

The Importance of Management Accounting in the Vision of Micro and Small Retail Entrepreneurs of the City of Salgueiro-Pe

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Abstract— Managerial accounting plays a very important role for all companies. Through it it is possible to make decisions that involve the future of the entity while taking into account its present. Therefore, good management accounting helps the company to become more prosperous. However, not being mandatory, companies do not always use it. At the same time, attention to small businesses is growing every day in Brazil. According to the Brazilian Micro and Small Business Support Service - SEBRAE, these small entities are considered the "backbone" of the national economy. In Salgueiro, back country of Pernambuco, Brazil, the predominant activity in the region is the retail trade, mainly made up of micro and small companies. For this reason, the objective of this study was to analyze the perception of microentrepreneurs about the importance of managerial accounting for their companies. The sample was selected from these microenterprises associated with the city's Chamber of Shopkeepers. For that, a closed questionnaire was applied, whose responses were qualitatively analyzed. The results showed that the microentrepreneurs of Salgueiro recognize the importance of managerial accounting and that the continuous use of their tools contributes to the good management of their businesses.

Keywords— Micro and small businesses. Management accounting. Management tools. Business management.

I. INTRODUCTION

Accounting, according to [1], is defined as the science that studies the evolution of a person's assets, their effects and reflexes, their growth, their administration and their future. It is through this science that information will be generated for the partners, employees, shareholders, etc. According to [2]: "a company without accounting is an entity without memory, without identity and without the minimum conditions to survive or to plan its growth." With this, management accounting emerges as an

indispensable tool for any type of business. Management accounting, as part of accounting science, deals with the analysis of information obtained and decision making [3]. The total relevance of managerial accounting in business management in any area of activity or size of the organization is perceived, since it represents a fundamental source of information in economic and financial level that assists managers in the decision-making process.

At the same time, attention to small businesses is growing day by day. Most countries are directing investments in this sector because they recognize the importance of the role played by Micro and Small Enterprises (SMEs) in the generation of jobs and businesses, income distribution and value creation.

In Brazil, surveys carried out by the Micro and Small Business Support Service [4] show that small businesses are considered the "backbone" of our economy. It is estimated that more than 98% of existing companies in the country are classified as such.

These small businesses, also called micro and small enterprises, have played a significant role in the national economy as they are great generators of jobs and wealth, contributing to the country's gross domestic product (GDP) increase significantly.

However, it is a fact that in micro and small companies some managers do not always give importance to managerial accounting, since, being a small business, they only care about meeting the fiscal requirements and obtaining profit without analyzing possible reductions of costs or to analyze other investments that could bring greater returns.

Often, micro and small businesses do not have an effective management system and because of lack of administrative and financial information, they close their doors in the first years of life.

[5] point out that many micro and small enterprises do not reach six years of life, causing social impacts such as

unemployment, damage to the government in the three spheres and to investors.

In the city of Salgueiro, in the hinterland of Pernambuco, the predominant economic activity is the retail trade and it, in the great majority, is composed of micro and small companies. Given that managerial accounting is a determining factor in order to efficiently manage these companies, this work will contribute to the success of micro-entrepreneurs in Salgueiro and the region, if they use this branch of accounting.

As a consequence of this, the incentive question arises of the execution of this research: What is the perception of microentrepreneurs in the city of Salgueiro about the importance of managerial accounting for their companies?

Therefore, this article aims to encourage especially the managers of Salgueiro-PE to develop and adopt information that aid in decision making, demonstrating the importance of managerial accounting and that it can and should be used by small companies as it is essential for its continuity and progress.

The present work is structured as follows: first, this introduction. Next, the theoretical reference followed by the research methodology used to collect the data for study. The penultimate part brings the analysis of the data collected and finally the final considerations.

II. THEORETICAL FOUNDATION

2.1 Microenterprises And Small Business Companies

There is no single criterion for defining micro or small enterprises. According to [6], "there are many parameters to define small enterprises, often within the same country as in Brazil".

The classification can be made taking into account the personnel employed as well as their billing [7].

For [4], microenterprise is one that has up to 19 employees (in industry) and up to 9 employees (in trade / services). At the same time, it is considered a small company, which has 20 to 99 employees (in industry) and 10 to 49 employees (in commerce / services).

In accordance with Supplementary Law 123/2006 and amendments in accordance with Complementary Law 155/2016, Micro-enterprises (ME), for the purpose of the National Simplification, are considered to be the entrepreneur, the legal entity or equivalent entity, which will in each calendar year, gross revenue equal to or less than R \$ 360,000.00. Small Business Enterprises (EPPs) are entrepreneurs, legal entities, or equivalent to them, who receive in each calendar year a gross revenue of more than R \$ 360,000.00 and equal to or less than R \$ 4,800,000.00 [8].

2.2 Management Accounting

In general, according to [9], "accounting is a science that allows, through its techniques, to maintain permanent control of the company's equity."

Managerial accounting, in turn, arose from the need for complementary information to assist managers of the entities.

According to [10], "managerial accounting has a deeper meaning and is directed solely and exclusively to the management of the company, seeking to supply information that fits in a valid and effective way in the decision-making model of the manager."

Das [11] add that the main objective of managerial accounting is to provide information that helps in decision making without having to strictly follow accounting principles. The information is shaped according to the interests of the administrators.

Managerial accounting plays a very important role for companies. It analyzes data that help managers and all those involved with the activity in decision making, thus facilitating the achievement of efficient and agile results, fundamental to the business management process. Misinformation can cause serious damage to an enterprise, from losing its profitability to its extinction in the market.

Management accounting is not mandatory, and companies do not always use it. However, its gradual implementation, with reports appropriate to the reality of the company, is fundamental for achieving the objectives of the entity, and can save it from bankruptcy.

Finally, [12] points out that have accounting and accounting information and not use it in the administrative process, in the management process, then there is no accounting management or management accounting.

2.3 Application of Management Accounting in Micro and Small Enterprises

According to CFC Resolution No. 1418/2012, microenterprises and small businesses must prepare the Balance Sheet, Statement of Income for the Year and the Explanatory Notes at the end of each fiscal year.

Although these statements are prepared in a simplified way because of the small financial movement of these entities, they can provide information that will be of great importance in decision making [13].

According to [2], the Balance Sheet is the demonstration of the company's financial and equity situation on a certain date, and its publication generally refers to the last day of the calendar year.

It consists of two columns: the Asset column on the left shows the application of resources by the company, consisting of assets and rights receivable, and the Liabilities and Equity column (PL) to the right of the

Balance Sheet, represent the sources of resources, being formed by Third Party Capital and Own Capital [2].

Regarding the Statement of Income for the Year, [14] shows that this statement is nothing more than a summary of expenses and income in a given period. In it, the expenses are deducted from the revenues so that the final result, which may be profit or loss, is indicated.

2.3.1 Analysis of Financial Statements:

As previously seen, the companies under study of this work are required by legislation to present only the Balance Sheet and the Statement of Income for the Year. For this reason, the analyzes presented below are directly related to these statements.

The main financial analysis techniques presented by [14] are Horizontal and Vertical Analysis and Financial and Economic Indicators.

[15] state that "the horizontal analysis of the financial statements shows the variation in each period, in percentage terms, of a certain statement line for a given year."

To perform the horizontal analysis, [16] explains that it is necessary to establish a standard demonstration, which will be the basis for comparisons, and for which the percentage of 100% will be assigned to each account and each group.

The vertical analysis, according to [15], "shows in percentage terms each item of a given statement in relation to a totalizer". [17] "is also a comparative process, expressed as a percentage, that applies when relating an account or group of accounts".

Important positioning made by [18] emphasizes that in order to obtain conclusions closer to the reality of the company, it is necessary to use Horizontal Analysis in conjunction with Vertical Analysis.

In turn, financial indicators are useful for managerial analyzes because they allow "comparing and investigating the relationships between the different parts of the financial information" [18].

In this sense, the Liquidity Ratios are used to evaluate the company's ability to pay, that is, to demonstrate the company's capacity to pay off its commitments, being evaluated in a long, short or immediate term [14].

On the other hand, the Indebtedness Indices allow to evaluate the level of indebtedness of the company, obtaining the information about the resources that the companies most use [19].

Activity Indexes, on the other hand, show the number of days that the company takes on average to receive its sales, pay its purchases and renew its stock [14].

Finally, the Profitability Indices show the economic situation of the company, being able to evaluate its degree of economic success obtained in relation to the invested capital [19].

In view of the above, the importance of managerial accounting in the life of companies is well known, since it provides clear and objective information according to the needs of each user, thus enabling them to understand the business development and financial situation [5].

III. RESEARCH METHODOLOGY

The methodology is the way the researcher used to develop a research. Method can be characterized as a set of systematic and rational activities that with greater security and economy allows the researcher to reach the goal. In this sense, through the method one arrives at valid and true knowledge, tracing the way to be followed, detecting errors and assisting the scientist's decisions [20]. The type of research is defined as to the objectives to be achieved. Thus, the method adopted for the elaboration of the present work is the one of descriptive research.

According to [21], a significant characteristic of this type of research is the use of standard techniques of data collection and its main objective is to describe the characteristics of a given population, phenomenon or establish relationships between variables.

In a descriptive research it is necessary to use some research instrument. In this case, it was elaborated through the application of a questionnaire to the microentrepreneurs of the city of Salgueiro-PE, opting for the National Simple, and whose main economic activity is the retail trade of the most diverse branches.

The research in question had as a characteristic to gather information about a local reality, involving, therefore, several researched ones, characterizing thus a research focused on the method of survey.

[22] point out that the surveys are widely used for descriptive research, since there is not a deep analysis of the results.

Regarding the problem approach, the research is considered qualitative. The use of this method is very common in accounting since it is a social science, therefore not always being exact, despite dealing with numbers [21].

Before starting the analysis itself, it is important to highlight that the population analyzed is a sample of the microentrepreneurs affiliated to the local Chamber of Shopkeepers (CDL), excluding all companies that provide services, as well as snack bars, restaurants and the like. The sample was selected by sampling by typicity. In this way, a non-probabilistic sample is created for convenience.

The questionnaire was structured with the first four questions directly related to the profile of the entrepreneur (age, gender, schooling and company performance in the local market). The next two questions, closed, agreeing or not with the proposition. Finally, ten questions also

closed, whose options of answers consisted of a scale of graduation (Likert type) with four categories: very important, important, not important and nothing important.

IV. DATA ANALYSIS AND INTERPRETATION

The questionnaires were applied between September 10 and 12, 2018 through visits to commercial establishments. One of the requirements for the application of the questionnaires is that they be answered by the legal representative of each entity. A total of 60 companies have been visited by Simples Nacional and their main economic activity is the retail trade (of medicines, fabrics, sports materials, agricultural products, footwear, clothing, jewelry, construction materials, general goods with a predominance of food products, among others). Of these 60 companies, 50 answered the questionnaire, thus determining the size of the sample.

Firstly, we sought to identify the age range of the respondents. In percentage terms, the results were as follows: 2% of the respondents stated they were under 25 years old, 16% were between 25 and 35 years old, 32% were between 36 and 45 years old, and 50% said they were over 45 years old. In this way, it was possible to identify that, among the companies surveyed, most of the micro or small entrepreneurs are over 45 years old.

Then the respondents were asked about the gender. 58% of them said they are men while 42% are women. This information demonstrates that, even today, most of the micro and small entrepreneurs in the Salgueiro retail trade (affiliated with CDL) are men. However, women have a significant presence in local commerce.

The third information surveyed was related to the level of education of the respondents. Only 6% of respondents have only the fundamental level. In relation to the average level, this percentage is much more expressive, reaching 36%. Respondents with top level are the vast majority, 50% of micro and small business owners analyzed said to have complete graduation. On the other hand, only 8% of these entrepreneurs have some kind of postgraduate degree.

When questioned how long ago their companies operate in the local market, none of the respondents stated less than 1 year. 8% of them said that their companies are in the market for 1 to 5 years. Those that operate in the market of 6 to 10 years already total 14%. But most respondents (78%) have been in the market for over 10 years.

The next question in the questionnaire applied questions the entrepreneurs if they have had any contact with any accounting statement, especially the Balance Sheet and Statement of Income for the Year. 68% of them said yes, while 32% said no.

Following this line of reasoning, it was asked whether they understand that it is possible to obtain information relevant to the management of the company through the analysis of the financial statements. The vast majority said yes (94%) while only 6% said they did not.

Continuing the analysis of the collected data, from that moment and as previously mentioned, the answers available to the respondents were divided into: very important, important, not important and nothing important.

It inquired about the financial situation of the company. That is, what is the perception of the respondents about this situation. None of the respondents considered anything or less important to know the financial situation of the company. 8% of them considered only important while 92% considered it very important.

About the company's economic situation, 4% of the respondents found it unimportant to know it. 28% found it important and 68% considered it very important to be aware of this situation.

Asked about the importance of sending tax documents, bank statements, and others to their companies' accounts on a monthly basis, 84% of respondents considered it very important, while 16% considered this practice important. The little important and unimportant options were not considered by the entrepreneurs.

He was also asked about consulting the accounting professional before making any decisions related to the management of the company. Respondents were divided about responses. 50% considered it very important, while 42% considered it important. The remaining 8% said they considered this query to be unimportant.

Regarding the preparation of the financial statements for the management of the company, again the respondents were divided. 50% considered it very important, while 48% considered it important. The remaining 2% said they considered minor.

Another issue raised for the respondents was the level of interest in receiving accounting reports periodically (although this represented disbursement to the company). In this question, all available answers were used. 38% considered it very important, while 42% considered it important. 16% unimportant and 4% unimportant.

Knowing the relationship between revenues and expenses of the company was to 78% of respondents very important. For the remaining 22%, knowing this relationship was considered only important.

On knowing the level of indebtedness of the company at a given moment, the great majority of the respondents, that is, 80% of them considered very important. 18% considered it important while 2% considered it to be minor.

The respondents were also asked about the importance of knowing the profit obtained by the company in a given period. 84% of respondents considered it very important and 16% important.

Finally, the questionnaire sought to know the respondents' level of importance about knowing the evolution of company equity over the years. 82% of microentrepreneurs in Salgueiro considered this information very important, while 18% considered it important.

The unimportant and unimportant response options were not always taken into account by respondents throughout the questionnaire. This in itself means that microentrepreneurs in the Salgueiro-PE retail business affiliated with the CDL consider managerial accounting to be very important or very important for the management of their companies.

However, during the analysis of the data, some contradictions on the part of the respondents became evident. An example of this is that 94% of microentrepreneurs in Salgueiro have agreed that it is possible to obtain information relevant to the management of the company through the analysis of the financial statements. In contrast, only 38% of them considered it very important to receive periodic accounting reports. That is, they recognized the importance of analyzing financial statements for the management of their companies, but they were not very interested in receiving such reports.

It is also important to point out that, despite the fact that most of Salgueiro's businessmen have been active in the market for more than 10 years (78% of the respondents), some of them have never had contact with any accounting statements. Analyzing these entrepreneurs alone, 36% never had access to the BP and DRE of their companies. A relatively high number for those who have been in the market for so long. However, 64% of them at least once, have maintained this contact.

In a timely manner, with respect to businessmen in Salgueiro for more than 10 years, 92% of them said that it is possible to obtain information relevant to the management of the company from the analysis of the financial statements, while 8% said no.

It is valid to consider, therefore, the relationship between the "older" microentrepreneurs of Salgueiro and their perception about the importance of managerial accounting for the entities. Although some had never had access to the financial statements, as noted in the questionnaire, they recognized their importance for the company's "survival".

The table below briefly outlines the issues raised for the microentrepreneurs of Salgueiro and the degree of importance they attribute to them. The percentages of

very important and important response options were added in order to provide a better understanding of respondents' perceptions.

Table 1 - The degree of importance attributed by the microentrepreneurs of Salgueiro-PE to the research questions

Questão	Grau de importância (%)
Knowledge about the financial situation of the company	100
Knowledge about the economic situation of the company.	96
Monthly submission of documents for accounting.	100
Regular consultation with the accounting professional.	92
Importance of preparing the financial statements for the management of the company.	98
Level of interest on receipt of periodic accounting reports (BP and DRE).	80
Knowledge of the relation between revenues and expenses of the company, in a given period.	100
Knowledge of the company's level of indebtedness	98
Knowledge about profit obtained by the company in a given period.	100
Knowledge of the evolution of the equity of the company, over the years.	100

V. FINAL CONSIDERATIONS

The present work, in a first moment, defined what is micro and small companies from SEBRAE and the National Simple Law. He then explained about managerial accounting, the tools most used by micro and small companies, as well as their importance for these companies to become more and more prosperous. Next, it sought to analyze the importance attributed by the microentrepreneurs of Salgueiro-PE (affiliated to the CDL) about the managerial accounting. To obtain this response, a questionnaire was applied so that, of the 60 applied, 50 were answered spontaneously, thus determining the size of the sample.

After analyzing the data, it is possible to affirm that the objective of this research was reached. In general, microentrepreneurs realize that it is important or very important to know the financial statements, especially the BP and the DRE, the economic and financial situation of the company, as well as its level of indebtedness, as well as the profit obtained during the year and the evolution of equity over the years.

Proof of this is that the percentages found in the issues raised were generally equal to or greater than 50% in the options discussed above. When it comes to the options of an unimportant response and nothing important they were not always taken into account. This, to a certain extent, corroborates the idea of the importance of managerial accounting for microentrepreneurs analyzed, discussed in the previous paragraph.

On the other hand, the research was not able to reveal whether the managers of micro and small companies of the retail trade of Salgueiro-PE, affiliated to CDL, use the accounting information as a support tool in the management of their businesses.

Considering this, and recognizing the limitations of the research carried out, we suggest a new and more detailed study about the applicability of the tools of managerial accounting in the micro and small enterprises of Salgueiro and the real benefits achieved due to their use.

Finally, taking into account the importance of SEBRAE for the development of micro and small enterprises as a whole, and in particular, the role played by the Chamber of Store Managers in Salgueiro, it is also suggested to apply courses and training on the importance of managerial accounting and its consequent applicability to the success of micro and small enterprises in the region.

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