounting and Reporting Position Notice stated that environmental costs refer to enterprises. Should bear the social responsibility of protecting the environment, the cost incurred to reduce the environmental impact of the production and operation activities of the enterprise and the sum of other costs incurred by the enterprise in order to meet the environmental objectives. Second, domestic Wang Liyan (1998) believes that environmental costs are the expenditure and outflow of enterprise cost funds in order to prevent, compensate or restore environmental problems caused by production and management activities.

2. The Problems of Environmental Cost Management in Iron and Steel Enterprises

2.1. Steel Enterprise Environmental Cost Management Is Not Enough Data

Looking at the environmental cost content of the sustainability report released by the steel companies, most of them are conceptually extensive expressions of green steel manufacturing, and most of them are mainly textual descriptions, and there are few digitized parts. Only those companies in the steel industry that are focused on by the environmental protection sector will materialize their environmental inputs, but the data disclosed is still limited. In addition, Baosteel's report can understand the annual resource consumption and emission indicators of the enterprise, but the report does not indicate which production links the environmental cost allocation belongs to, which has adversely affected the management of environmental cost management. Data cannot be used to analyze environmental costs and predict business activity risks.

2.2. Steel Enterprises Have Shortcomings in Environmental Cost Accounting

Analysis of Baosteel's financial data, found that Baosteel did not separately list environmental cost items, and only part of its environmental protection costs (such as environmental pollution control fees, pollution prevention fees, fines, etc.) were included in the cost accounting system, and other resources were mined. Or the pollution caused by the production process, the part that should be borne by the enterprise is not included in the cost of the enterprise, which leads to the underestimation of the cost of the enterprise, which has a certain impact on the accounting of the enterprise cost. In addition, there is no uniform confirmation standard for the measurement of environmental costs by steel companies, which is only confirmed according to the expenses incurred in the current period, which will result in inaccurate environmental cost accounting results.

2.3. Limitations in the scope of Environmental Cost Management

Baosteel enterprises put their eyes on the production process of their products in environmental cost management, and pay less attention to the upstream and downstream operations in the enterprise value chain outside the production process, such as the procurement process or the later use of the enterprise. May cause environmental pollution. In addition, Baosteel's enterprises pay attention to ecological prevention and post-recovery construction. This part of environmental cost control and management is also very important. How to measure this part of the environmental cost and how to take measures to control it all need to be controlled overall.

2.4. Insufficient Disclosure of Environmental Cost Information

The public, the government and investors have no way to obtain first-hand information about the pollution situation of enterprises. The sources of information are mostly those that have published environmental reports to the society. The environmental pollution situation that is known in these materials is limited, and the environmental costs associated with the enterprise cannot be understood through the financial statements of the enterprise. Therefore, the enterprise needs further development in environmental cost disclosure. The information disclosed by Baosteel in terms of environmental cost disclosure compared with foreign companies is mostly based on the capitalization and expense projects listed in its sustainability report, and is mainly based on textual description, with less digitization. In addition, in Baosteel's financial annual report, the environmental cost project description only involves the expenditure of environmental relocation expenses of some subordinate enterprises.

3. Improve the Environmental Cost Management Problem Research

3.1. Continuously Raise Awareness of Environmental Cost Management

The development of enterprise managers' environmental cost management awareness is very important to the overall operation of the company. Environmental costs are an indispensable capital investment for enterprises. In the short term, they will bring out economic benefits. However, in the long run, they can reduce unnecessary expenses for enterprises. For example, if a company purchases a sewage treatment equipment, in the short term, it is a small amount of capital expenditure, but in the subsequent operation process, it can replace the industrial sewage wastewater for secondary recycling and water circulation. This not only reduces the pressure on the sewage discharge of enterprises, but also saves a sewage treatment cost that may occur due to environmental pollution caused by corporate sewage. On the other hand, it saves water resources for the company, and in the meantime saves the company a lot of unnecessary expenses.

3.2. Paying Attention to Environmental Cost Management Thinking Innovation

Pay attention to innovation in environmental cost management thinking and cultivate environmental cost management talents. The cultivation of such talents is comprehensive. Encourage corporate finance and accounting personnel to continuously update the theoretical knowledge of costs, and at the same time focus on cultivating their knowledge of the environment and learning. At the same time, the internal and environmental protection departments of the company should also pay attention to the promotion of environmental awareness, and the environmental protection awareness will be integrated into the members of the enterprise. This will help strengthen the environmental protection concept of the enterprise and help to improve the environmental cost management level.

3.3. Establishing A Special Environmental Cost Management Department

Establish a dedicated environmental cost management department to carry out targeted professional activities on environmental costs. On the one hand, the matters that such specialized departments are responsible for are more prominent, that is, they focus on researching and dealing with matters that may cause environmental pollution in all aspects of business operations, and supervise the environmental costs of enterprises. On the other hand, they are responsible for the accounting of environmental costs. The work makes the accounting of environmental protection of the enterprise more accurate and complete, and the environmental cost into the total cost accounting system also makes the company's cost more comprehensive.

3.4. Combine the Value Chain Theory, Increase the Input of Environmental Costs, and Consider Cost-Effectiveness

Product design and development should be considered from the perspective of life cycle, which is related to the post-production consumption of the product, promote green production design, long product life, and can apply green environmental protection materials in the production process. In the procurement phase, procurement standards should be set up, and recyclable and renewable materials should be adopted as much as possible to minimize the cost of the procurement process. Enterprises can use green performance indicators to select partners, so that both parties can share environmental costs and risks, and to a certain extent, reduce the burden on enterprises. Products should be as clean as possible in the production process, which can reduce the amount of waste emissions, and at the same time, industrial waste should be properly and reasonably treated with appropriate measures. Starting from the business operation link, we must pay attention to the environmental cost-effectiveness and promote the sustainable development of the enterprise while analyzing the environmental costs at each stage.

3.5. Strengthening Environmental Cost Disclosure

At present, the disclosure of China's iron and steel enterprises on their own environmental cost investment is limited to those companies that are focused on by the environmental protection departments, which slows down the process of promoting green upgrading in China. It is necessary to strengthen the management of the company's environmental costs and the disclosure of cost information. First of all, the government departments should strengthen the supervision of corporate environmental disclosure, and formulate corresponding policies and regulations to enable enterprises to act in accordance with the law. To a certain extent, this can promote the improvement of corporate environmental cost management awareness, enhance the social transparency of enterprises in environmental management, and also play the role of public supervision. Second, the company itself should continuously improve its overall awareness and improve its environmental cost information disclosure. The development of enterprises is a process of continuous exposure, discovery and improvement. In the process of

environmental cost management and disclosure, enterprises can also discover the impact of environmental costs on the development and operation of their own operations, and then continuously improve the management methods. The business is doing a better development plan.

3.6. Actively Promote the Development of Green Finance

The transformation and upgrading of the steel industry and the issuance of green sustainable bonds are a priority. Today, when vigorously promoting the construction of ecological civilization, the steel company that is committed to developing into a green enterprise will definitely be welcomed by the capital market by issuing a real green bond. The first green sustainable enterprise bonds issued by China's Hegang Group have been strongly supported by China's Development and Reform Commission. The issuance of green bonds provides a new financing channel for green enterprises in China. On the one hand, this is not only for the steel industry in China's transformation and upgrading stage, but also helps the steel companies to increase financing, but also helps to improve their environmental protection level, deleverage, and promote the green development of steel enterprises. On the other hand, for China's financial institutions, the development of green bonds has expanded the scope of business growth for banks, which can effectively alleviate the problem of mismatching of financial institutions' maturity, improve the medium and long-term ability of green credit to achieve a win-win situation.

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