

RECESSION AND COVID-19 IMPACT ON COST MANAGEMENT; WIZZ-AIR COMPANY, CASE STUDY

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ABSTRACT: *Recession, an inevitable economic phenomenon that is difficult to be predicted by the scientists of the time, a pandemic which hits the economic-financial sphere of a certain region or in global form, but as this phenomenon spreads, what are its consequences? What is the right and most effective way today for an entity to successfully meet this challenge? One of the most appropriate forms is the role that cost and management accounting management has in the entity performance, as well as the decisions taken by their managers, as it is the latter who manage to "predict" the consequences of this economic downturn and enable its survival. The purpose of the paper is to study the role of cost and management accounting in a recession situation, specifically the economic downturn caused by the Covid-19 pandemic. This is done by analysing how managers managed to cope with such situations and what decisions they have taken. Other important elements which have been studied are variable and fixed cost during recession. The methodology of the study is descriptive, comparative and analytical based on the secondary data obtained from statistical institutions in Albania and especially the focus is on the airline company, "Wizz Air", which is part of the transport sector. This sector, being related to travelling, is among the most affected by the pandemic situation, because of travel restrictions applied in recent years. A regression analysis is used to see the relation between costs and between employees number and employee cost and how Wizz Air company has reduced some possible costs. According to this analysis appropriate conclusions have been shown.*

KEYWORDS: Recession, cost accounting, management accounting, budgeting, management, Covid-19 pandemic.

INTRODUCTION

Global financial health in the last year has been threatened and paralyzed by the pandemic caused worldwide. From small business to large companies to powerful international corporations, no link in the global chain has escaped this "drowning" wave. The top managers of many prestigious firms found themselves under strong external pressures not doing so consistently and constantly looking for strategic plans against external and constant fluctuations.

Being in such a situation, in which not only we, but the whole world is involved, we decided to develop the topic "Recession and Covid-19 impact on cost management; Wizz-Air Company Case study". Below are described some details on the paper, which is divided into four parts. Initially, the methodology used in this paper, the research method is a case study, where some costs of a foreign airline "Wizz Air" were analysed, as well as the analysis of some secondary data for the processing of the topic. The second part summarises some mainly theoretical materials on the main issues of the topic, such as what are the causes and consequences of a recession, what decisions business managers have made against the phenomena, what were the costs they faced and how these costs varied based on their divisions. It is true that Covid-19 caused not only vital and health damage, but also economic damage, causing recession.

In the third part, the analysis of the results, through the information and data obtained from the methodology, will be given the essential elements of the topic.

Accounting occupies a significant weight in organisational changes and reporting the performance of the unit. The development of management cost accounting has provided an opportunity, not only to focus on financial information, but also on non-financial issues, by providing a decision-making strategy from managers. CMA has always helped in order for firms to improve and take the next steps with economy, efficiency and effectiveness, so managers must be able and always on the alert to respond to economic changes in the face of changing market conditions, competitors and customers behaviour, government economic policies and other factors.

METHODOLOGY

The methodology of the topic "Recession and Covid-19 impact on cost management; Wizz-Air Company Case study", will be realised through the instrument of analysis of primary and secondary data, as well as comparative analysis of data obtained from a foreign company such as "Wizz Air", an airline, where the presence of the impact of the recession of Covid-19 has been present since its first steps. The information obtained for

this processing and analysis of data is released from financial statements published on the official website of the company. The purpose of this analysis is to obtain information on how this business managed to manage its costs in a recessionary period, in parallel with the theory of fixed and variable costs of an entity under similar conditions. Segments and sub-segments of tourism, such as travel agencies, airlines and maritime companies, hotels, tourism and other sectors, suffered a drastic financial decline as never before. As they were directly related with Albanian or foreign passengers. The analysis of the following data will serve to have an assessment of how the company taken in the study managed to cover its costs.

What is meant by recession?

For months we have heard terrible announcements on various sectors around the world, such as health, economic, industrial, political, etc. Our focus will be on the economical sphere, where it has been clearly noticed that the financial problems have been great and the phenomena that accompany these, such as unemployment, in recent years has been an increasing trend, the income generated by various enterprises have been low and financial markets have declined. In a single word we summarise them with the term RECESSION.

The famous and dangerous **R** of the recession for the economic world, where not only economists and accountants discuss it, but also people in everyday life or different regions worry about what is happening. The National Bureau of Economic Research defines recession as: “A significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production and wholesale-retail, otherwise defined as the three **Ds**: **duration**, **depth** and **diffusion**. Fiedler (1990) states that a deep recession, which spreads to more than one country and extends for a really long time, is called depression.

Through the definition of the three **Ds** we manage to decompose the exact definition of recession. It can date from a period of several months, with a slow positive or negative growth, which will end with a negative level. Its spread can affect a certain area or a large part of the region, so it can be national or international.

Which are some of the consequences that follow it?

A recession will affect many elements of an entity, ranging from accounts receivable or otherwise known as the entity's clients, owed to the entity and allowed to make slow or late payments. Another element is liquidity that tells us how willing the unit will be to settle its liabilities to suppliers with the revenue generated, it may be allowed to pay later

or more slowly but against an interest for this delay, this depending on different bilateral agreements.

Some issues which caused a recession were mentioned: It is worth mentioning the lack of confidence and confidentiality in future investments, high interest rates, a stock market defeat, a mismanagement of the unit, deflation, controls on wage or other prices. Everything today works based on the cause-and-effect relationship. So, taking into account all these factors, we will list some of the subsequent consequences that will arise in the near future:

The government increases the level of borrowing: When businesses will face lower sales, it means that their realised revenues will be the same, as a result we will have lower tax revenues. It is known that one of the main components of revenues in the state budget are taxes and fees, so we can say that this would have a negative impact.

Rising unemployment: According to Murphy and Athanasou, (1999), losing a job naturally can cause problems. Demand for labour in the market declined, starting with working hours, number of employees and associated paying problems. Wage cuts or layoffs can reduce the cost to the firm, but first this from a social point of view has a very large negative impact. Work will become more difficult, employee productivity will increase, wage increases will be halted due to reduced benefits, and the possibility of further layoffs will increase, causing the current employee to panic and fear. The impact of income loss can also cause damage to mental health.

Falling stock prices: Falling stock prices is not always an indication that the economy will experience a recession. Also, it can be noticed that during a recession, their price is very likely to rise, as it is thought that the economy will recover. A large part of the firms in recession will have lower incomes, so the dividend received will be lower or will be completely eliminated. This is an indication of the decline in stock prices during this period. Faced with these situations, shareholders can make several choices, such as selling their shares or reinvesting in better performing shares.

Reducing customer growth: Firms will choose to reduce their marketing and advertising spending, which will erode consumer confidence in products, but at the same time reduce their spending. In such difficult times that people are squeezing their pockets, the demand for specific products or services starts to decline.

Declining investments: In the moments when firms face economic instability, it is more than clear that they will step against the investments they will make. A reduction in investment costs will also result in technological innovations. Nothing is certain, so investors do not prefer to take risks and a good part of them withdraw. As production and employment decline, there are fewer investment opportunities. Tejvan Pettinger, (2009)

notes that the economy that is expanding at a slow pace can lead to a significant decline in investment. So this means that less investment today is followed by lower levels of economic output in the future, but also wages.

Decisions made by the manager during the recession

Making effective decisions does not always mean having a manager at the head of the unit who has been part of a business recession, but it is imperative to know the effects and consequences of an economic downturn and how the unit will fare to survive. Chesbrough and Garman, (2009) state that the benefit lies in the growth of the business, although the managers themselves are not in a growing stage. Usually, they must be based on three essential elements:

- Decision making strategy;
- Implementation; and
- Controls.

It happens that it is easier to make non-radical, but simple changes, than to try to change the whole mode of operation as a whole. What are some of the immediate decisions that the unit's management needs to make in certain periods? Decisions, which if made hastily and recklessly can cause higher costs and further problems. The performance of a business during and after a recession depends not only on the decisions made, but also on who makes them.

In such periods of turmoil, units adopt measures in line with the reduction of their costs such as: budget cuts for certain departments, staff pay cuts, staff reductions, infrequent supplies or lower costs, lack of new investments etc. Strategies and investments in unfavourable periods in the business would cause a lack of its liquidity, as its costs would increase excessively, but also the management ability of the unit would be imperfect, as there would be wrong decisions at the moment, not proper.

The whole process of decisions made should be based on value added or lost, from which it will be understood whether from the product or service obtained the customer will perceive a value created or not. Some of the right managerial decisions are listed below:

- **Identification of areas where the control process should be present:**
Theoretically, all costs are controllable, but we cannot avoid costs, which are not. Particular attention should be paid to the latter, which occupy a significant weight in the profit / loss of the unit.

- **Identifying Significant Weighted Costs:** Probably a factor as to why they're doing so poorly or which unit gain may not be realised. In a recession, controlling costs and reducing a possible share of them should be the first step of any management.
- **Personnel:** If it is seen as possible for an employee to afford the work performed by two people or the solution is seen as a joint work and its separation. Dismissal of staff is not always a good solution, but in the face of difficult conditions it happens that managers see it as a possible alternative.
- **Products and services:** When resources are limited, it is a bit difficult to decide which product or service may be most profitable and preferred by customers. Managers observe what customers want and try to adapt to their requirements, but if there are existing products or services that do not bring the required profit from the firm, then perhaps it would be appropriate to give up their production or supply. On the other hand, in a product that is profitable and consumers prefer it, there may be investment opportunities.
- **Budgeting:** It is extremely important for managers in entities to have budget control in their hands, consisting of revenue generated and expenditures, but also to reduce expenditures if possible. They should try to consider their budget as low as possible, as forecasting the state of income is not possible.

Variable and fixed costs during recession

At the moment that cost accounting is affected, we will mention all costs, which are an integral part of production, service and product, mentioning their division into variable costs and fixed costs. Total costs vary differently over different periods, which means that a very essential element of them is flexibility. In addition to financial statements, such as the income and expenditure statement, which should result in profit or cash flow, and it should have a positive surplus, there is also cost flexibility.

It is extremely difficult to survive in situations where the business is constantly declining and the market demand for products and services is fluctuating. One way to make a new differentiation is to review costs. As mentioned above, fixed and variable costs, we know that fixed costs are inevitable for the unit, even if there is output or not, they will be present, as may be the case of rent, loan instalments or salary payments of administration, etc. While variable costs exist at the moment the unit produces, so the unit will generate revenue, such as the costs of raw materials, auxiliary materials, electricity, water or others.

What would be really ideal in a period of recession? The best solution would be for variable costs to outweigh the fixed ones, equal to the flexibility, in a market that is experiencing economic downturn, choose to pay a little more to adjust to his requirements. A company, which experiences a deep decline in sales and fails to minimise its costs very quickly, all of this would translate into a loss of money. On the other hand, a company, which is based on the example that variable costs are more than fixed ones, manages to reduce sales in direct proportion to market demand and their maintenance. What is under control is always manageable. Entities that continuously control their activity are more likely to discover how their costs affect their activity before they will be hit by the economy.

Theoretically, it is simple to explain why fixed costs should be minimised versus variable ones, but what really happens to businesses? How can they afford these costs? Some of the ways are listed below:

- **Weight of fixed costs in total cost:** Identify and list all fixed costs that are part of your total business cost portfolio. Every manager should know the value of each of them and how often they are liquidated.
- **Recession government support program:** Every government takes action to help businesses that provide revenue to the state budget. The focus of their measures will definitely be the costs of businesses, helping to repay loans, repay rents, liabilities to employees, municipal taxes, social and health insurance contributions, value added tax, etc.
- **Elimination / Reduction of potential fixed costs:** Costs that are in the hands of the business, such as electricity, water, internet, telephony or others, are costs that should be considered, as there is a possibility that they do not weigh in the total cost.

As a result of the pandemic, many businesses were forced and pushed towards extremely difficult decisions, either in case their business lights had to be turned off or their activity was no longer developed due to government decisions and measures taken to prevent spread of the virus. Many of them have in the total cost variable and fixed costs, which are depending on customer demand, ranging from food, accommodation, various purchases, marketing, administrative, sales, rent, electricity and other elements, which vary by type, location and business size.

Data analysis

Thanks to the financial data published by the company "Wizz Air" on their official website, it was possible to analyse its costs - a parallel between the theoretical and practical spheres - through the study of fixed and variable costs (in their financial statements are divided into sub-items, while in the analysis is included the whole situation), the costs of employees and their total number (the theory which claims that in an economic downturn, the unit tends to reduce its workforce), as well as profit / loss and income total realised over the years.

A brief analysis with secondary data from INSTAT sources is prepared, to analyse and comment on foreign trade, as well as the movement of foreign nationals.

4.1. Data from INSTAT

Table 1. Flow of goods in foreign trade, 2016 – 2020						
million ALL						
Year	2016	2017	2018	2019	2020	Year
Export (FOB)	243,498	272,988	310,436	298,792	271,955	Export (FOB)
Import (CIF)	579,248	626,186	641,466	649,118	605,262	Import (CIF)
Trade balance	- 335,750	- 353,198	-331,030	- 350,327	-333,307	Trade balance
Trade volume	822,746	899,174	951,901	947,910	877,217	Trade volume
Coverage percentage	42.0	43.6	48.4	46.0	44.9	The coverage percentage

Source: INSTAT

Table 2. Foreign trade according to the products, 2018-2020			
million ALL			
Products according to HS	2018	2019	2020
CIF Import	641,466	649,118	605,262
Food, drink, tobacco	106,508	110,365	110,927
Minerals, fuels, electricity	68,385	77,235	54,552
Chemical and plastic products	87,748	88,729	91,016
Leather and leather goods	18,896	17,329	12,631
Wood and paper products	25,156	25,818	24,006
Textiles and shoes	88,222	87,203	75,457
Building materials and metals	78,396	78,441	78,259
Machinery, equipment and spare parts	142,335	138,753	133,820
Others	25,819	25,244	24,595
FOB Export	310,436	298,792	271,955
Food, drink, tobacco	32,334	35,374	39,050
Minerals, fuels, electricity	56,398	50,274	39,915
Chemical and plastic products	6,191	7,653	7,409
Leather and leather goods	2,727	2,444	1,811
Wood and paper products	9,627	9,592	8,643
Textiles and shoes	123,742	118,202	102,344
Building materials and metals	53,194	45,385	41,809
Machinery, equipment and spare parts	18,002	20,892	22,396
Others	8,222	8,976	8,577
Trade balance (Exp-Imp.)	-331,030	-350,327	-333,307
Food, drink, tobacco	-74,174	-74,991	-71,877
Minerals, fuels, electricity	-11,987	-26,961	-14,637
Chemical and plastic products	-81,557	-81,076	-83,607
Leather and leather goods	-16,168	-14,885	-10,820
Wood and paper products	-15,529	-16,226	-15,363
Textiles and shoes	35,519	30,999	26,888
Building materials and metals	-25,202	-33,057	-36,450
Machinery, equipment and spare parts	-124,333	-117,861	-111,424
Others	-17,597	-16,268	-16,018

Source: INSTAT

The main source of data processed above in terms of exports-imports in certain years is the General Directorate of Customs.

- Exports are goods destined for a less developed country, placed under the customs procedure, passive processing and re-exported to undergo active processing.
- Imports are goods coming from a less developed country and placed in storage warehouses, under customs procedures of free circulation, for inward processing or for processing under customs control.
- FOB (Free on board): condition of delivery of goods, where the price includes shipping and delivery costs to the board.
- CIF (Costs, insurance and freight): the condition of delivery of goods, where the price of the goods includes the cost of insurance and transportation to the destination.
- The trade balance represents the difference between exports and realised imports.

In a brief analysis of the years, it is noticed that from the years 2018-2019 in each affected segment there is a significant increase, while the decline has begun in 2020 of the economic recession. Movement was restricted, employees started working from home, as most of the activities were closed by difficult conditions which were created. Manufacturing and construction industries managed to work against the limited capacities and raw materials and auxiliary materials, which were such due to the uncertainty created by the financial and economic atmosphere of all countries in the world, thus breaking the global chains of supply. In the trade balance, it is noticed that an almost negligible percentage of change is occupied by the food, beverage and tobacco segment, as the whole blockade created a psychological consequence for consumers, who instead of tending to save, were pushed and forced to do big purchases in the face of panic created all over the world.

Description	2018	2019	2020
Entrances of foreign citizens	5,926,803	6,406,038	2,657,818
I. Personal	5,839,626	6,304,845	2,542,494
1. Holidays, visits to relatives, etc.	5,639,818	6,094,889	2,458,530
2. Health treatment /	276	658	353
3. Religious purposes	778	794	326
4. Transit travellers /	198,754	208,504	83,285
II. Business and professional	87,177	101,193	115,324

Source: INSTAT

Transport and tourism, which occupy a major share of gross domestic product, were among the most paralyzed sectors of the economy, where according to INSTAT their

monthly revenues range from 27-30 million euros per month. The airline and shipping industry, which took off from year to year, suffered a significant economic downturn, the costs of which will be observed for a long period in their economies. Due to social distance, travel restrictions, transportation of companies such as airlines, they are suffering a catastrophic drop in revenue due to flight cancellations and high levels of stored inventory, such as oil, fuel, which can incur significant storage and maintenance costs. Therefore, a decrease in the price of fuel affects the role of inventory storage as a means of protecting price risk for airlines, which together with the maritime ones began to review their number of departures, as they had to depart below capacity to afford their variable company costs. In the survey "Accommodation structures" conducted by INSTAT for the respective quarters of 2020, it was noted that in the third quarter (respectively July-August-September), the decline in the number of visitors was as follows:

- The number of resident visitors decreased by 9.2% compared to the third quarter of 2019;
- The number of non-resident visitors decreased by 59.3% compared to the third quarter of 2019.

Case study - "Wizz Air" Company

In theory, in the case of managing variable and fixed costs in a recession, the best result would be to reduce fixed versus variable costs. This is because fixed costs will continue to be present regardless of the level of production, while with variable costs the opposite happens. The study consists of one of the foreign companies affected by the pandemic (in the absence of information for Albanian companies, only one has been analysed), namely the Wizz Air airline company, part of flights from Tirana since 2018. It is analysed how this company managed fixed costs and revenues realised over the years, and also profit/loss realised during recession.

First case

Formulas

$$TC=FC+VC$$

TC-Total

FC-Fixed

VC- Variable Cost

Cost

Cost

*expressed in millions euro.

Table 4. Study of the weight of fixed and variable costs of the company "Wizz Air"

Year	A (Fixed Cost)	B (Variable Cost)	Y (Total Cost)	A/Y
2021	752.7	514.4	1267.1	59.4%
2020	1298.9	1124.1	2423	53.6%
2019	1205.4	813.9	2019.3	59.7%
2018	1013.3	632.6	1645.9	61.6%
2017	817.1	502.3	1319.4	61.9%
2016	673	520.7	1193.7	56.4%
2015	570.9	489.1	1060	53.9%
2014	467.4	434.6	902	51.8%

Authors

The purpose of this cost analysis is to draw a conclusion whether the firms, specifically the company "Wizz Air" managed to reduce fixed costs versus variable ones. From the responses are evident the results in percentage during 2020. Fixed costs from 2014 to 2018 tend to increase, while in 2019 there is a decrease in the value of 1.9% of fixed costs, but the highest decrease is in 2020, with a margin of 6.1%. The foreign company explains that one of the items of these costs could be salaries, where the salaries of employees in the central unit fell to a value of 50%, in the period from April 2020 to December 2020. They also claim that the costs of marketing and distribution chains have increased by 16.7% compared to 2019. Airport fares have increased by 16.6% compared to 2019. All of these have had a growth rate and this is as a result of company expansion, both in staff volume but also in aircraft capacity and flight availability.

Second case:

X- employees number

Y- total Cost of employees

Xm- average value of employees number

Ym- average value of employees total cost

R- Report

Table 5: Correlation between employee costs and their number

Year	X	Y	X-Xm	(X-Xm) ²	Y-Ym	(Y-Ym) ²	(X-Xm)*(Y-Ym)	
2021	3960	132.9	1025.62	5	1051907	3.75	14.0625	3846.09375
2020	3451	187.8	516.625	4	266901.	58.65	3	30300.05625
2019	4261	198.6	1326.62	5	1759934	69.45	3	92134.10625
2018	3387	147.8	452.625	4	204869.	18.65	5	8441.45625
2017	2725	112.9	-209.375	9	43837.8	-16.25	5	3402.34375
2016	2250	101.4	-684.375	1	468369.	-27.75	5	18991.40625
2015	1886	83.5	-1048.37	5	1099090	-45.65	3	47858.31875
2014	1555	68.3	-1379.37	5	1902675	-60.85	3	83934.96875
Total	23475	1033.2			6797584		15445.8	288908.75

Authors

Xm= 2934,375 & Ym= 129,15

*Total cost of employees in miliona euro.

$R = \frac{\sum((X - My)(Y - Mx))}{\sqrt{(\sum(X - Xm)^2)(Y - Ym)^2}}$, where $R = 0,8916$ and $R^2 = 0.795$

Conclusion from the cases in the analysis, the correlation is positive and with a value close to +1, which confirms a strong relationship between the two variables taken in the study. There is a positive correlation between the number of employees and the costs that vary from them. In the short term, as declared by the company, the total number of employees was reduced by 19% due to the difficult conditions created, by reducing the total fixed costs, not only in terms of payment to employees, but also in number. Subsequently, with a change in flight conditions, the number of employees recovered thanks to high demand. Adjusted R square, which reflects the so-called “R²”. The value here reflects how much

of the variation in the dependent variable (total cost of employees) is explained by the variation in the independent variable (employee number). In order to have a good and significant model, R^2 value should be $50\% \leq R^2 \leq 100\%$. We see the adjusted R^2 value in = 0.795. Meaning that 79.5 % of the variance of dependent variable “(total cost of employees” is explained by the variation of independent variable of this model, which is “employee number”. Based on this, we can conclude that the dependent variable “total cost of employees” is Well Explained by the independent variable “employee number”, and this model is adequate.

Third case

Table 6: Profit / loss analysis over the years in the company "Wizz Air"

Year	Profit / loss of the year	X2-X1	X2-X1/X1
2014	87.8	0	0
2015	183.2	95.4	109%
2016	192.9	9.7	5%
2017	246	53.1	28%
2018	275.1	29.1	12%
2019	291.6	16.5	6%
2020	281.1	-10.5	-4%
Total	1557.7	193.3	

Authors

A decrease in the profit realised by the company is observed at a rate of 4%, a value that can be considered high for a company, which has always resulted in positive and high profits. Even though a loss and negative, we can say that the preservation of some of the profit realised during 2020 has been achieved thanks to strategic planning, such as increasing destinations, creating favourable conditions for travellers, increasing the number of aircraft (43 in total in compared to the year before the pandemic which was 23).

Table 7: Analysis of revenues realised over the years in the company "Wizz Air"

Year	Total revenue	X2-X1	X2-X1/X1
2014	1011.8	0	
2015	1227.3	215.5	21%
2016	1429.1	201.8	16%
2017	1571.2	142.1	10%
2018	1939	367.8	23%
2019	2319.1	380.1	20%
2020	2761.3	442.2	19%
Total	12258.8	1749.5	

Authors

In the realisation of income two are their main components: the sale of tickets by passengers and secondary auxiliary income. There is a small percentage of decline in revenues from 2019 to 2020 by 1%, but compared to the realised profit / loss, we can estimate that expenditures have been extremely high. A key component in 2020 revenue and performance growth has been the increase in passenger numbers from 15.8% to 40% competing with other companies through favourable prices.

The company's financial viability to an unstable environment was the focus on cost and cash management, liquidity. This financial strength made it possible to take advantage of a market, which shows exciting opportunities to grow and return to even higher levels of air travel.

CONCLUSIONS AND RECOMMENDATIONS

Since March 2020, the pandemic has had an extraordinary economic impact, not only in Albania, but worldwide. Every supply chain was broken down, everywhere there was talk of economic downturn and loss of sales.

Economic costs have peaked, reaching abnormal weights. Many businesses have seen employee losses and layoffs, where the latter faced two threats, economic and health.

Restriction of travel by air and sea companies played a crucial role in limiting the spread of Covid-19, but a good portion of them may never recover or may never touch the tops of previous sales, as a result of changing consumer behaviour. Their costs during quarantine were extremely high, due to the low volume of passenger departures. This period will give another form to these companies, where tourism has been one of the most economically hitting sectors, with lower incomes due to an unfavourable health

environment. Covid-19 also managed to set a target on the number of employees, thus removing those that were deemed unnecessary during the quarantine period, in order to reduce costs.

The conclusion drawn from the analysis of the study of the Wizz Air airline company was that in the review period they took some measures where the main ones were:

- Reduced fixed costs compared to variable costs.
- Based on the regression analysis obtained in the study, it turns out that there was a positive correlation between the number of employees and the costs that vary from them. Also in the second case.
- There has been a small reduction in revenue but it has been accompanied by a large reduction in costs.

Nonetheless the financial destruction of the company to an unstable environment was the focus on cost management and liquidity.

Recommendations:

- During a recession triggered, whether in a given region or globally, entities should be pushed towards fixed cost reductions. Asserting that variable costs will be present with the realisation of production / service delivery. Fixed costs are the best possible alternative towards reduction.
- The company's financial viability to an unstable environment was the focus on cost and cash management, liquidity. This financial strength made it possible to take advantage of a market, which shows exciting opportunities to grow and return to even higher levels of air travel.
- Workforce is one of the most essential variables of a company, which helps it to climb the ladder of success. In such financial terms it translates into "cost". Qualified staff in a later future will be translated into higher cost for the company as financially, strategically and professionally.

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