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FINANCIAL CONTROL AND ACCOUNTING AS A MANAGEMENT TOOL FOR MICRO AND SMALL ENTERPRISES

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ABSTRACT

The fundamental objective of this study is to show that accounting should not be seen by administrators only as a record of facts to be accountable to the tax authorities. Thus, this work demonstrates the importance of accounting and financial control as management tools that can positively contribute to the success of micro and small businesses. The proposal is to go beyond this concept, the reason we focus on micro and small companies is due to the fact that managers of companies in this segment have little relevance, leaving them in the background in relation to other activities. Therefore, the focus of this work is to show it clearly and safely as the main management tool capable of providing the necessary information for decision-making, as is common to its concept, in addition to providing a brief history of the emergence of micro and small companies, their administrative activities and also the potential of the accounting sector, as well as a managerial tool in financial management. The objective is very clear, to present a study on the functions of accounting and its relevance for small businesses.

KEY WORDS: Control, Decisions, Accounting, Information, Administration.

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1- INTRODUCTION

Micro and small companies have been strengthened in the economic market due to their easy adaptation to established procedures. As for accounting, this science has been around for a long time, since the beginning of the first commercial activities, records were made on clay plates, these facts show the first indices of the nature of this activity, soon after this period, commercial transactions began to be recorded in writing with short lines in the shape of a wedge, while the farmers were writing on plates with the help of styluses, and thus the records and accounting operations were developed, which nowadays are essential for the financial health of any company.

Through this article, a history of accounting and its functions will be presented, the main essential aspects for the construction of the administration of micro and small companies and, in a concise way, the evolution of accounting and its importance in the entire context of these corporations will be evident, relating its structural changes, its applications in different fields of business management and as well as its strategic planning within these smaller organizations.

In fact, accounting will be the tool used by the administration, aspects related to both the field of accounting and the field of administration will be presented, it will be a parallel between the two areas that guide micro and small companies, always aiming to demonstrate the existing connection and partnership between them. For a good administrator, reports and studies made by the accountant are always necessary, used both in planning and in decision-making.

According to a qualitative methodology that we adopted in this study, aspects that connect Administration to Accounting will always be worked on. This research is justified by the importance of these contents and their application to micro and small businesses and their economic development in the country, too, of Accounting as an object of development. What is really expected from this study is that it will serve as a contribution to establish a discussion of the importance of using accounting information in the management and decision-making process in the case of MSE's (Micro and Small Businesses).

The purpose of this article is to propose and show the functions of accounting and its relevance for the small manager, who also needs to be innovative and this research aims at the field of understanding how this information can help their managers and the company's growth. Well, what you should have is an overview of the enterprise, so that you can achieve the goals proposed at the time of the company's creation, but this will only be possible when you set up strategies, goals, objectives, so that you can always guarantee your permanence in the market.

Micro and small companies - MPE's account for 98% of the Brazilian business market and given this relevance, their analysis is necessary to understand their meaning and importance for national economic development.

2 – DESCRIPTION OF MICRO AND SMALL COMPANY

We call MSE's, micro and small companies, which have some characteristics that are their own and that make them essential to the functioning of both developed economies and those in the process of development, receive differentiated and favored legal treatment in Brazil, guaranteed by the Constitution of the Republic (BRAZIL, 1988) in article 179. With this security provided by the law, there is therefore the Incentive Law, which revolves around encouraging small business owners, through the simplification of obligations, whether administrative or tax.

With the enactment of the Tax Reform (BRASIL, 2003), this branch of activity succeeded in opening a path for the strengthening of small businesses, but it only materialized as the most effective alternative to enable the generation of employment, economic growth and social inclusion nowadays. The General Law (BRASIL, 2006) is the greatest achievement of micro and small companies in Brazil in its history, as it constitutes and regulates the incentives and incentives for the sector through the introduction of a simpler and fairer system of payment of taxes and contributions .

Micro and small companies find it very difficult to organize their priorities due to the lack of an efficient business strategy, which,

at times, can lead the entity to uncertain directions. (Fedato, Goulart, Oliveira, 2010, p.4).

It plays a fundamental role in leveraging the country's growth, small businesses generally have great importance to increase development and contribute to the country's advancement, economic growth, job creation and an increase in wages.

Several factors explain the advent of micro and small companies, but one of the most interesting is that they do not neglect the main fundamentals of administration and accounting, as well as their strategic planning and proper records, which are increasingly structured. In addition, we have witnessed a strengthening of the domestic market and an increase in the purchasing power of the C and D classes, which has reflected in the good performance and strengthening of small businesses and, consequently, in the generation of jobs, which makes them more strong and promote the market.

The environment for opening new companies in Brazil has improved in recent years, there is certainly a veracity in saying that it is because of the tax burden and bureaucracy that are still reduced, in addition to the general law and tax reform, Supersimples significantly reduced the burden tax and facilitated the daily life of small businesses, the General Law brought a series of provisions that encourage these enterprises,

When talking about small and micro companies in Brazil, it is not possible to talk about these without highlighting the relevance of SEBRAE (Brazilian Support Service for Micro and Small Companies), which emerged in 1972 to encourage and help the growth of small investments, within the national economic panorama. It is a non-profit private entity created with the objective of promoting the competitiveness and sustainable development of micro and small businesses. When it was created, it was called the Brazilian Center for Management Assistance to Small Businesses (Cebrae).

Our role is to show millions of micro and small entrepreneurs in this country the advantages of having a formal business, pointing out ways and solutions, with the objective of facilitating access to

financial services, technology and the market, always with a focus on business competitiveness . (SEBRAE, 2010).

3 – THE IMPORTANCE OF ACCOUNTING FOR ADMINISTRATIVE FUNCTIONS

There is information about each business segment that act as necessary tools for its positioning in the market, in addition to checking how sales, cash flow, tax burdens, the fixed and variable cost ratio, in short, even the expenses that can be reduced, these are the fundamental activities of accounting and a good manager will certainly make use of these tools.

Accounting is often called the language of the company. It is a system for collecting, synthesizing, interpreting and disclosing, in monetary terms, information about an organization. Like any other information system, Accounting undergoes continuous evolution in the search for improvement of its methods and processes. (PIZZOLATO 2000, p. 1).

In this context, accounting information appears as the most reliable, the accounting system covers the process of recording economic events with the main purpose of organizing and summarizing information that can be consulted at any time and that provide the economic profile in a given period to the throughout the life cycle of the business (SALAZAR, 2004). This greater reliability is due to the fact that accounting records originate from documents, mostly fiscal.

3.1 - STUDY ANALYSIS AND INTERPRETATION

In this study, an analysis and interpretation of this field, that of accounting, was carried out. The use of accounting information by all departments reinforces the organization's thinking as a system, coming from smaller subsystems and an integral part of a macro system, thus forming a chain of interdependence between sectors. (SIQUEIRA, 2006).

Accounting must be present within a Management Information System, for the organizational management process an information system must be set up that can feed the decision-making process with economic, financial and physical data. We can call Integrated Business Management Systems, which are management information systems that aim to bring together all the information necessary for the management of the business system (SIQUEIRA, 2006).

Planning is one of the functions that most uses accounting data, accounting using its mandatory statements in addition to special reports, such as inventory, participates in this crucial moment for the organization, providing managers with information.

In order to plan for the future, the organization, in this case, the micro business needs information regarding the production process, such as costs, expenses, salaries, inventory, material flow, among others, the famous, rights and obligations, in this case, cash flow information is also of fundamental importance when carrying out organizational planning.

Cash planning is nothing more than the column that supports the company. Without it, it will not be known when there will be enough cash to sustain operations or when bank financing will be needed. Companies that continually lack cash and need last-minute borrowing may find it difficult to find banks to finance them. (NASI, 1994).

4 - FINANCIAL CONTROL AS A SUCCESS TOOL FOR MICROCOMPANIES MANAGEMENT

When thinking about creating a company, the future entrepreneur needs to keep in mind what will be necessary for the growth of his enterprise, if there is a consumer market, how much he will need to invest and how long he will have his profit. However, what ends up happening to many of these micro-enterprises is that the lack of management, a management capable of looking beyond limits, observing the positive and negative points and knowing how to use this information in their favor and that of the company, with the professional, to sometimes not trained, it breaks the financial situation leading to the company's bankruptcy, this demonstrates

the unpreparedness of these entrepreneurs to manage financially, without the proper information and course.

Financial control brings with it horizontal and vertical analysis of statements. The horizontals assess equity or income items in relation to previous periods, thus projecting future behavior. The adoption of analysis of indexes such as liquidity, profitability, capital structure and rotation, also contributes to a more reliable evaluation of the organization's behavior, even in relation to other companies. Liquidity indices demonstrate the organization's debt repayment capacity, enabling a series of analyzes used in financial planning. The profitability indexes show the percentage of gain in relation to the income and investment applied. (SIQUEIRA, 2006)

Financial control is based on the coordination of these activities and assessment of the company's financial condition, through financial reports prepared from equity data and the cash flow situation. Controlling the company's finances means that the entrepreneur is aware of the real financial situation in which he finds himself, that is, it means knowing the best time to make investments or not.

Evidencing the case of MPEs, financial control is closely related to their size with a small degree of operational complexity. It is common in these cases for the partner to have managerial and operational functions, enabling him to have a high degree of knowledge of various activities which will help him in decision making.

4.1 – FINANCIAL CONTROL, ACCOUNTING INFORMATION AND FINANCIAL ADMINISTRATION.

How to differentiate? It is necessary during this study to clarify that the financial administration is responsible for managing financial resources and, therefore, is responsible for activities such as accounts payable and accounts receivable. Accounting theory participates in this process by setting up reports that contain important information for these activities, such as due dates, amounts payable and receivable, among others.

In relation to Accounting, its financial management uses a more accurate view of the organization's financial position, in this case, the accountant, using certain standardized and generally accepted principles, prepares the financial statements based on the premise that revenues should be recognized at the time of sales. Assuming that expenses must be recognized when incurred, that is, in their generation (TASSO, 2005).

4.2- ACCOUNTING INFORMATION AS A BASIS FOR FINANCIAL DECISIONS

The search for information will always be part of the financial market. The generation of profits is so important that when this information is anticipated to the publication of the company's Income Statement, investors quickly interpret it according to the context and make decisions (PRADO, 2006). Which is no different for micro and small businesses that need this information base.

In this way, control represents the monitoring of organizational performance to verify that things are happening according to what was planned, organized and directed, in fact, control is the administrative function related to the monitoring of activities in order to maintain the organization on the proper path to achieve the objectives and allow the necessary correction to mitigate deviations. (PIZZOLATO, 2000).

5- THE EVOLUTION OF SMALL BUSINESSES WITH THE ASSISTANCE OF ACCOUNTING AND ADMINISTRATION

With the growth of the domestic market in the variety of products grown in Brazil, the first small businesses began to appear with great strength in the domestic market. To get investments, these small businessmen bypassed the prohibitions imposed by the Portuguese crown. Over the years and the development of the Brazilian economy, micro and small companies occupy an increasingly larger share of the market. To lower the cost, large companies began to outsource secondary services, thus valuing MSE's (Micro and small companies) service providers, leaving the traditional segments of small companies of the past, generating more jobs, contributing to GDP and leveraging the economy.

Many entrepreneurs get lost when it comes to administration, the company must adopt a system to control the inflow and outflow of money, in smaller companies, a simple spreadsheet can solve the problem, whereas larger companies can opt for more elaborate applications to do this control . In addition, it is necessary to have the habit of checking accounts, preferably every day, and knowing how to plan the payment and receipt of funds. (MARION, 1989).

There is a concern to differentiate the study on this platform that directs micro and small businesses and their support. It is necessary to differentiate in the evolution of these companies towards individual entrepreneurs, now, more recently, the government has created the possibility of formalizing self-employed workers. They are the popcorn makers, seamstresses, confectioners, upholsterers, among other professionals, who have small businesses and generate income, but until then had no possibility of legalizing themselves, due to the cost and bureaucracy.

When talking about the evolution of MSE's, one cannot forget that now, with the Individual Entrepreneur, these professionals can formalize their companies in a simple way via the internet and now have access to social benefits. With this, they can issue an invoice, start supplying large customers and even participate in bids.

Finally, they will be able to grow and pass from the condition of individual entrepreneurs to micro and small companies, in the future, generating more income and also jobs. However, only in the future will they be allied to the accounting and administration concepts that are being dealt with. Even in the face of the positive scenario, it is important to keep an ever closer look at small businesses, creating incentives and public policies capable of strengthening these ventures, which are proven to be great job generators and essential for better income distribution and reduction of social inequality . (PRADO, 2006).

6 – BUSINESS GROWTH ALLIED TO ACCOUNTING

Measuring the financial return is still difficult for some entrepreneurs, in fact it is not that difficult, it is necessary to do it with the right tools, in this case, the accounting tools. Measuring operating profit, contribution margins, cash flow, all of this is at your fingertips,

after all, the body of accounting involves measuring these changes in the company's equity, which in fact is all formality that the business has. Its main objective is to help micro and small entrepreneurs to have financial control, outlining objectives and goals that enhance their company, assisting in planning, command and decision-making within the enterprise.

It is through Accounting that the company knows the value of its assets, liabilities, revenues, costs and expenses, the profitability and profitability of the business, labor productivity and, through this, it can carry out good tax planning. Through this information, collected through invoices, extracts and reports, it is possible to predict the progress of the company, with administrative assistance, if its equity is satisfactory or not, providing a strategic planning for future decisions.

The financial return is an essential instrument to measure business performance, it allows the company to realize the most attractive returns and provides an increase in the sales margin or a reduction in expenses. To arrive at profitability, we have to divide the company's profit, measured over a certain period of time, by the value of the initial investment (or the company's current value).

When undertaking, a return equivalent to a risk-free investment is sought, as a basis, plus a premium (variable, according to the branch and the investor's expectations) for all the business risks assumed, which is understood as an ideal return to the investor (BERNARDI, 2008).

Another resource used by accounting in the management of SMEs is operating profit: $\text{Gross Profit} - \text{Operating Expenses} + \text{Operating Revenue} = \text{Profit} / \text{Loss}$. This is the result of the activities, main or secondary, that constitute the object of the legal entity, it is important to highlight these activities, as they are what keep the business in good health.

The cash flow, also used for financial control, projects the inflows and outflows of financial resources for future years, defining the possibility of the existing cash balance. With the Cash Flow information, the entrepreneur can elaborate the results management structure,

the sensitivity analysis, calculate the profitability, the break-even point and the investment return period. The objective is to verify the financial health of the business based on analysis and obtain a clear answer about the possibilities of the investment's success and the current status of the company.

Evidencing the case of MPEs, financial control is closely related to their size with a small degree of operational complexity. It is common in these cases for the partner to have managerial and operational functions, enabling him to have a high degree of knowledge of various activities, which will help him in decision making.

7 - ACCOUNTING AND ADMINISTRATION: COMPARATIVE ANALYSIS.

Through the historical field, it is necessary to show that Accounting emerged so that the entrepreneur could be aware of the financial health of his company, but in the current context, it requires professionals to be more committed to the performance of their clients. With the use of accounting information for management purposes, in order to analyze and monitor the results obtained in the period.

Certainly, if there is a place where all management acts are centralized, it is in Accounting (MARION, 1989). With this statement, accounting is now seen as a necessary evil within the company, because for some managers it is a mere instrument for controlling tax matters. To make it clear, accounting must be understood as an instrument capable of organizing and presenting a source of economic activity indicators. (LEITE, 1997).

Without leaving the administrator aside, he is the one who communicates with all areas of the company and must be aware of everything that happens in the organization, while the accountant should not be isolated, as the company is an organizational complex that performs numerous activities, that is, the accountant must also be aware of the information for management control. Both work together, as the accountant generates the information that the administrator will use for business planning, in this case for micro and small businesses.

Accounting is not an exact science. It is a social science, as it is human action that generates and modifies the patrimonial phenomenon.

However, Accounting uses quantitative methods (mathematics and statistics) as its main tool. (IUDÍCIBUS, MARION, 2009, PG 12).

CONCLUSION

Although the present work has shown important indications that the growth of micro and small companies in Brazil contribute to the importance of the role of accounting, there are still many micro and small companies that leave aside the accounting professional, as well as the financial control, which as seen, is essential to know the health of the company.

Until today, accounting professionals end up fulfilling only the legal roles, without thinking about the significant impact and growth that this professional, the one in the accounting area, could bring.

When presenting the economic results and social advantages of the MSE, in this way, it can already be said that the empirical estimates confirm the discourse in defense of the strengthening of this segment of the economy in the country. The incentive to small businesses is necessary for local development and policy to support the importance of accounting that includes several functions necessary for the health of MSE's, after all, the market is highly competitive.

Accounting is not a tool that benefits only medium and large companies and publicly traded companies, it is a tool that should be used from the micro and small businessmen, to the largest multinationals, as it is through this method that it becomes possible identify and control everything that happens within the organization.

Accounting in general exists so that entrepreneurs are aware of the financial health of their company, to classify and control the assets, rights and obligations of an organization.

The study on financial control and the importance of accounting makes it clear that this activity it contributes to the effective growth of the organization, because if companies today do not have the information to support them, they will hardly be able to survive, today the mortality rate of MSE's is still due to the lack of attention to accounting criteria.

According to research carried out, it was observed that the opening of micro and small companies is constant, but unfortunately many of these companies close their doors, this

happens due to lack of knowledge of their business and consequently, due to poor administration, as entrepreneurs do not know use the tools that are made available.

Accounting is still the heart of any enterprise, which could be observed mainly with regard to the activities carried out by micro and small companies is that they do not make use of accounting tools. Managers are able to better organize and control their company through accounting, not only for decision-making, but for their organization itself, balance sheets and tax records are essential for the health of the company.

The study made it very clear that micro companies do very well by tax pardons, the supersimple, the General Law, but they do not use much of the accounting tools, the research in this article makes very clear their benefits and the importance of accounting for micro-enterprises, the aim is to further encourage the use of these tools. Therefore, a company cannot dispense with an assessment of the performance and profitability of its projects, in order to achieve its goals, and for this it is very important to know how to apply the available resources and take the correct measures. It is necessary that there is an appreciation on the part of the accounting professional to be recognized as a highly qualified professional and capable of providing fast and accurate information, helping the administration to reach the highest level of wealth in the company.

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