



THE IMPORTANCE OF ACCOUNTING INFORMATION IN THE MANAGEMENT OF MICRO AND SMALL BUSINESSES *THE IMPORTANCE OF ACCOUNTING INFORMATION IN THE MANAGEMENT OF MICRO AND SMALL ENTERPRISES*

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SUMMARY

This article aims to summarize the results of research on the importance of accounting information in management. Between the 13th and 17th centuries, accounting distinguished itself as an adult discipline, precisely because, in this period, commercial, economic and cultural activity was very important. The evolution of accounting is always associated with the development of society as a whole, this fact has contributed to it recently being considered as belonging to the branch of social science. Accounting was born as a management tool at the end of the 15th century and Tractus (by Frá Luca Pacioli) with the Double Entry Method. Currently, for most people, Accounting is associated with taxation and the laws that govern companies and commerce. The idea prevails that Accounting is, above all, a legal obligation and there is no sensitivity to realize that it exists due to the need to maintain a formal and universal system of asset control. The main objective of accounting is to allow users to evaluate the financial and economic situation of the entity and to infer its future trends. The objectives of accounting must contribute to the decision-making process of users, not justifying themselves. Rather, it must be a useful instrument for decision-making.

Key words: Accounting information. Patrimony. Internal Users.

ABSTRACT

This article has for objective to synthesize the result of the research on the importance of the countable information in the management of the entities, therefore between centuries XIII and XVII the accounting if distinguished as one adult disciplines, exactly by the fact of that in this period the mercantile, economic and cultural activity was very important, that is, the evolution of the accounting is always associated with the development of the society as a whole. This fact has made that more recently it comes being considered as pertaining to the branch of social science, the Accounting was born as a management tool. In the end of century XV, the Tractus (of Frá Luca Pacioli), With the sprouting of the Method of Double entries. Currently, for a large part of the people, Accounting is associated with the taxation and the laws that conduct the societies and the commerce. The idea prevails of that Accounting is, above all, a legal obligation and if does not have sensitivity to perceive that it exists for the necessity of if maintaining a formal and universal system of control of the patrimony. Main objective of the accounting to allow the users to evaluate the financial and economic situation of the entity and can infer on the future trends of the same one, the objectives of the accounting must contribute to the power to decide process of the users, if not justifying for itself. Before, it must be a useful instrument to.

Keywords: countable information. Internal Patrimony. User

1 INTRODUCTION

245

Financial management is one of the biggest problems faced by micro and small entrepreneurs who, most of the time, charge prices based on intuition, without knowing the cost of the business. Furthermore, they do not have references for setting the sales price, formulating market strategies or for decision making. Since the time when men exchanged products in order to meet their basic needs, goods, objects of exchange, had intrinsic value.

According to Sá (1997, p. 25), cost calculations, account reviews, management productivity controls, budgets, all of this was already practiced in records made on clay tablets, in the civilizations of Sumer and Babylon (Mesopotamia). In the evolution of civilization, there is a concern to record everything that involves something with added value. Sá (1997) refers that even looting (which was an important source of State wealth), that is, looting



which were made in the defeated cities and which were then to be distributed by the State, were duly registered.

In its evolution, over time, Accounting stands out for its unique contribution to controlling the wealth of public and private entities, whether profit or non-profit, as well as an indispensable tool in the development of organizations in all parts of the world. Financial statements have purposes external to the entity.

The tax authorities, minority shareholders, banks, suppliers and others are external users of accounting information and therefore receive it in a standardized way, provided for by law and other acts, uniformly produced within minimum standards of procedures and quality, so that they can be analyzed and interpreted with a minimum level of security. Accounting information, aimed at the entity's internal users who directly participate in its activities and management, is not restricted by commercial, corporate or tax laws. It is quite flexible and must be able to meet macro to more specific needs. For example, inventory control is required by tax legislation.

However, controlling stocked items and making better use of the turnover of these stocks are its main purpose. To serve the tax authorities, absorption costing is used, but for internal control and adequate analysis of production processes and their various stages, activity-based costing and direct costing are much more useful and efficient tools.

Poor sizing of purchases and production can lead to slow revenue and cash generation, in addition to leading to financial difficulties and losses. Purchasing and production must be carried out to generate sales and not remain in stock.

twoTHE IMPORTANCE OF ACCOUNTING INFORMATION IN THE MANAGEMENT OF MICRO AND SMALL COMPANIES

Accounting Science, as a social science, aims to produce truthful information about business assets for its users and other interested parties. Such information, in addition to being true, must be complete and clear regarding the quantities and qualities of the entity's physical and monetary terms (NBC-1).

According to Fortes (2001, p.52) "A system of registration, control and asset analysis has not yet been invented for managing the assets of entities that is more efficient than accounting". And it is from this information generated by accounting that users make business decisions, always in pursuit of their personal interests. Accounting professionals, in the exercise of their activities, produce information that directly affects the lives of people, entities, the tax authorities, investors, clients, creditors, administrators and other users, without benefiting anyone in particular.

To achieve the objective expected of him, the accountant needs to establish in his behavior, certain conditions and characteristics, which refer to: integrity in services, good professional conduct, objectivity, competence, confidentiality, in addition to always acting in accordance with the Professional Code of Ethics for your class and ethics in general. Individuals or legal entities with an interest in the Entity, who use its accounting information for their own purposes, act on a permanent or temporary basis.

They are: members of the capital market, present or potential investors, suppliers and other creditors, customers, financiers, government authorities, media, associations and unions, employees, controllers, shareholders or partners, administrators of the entity itself, the general public.

The Corporation Law provides for the creation of an organized business environment. The DFC (Statement of Cash Flows) is prepared based on fait accompli and serves as a starting point for projections. It is very common for small and medium-sized entrepreneurs to ask where the profit is, as they do not see the color of money. DFC does exactly that: reconciles profit with cash flow changes. The systematic and periodic monitoring of projections, expectations of cash inflows and outflows and the respective comparison with the cash held is a procedure that is not required by any official law, but is essential to maintaining the financial health of entities and a good relationship with customers, suppliers, financial institutions, etc.

Budgets are legal requirements for public entities. However, the preparation of multi-annual and

Monitoring the execution of budgets is essential so that private entities can establish

goals, review your processes and expand your activities.

246 Typically, budgets are based on accounting data that are weighted with situational data, expectations market conditions, objectives and internal policies, estimated profits, revenues and expenses for future periods. In other words, they are projected balance sheets that reinforce how important accounting information is in the day-to-day lives of companies.

It is clear that to have an adequate, consistent and reliable level of information, some investment is necessary, both in good professionals and in equipment and information systems. However, anyone who thinks that all this is important only in large companies is mistaken. Even the planning and organization of personal finances are based on accounting data (remember that your bank statement is part of the bank's accounting system). And even more so from small businesses that could become big one day. The range of prices for programs and management systems

It's very big.

For some, a spreadsheet or simple low-cost off-the-shelf software may be the solution, for others, some greater investment may be required. What is not acceptable, nowadays, is giving space to disorganization, lack of information and control, as combined with these factors are great difficulties that can be avoided in an organized business environment.

Second, Sá (2000, p. 138) "The profession, therefore, which can ennoble through correct and competent action, can also lead to demoralization, through inconvenient conduct, with the breach of ethical principles".

This statement reveals the importance of professional practice within standards of ethical conduct. However, for Accounting to achieve its objective, it is necessary to provide accounting information in a transparent and useful way for decision-making, according to what each user considers relevant.

It is important to highlight that the value of information is not only given by the quantity provided, but also by how useful it is for the user, as well as how the user interprets and understands it satisfactorily.

Accounting, therefore, assumes extreme relevance in the process of understanding the various budgetary systems, not only in their technical or legal aspects, but also those of a political and economic nature (configuration of revenues and expenses). The information it provides about budget execution provides more dynamic and in-depth analyses, revealing important aspects of public management and its consequences for society. According to Sá (2000, p. 130) "the accounting profession consists of work carried out habitually in social cells, with the aim of providing information and guidance based on the explanation of patrimonial phenomena, giving rise to the fulfillment of social, legal, economic duties, as well as as administrative decision-making, in addition to serving as historical instrumentation of the life of wealth".

The function of accounting is to produce useful and reliable information for exercising control and evaluating performance, based on principles or rules that are inherent to it.

As for auditing, its function is to verify compliance with obligations, programs and the veracity of information generated by accounting, as well as preventing damage or losses to the entity's assets.

Any and all accounting information adds the inalienable commitment of accounting to its users, assuming its own objectives; which concerns the systematized and ordered presentation of information at a quantitative and qualitative level, thus providing adequate information bases for the user.

3 ACCOUNTING AS A MANAGEMENT INSTRUMENT FOR MICRO AND SMALL BUSINESSES

The participation of micro and small companies in social and economic development is increasingly significant, especially with regard to the creation of new companies and the generation of jobs and income. Large-scale industrial automation, provided by technological development, has brought to industrial processes a relevant contribution to their improvement and product quality.

This accelerated transformation ended up increasing the level of unemployment, forcing the productive class to seek alternative means to fill this gap. Just as technology has grown in the business world, the expectation of many unemployed people to seek their own job market within their specializations, provided by so-called entrepreneurship, has also grown.

The dream of being one's own boss or having one's own business encouraged the creation of many micro and small businesses, causing recent workers to become entrepreneurs without having the opportunity to experience the business environment with all its adversities and characteristics, inherent to any enterprise. Understanding that accounting is a natural part of organizations in the most varied interests, fiscal, corporate, managerial, management or society in general, it cannot be admitted that any business segment, more specifically micro and small companies, can do without this instrument in their management of your business. Reference is made to accounting, from the perspective of an auxiliary instrument, with timely and accurate information, in the administration of small business and the incidence of use of this information by micro and small companies.

Nasi (1994, p. 6) refers to accounting as a database, in the processing of information for purposes managerial. It argues that accounting aims, in this process, to record the operations carried out by the company, followed by information on equity, financial and economic positions, combined with other factors that facilitate the evaluation of facts and decision making. One of the objectives stands out as designing future results, prepare financial flows and create scenarios considering the different alternatives that the company can opt for.

Camargo (2003, p. 53) defends the need for small business owners to maintain bookkeeping, considering it a clear demonstration of the lack of knowledge of the purposes of accounting by those who recommend exempting micro and small companies from commercial bookkeeping.

He also mentions: "accounting is the history, the memory, the archive of the entity. Therefore it should not and cannot be eliminated." In a work presented at the XXIV Inter-American Accounting Conference in 2001, Bordin and Gatti present

very appropriately, the tax burden of micro and small companies, revealing in all aspects the most varied charges levied on the organized entity.

In this regard, they highlight: Small and medium-sized companies, once organized operationally and administratively, will more than ever need accounting that is also organized and prepared in compliance with accounting standards and techniques, to meet the need to obtain useful and reliable information, as a management and guidance tool in strategy and decision-making by the administration. (BORDIN; GATTI, 2001, p.15).

There is a consensus among accounting science scholars on the importance of accounting information for the management of entities, whether for-profit or non-profit, micro, small, medium or large or in legal form.

According to Iudícibus and Marion (1999), "at all times we are making decisions that may or may not be very important, and in organizations it is no different, the micro and small business owner is constantly forced to make decisions, almost all of which are vital to the success of the business. These decisions must be supported by correct information available in Accounting, the great instrument of assistance".

We frequently observe that several companies, especially small ones, have gone bankrupt or face serious survival problems. We hear businesspeople who criticize the tax burden, social charges, lack of resources, high interest rates, etc., factors that undoubtedly contribute to weakening the company.

However, going deeper into our investigations, we find that, often, the "cancer cell" does not lie in those criticisms, but in poor management, in decisions made without support, without reliable data. Finally, we observe, in these cases, unrealistic, distorted accounting, as a result of having been prepared solely and exclusively to meet tax requirements (IUDÍCIBUS; MARION, 1999, p. 19-20).

4THE CHALLENGES FOR MANAGING MICRO ENTERPRISES

In order to obtain good results, nowadays, small and medium-sized companies will have to assert the idea that they are a living organism, which acts, interacts, creates, cooperates, competes and changes to stay alive (RAUPP, 2002. p. 18). It is true that micro or small companies are part of a process of breaking down barriers without understanding their true role in this process.

Technological advances, combined with the ability to disseminate new production techniques, appear at any time and in any place. With this, the use of competitive advantages and strategic management tools will supplant administrations that remain stuck in outdated concepts.

For the survival of their enterprises, micro-entrepreneurs need to think and act with defined objectives, seeking prosperity, even if this leads them to a medium or large company. If so, everyone wins; otherwise, the micro-enterprise will be one more in the mortality statistics.

CONCLUSION

In accordance with the above, the statement that accounting information, based on ethical parameters, is essential for optimizing the exercise of the accounting profession is inevitable, as accounting users expect transparency in the information provided.

However, the accountant is a professional who is constantly exposed to ethical questions, which are due to the fact that they are directly linked to the economic and financial facts of the companies in which they work or provide services.

And many of these professionals choose to carry out illicit practices, unethically manipulating the company's Financial Statements. Such practices of manipulating Statements, better known as illicit creative accounting, allow the distortion of accounting data, with the purpose of attracting investments to the company, or, as is more common in Brazil, to reduce the tax burden, which is characterized in a crime against the tax order.

Ultimately, these practices directly affect the greatest responsibility of the accounting professional, which is to generate and transmit to all its users the faithful image of the entity, that is, accounting makeups cause discredit in the accounting information and the professional's ethical stance.

248 We can conclude that legislation provides a natural lack of interest in the formalization of an accounting system efficient and capable of providing the entity's manager with useful information for managing activities. Therefore, it is peaceful to establish the entity x accounting professional relationship, because for the micro-entrepreneur, the accountant is simply the firefighter, that is, the person who puts out the fire.

With a simplified company label, the micro-enterprise, by necessity or for other reasons, understands that it does not need an accountant, forgetting or pretending that it is unaware of its other obligations towards society, employees, customers, suppliers and other interested parties. Furthermore, other legislation provides for additional obligations, such as the social security funding regulations.

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