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THE MAIN CAUSES OF CRISIS IN THE MODERN ECONOMIC CONDITIONS

The article says about the theoretical meaning of crisis. Given the analysis of the main causes of the enterprise's crisis, groups of factors affecting the crisis. Justified the cyclical nature of economic crisis and considered the main features of each phase.

Keywords: *crisis, causes, factors, cycle's phase.*

At the enterprise's life crisis or threat of crisis is a permanent phenomenon. The possibility of a crisis is the gap between current and expected situations.

Crisis is the extreme intensification of the contradictions in the socio-economic system that threatens its viability in the environment. The concept of crisis is inextricably linked to the notion of risk.

A lot of scientists and practical economists and managers are considered problems of crisis management. There are J. Bernstein, J. Burnett, T. Jaques, Timothy W. Coombs, K. Fearn-Banks, T. Lepeyko, O. Myronova and others.

The purpose of the article to analyze the main causes of crisis in the modern economic world.

In order to understand the meaning of crisis, crisis management it is required to make morphological analysis of the concept "crisis" (tab. 1).

Table 1

The morphological analysis of the concept "crisis"

Source	Definition	Genus
1	2	3
Merriam-webster Dictionary [1]	an unstable or crucial time or state of affairs in which a decisive change is impending	unstable time
	the turning point for better or worse in an acute disease or fever	the turning point

The continuation of the tab. 1

1	2	3
Business Dictionary [2]	critical event or point of decision which, if not handled in an appropriate and timely manner (or if not handled at all), may turn into a disaster or catastrophe	critical event or point
Bernstein J. [3]	any situation that is threatening or could threaten to harm people or property, seriously interrupt business, significantly damage reputation and/or negatively impact the bottom line	any situation that is threatening or could threaten
Management Study Guide [4]	a sudden and unexpected event leading to major unrest amongst the individuals at the workplace is called as organization crisis	a sudden and unexpected event
Coombs Timothy W. [5]	a significant threat to operations that can have negative consequences if not handled properly	a significant threat
Bhardwaj N. [6]	any event that is expected to lead to, an unstable and dangerous situation affecting an individual, group, community or whole society	any event that is expected to unstable and dangerous situation
Lepeyko T., Myronova O. [7]	a situation that requires immediate reaction and may cause negative effects	situation that requires immediate reaction

Thus, crisis is critical event or situation which should be immediately handles and may cause positive or negative effects. The effects are depend on effectiveness crisis management.

For effective management of crisis it is necessary to analyze various causes of crises at the enterprise.

The crisis is caused by mismatch of the enterprise 's financial and economic parameters to the environmental parameters. At the root causes of the crisis hit is a lot of different factors. These factors can be divided into two main groups:

external (independent of the enterprise);

internal (depending on the activity of the enterprise) [8, p. 45].

External and internal factors of the crisis can be subdivided into groups which are presented at the tab. 2.

Table 2

Groups of external and internal factors

№	Groups of factors	Factors
External		
1.	Socio-economic	instability of the tax system instability of regulatory legislation reduction in real incomes increase of unemployment
2.	Market	reduction of the home market's capacity strengthening of monopoly in the market volatility of the currency market supply increasing of substitute products
3.	Other external factors	political instability natural disasters deterioration in the crime situation
Internal		
1.	Management	high level of commercial risk insufficient knowledge of market conditions inefficient financial management poor management of production costs lack of flexibility in management insufficient quality system of accounting and reporting
2.	Production	insecurity unity of the enterprise as a property complex outdated and depreciation of fixed assets low labor's productivity high energy costs congestion of social assets
3.	Market	low competitiveness of products dependence on a limited number of suppliers and buyers

Of course all of these factors may be at the heart of the crisis the enterprise, but a greater impact on the business, provide management factors.

Internal causes of crisis are the result of the enterprise's activities.

So, the enterprise enters the critical state due to the combination of design and internal causes of technological, economic, financial, and shortcomings of intra-economic management.

By itself, the economic crisis does not appear from anywhere and goes nowhere. It is an integral part of what in economics is called a cycle. Cyclical development of the economy proved by time.

The economic cycle is the movement from one crisis to another.

Economic science that studies the cyclical development of the economy identifies four main phases of the cycle [8, p. 54-58]:

1. The economic crisis is the decline in production, the destruction of the productive forces and the simultaneous adaptation of the scale of production to the scale of consumer demand. Due to the limited purchasing power of a situation where the produced goods is more than they can sell. So appears a vicious circle: the drop in production leads to massive layoffs and increased unemployment. As a result, consumer demand continues to fall, followed by a re-adjusted production. In addition the crises are characterized by the violation of credit relations, the decline in stock prices, the panic on stock exchanges markets and a wave of bankruptcies. As a result the crisis adapts the size of the production quantities to the size of solvent demand.

2. Depression is a phase, which is characterized by:

stagnation in production;

sluggish trade;

the presence of free money capital.

Below at the fig. 1 is presented a cyclical development of the socio-economic system.

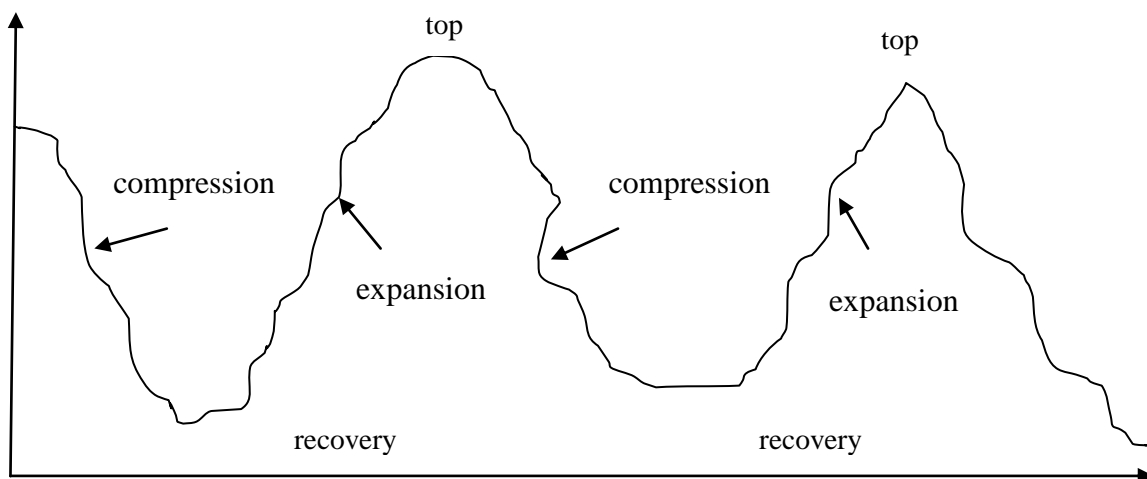


Fig. 1. Cyclical development of the socio-economic system

Especially at this stage of the crisis are formed the preconditions for growing, resolved the inventory. Entrepreneurs tend to restoring profitability through increasing of labor productivity and capital productivity. During this period is the renewal of fixed capital.

3. In place of depression usually comes the recovery phase when the companies, recovering from the crisis, bring production volume to the previous levels. At this stage of recovery accelerates the rise in prices and profitability.

4. Phase of the boom is the cycle phase, when the production exceeds the highest point reached in the previous cycle. This is the phase in which the acceleration of economic development is found in the series of innovations, mass generation of new products and new enterprises in the rapid growth of investments, stock prices and other securities, interest rates, prices and wages. And at the same time is increased the intensity of the bank's balance sheets, increased the inventories. Lifting, exempting the economy to a new level, in its progressive development, preparing the basis for a new, periodic crisis

The objective reasons of each crisis are always in the prior development of the economy in other phases of the cycle.

Considering the crisis a great importance has not only the causes, but a variety of effects such as: organization's update or its demolition, rehabilitation or creation of a new crisis. Crises can occur as a chain reaction. But there is also a possibility to conservative crisis for quite periods of time.

To sum up it is possible to say that causes of crises at the organization may be different. But it is important to recognize the symptoms of the crisis, to use the program in a timely manner of crisis management.

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