

THE CRISIS AND THE COST MANAGEMENT

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Abstract:

The aim of the present study is the analysis of the phenomenon of contemporary crisis and its unfavourable effects upon the global economy, in general, and the developing countries, in particular. It also has in view the most appropriate decisions that the management of an entity should take under recession conditions. The reduction of prices becomes a priority for the entities, and the first anti-crisis measure in the present economic context. More attention should be paid to the reduction of fixed and variable costs, taking into account the aim of maintaining the profitability and financial equilibrium into an instable and unpredictable business environment.

Keywords: *economic crisis, reduction of fixed and variable costs, the descending spiral of demand, sub-activity cost.*

JEL codes: *M41 Accounting*