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Financial education as a management tool in small businesses.

Financial education as a management tool in small businesses

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Summary

Financial education has proven to be a strategic ally for the efficient management of micro and small businesses, especially in unstable and highly competitive economic contexts.

This article aims to analyze the importance of financial education as a management tool in these ventures, considering the main challenges faced, such as the lack of cash flow control, confusion between personal and business finances, lack of planning, and difficulty accessing reliable information. The research was conducted through a literature review, based on updated and relevant academic sources on the subject.

It was observed that a lack of financial knowledge among entrepreneurs directly compromises the sustainability of their businesses, potentially leading to premature bankruptcy and wasted resources. Conversely, the adoption of financial education practices promotes greater administrative organization, strategic planning, and the ability to make informed decisions, enabling the development of a critical view of the use of available financial resources. Furthermore, the use of tools such as cash flow, financial indicator analysis, business budget preparation, and cost control proves essential for strengthening and growing companies. The integration of financial education and business management also allows entrepreneurs to identify investment opportunities, minimize risks, and increase market competitiveness. In conclusion, financial education, more than an auxiliary resource, is a determining factor for the success and longevity of micro and small businesses, making it fundamental that entrepreneurs are encouraged to seek continuous training in this area through courses, consulting, and specialized materials. This training contributes not only to improving the financial health of businesses but also to local and regional economic development.

Keywords: Financial Management; Entrepreneurial Education; Small Business Management; Financial Planning; Corporate Sustainability.

Abstract

Financial education has proven to be a strategic ally for the efficient management of micro and small businesses, especially in unstable economic contexts and highly competitive markets. This article aims to analyze the importance of financial education as a management tool in these enterprises, considering the main challenges faced, such as the lack of cash flow control, confusion between personal and business finances, lack of planning, and difficulty accessing reliable information. The research was conducted through a bibliographic review based on updated and relevant academic sources. It was observed that the lack of financial knowledge among entrepreneurs directly compromises business sustainability, potentially leading to early failure and resource wastage.

Conversely, adopting financial education practices promotes better administrative organization, strategic planning, and the ability to make informed decisions, enabling a critical view of resource usage. Furthermore, the use of tools such as cash flow management, financial indicators analysis, budgeting, and cost control proves essential for business strengthening and growth. The integration of financial education and business management also allows entrepreneurs to identify investment opportunities, minimize risks, and increase market competitiveness. It is concluded that financial education is more than an auxiliary resource; it is a determining factor for the success and longevity of micro and small businesses. Therefore, it is essential that entrepreneurs are encouraged to pursue continuous training in this area through courses, consulting, and specialized materials. Such training contributes not only to improving the financial health of businesses but also to local and regional economic development.

Keywords: Financial Management; Entrepreneur Education; Small Business Management; Finance



planning; Business Sustainability.

Introduction

Financial education has become established as one of the main pillars for... economic and social development, being an indispensable tool not only for personal planning, but mainly for managing companies in a market. Competitive and constantly transforming. In the Brazilian scenario, micro and small businesses (SMEs) represent a significant portion of the economy, generating jobs and driving growth. Various productive sectors. However, the lack of preparedness of managers regarding the administration of Financial resources have contributed to the increase in failure rates of these ventures. highlighting the importance of the topic in question (MENDONÇA et al., 2024).

Given this context, the present work is limited to analyzing financial education as a strategic management tool for micro and small businesses, starting from the problem of Research questioning: how can financial education contribute to sustainability? and management efficiency in small businesses? The hypothesis is that the development of Financial skills among managers can reduce errors in resource management. to optimize financial planning and strengthen the autonomy of entrepreneurs in decision-making. decisions (DIAS, 2018).

The relevance of this research is based on the urgent need for training of Brazilian small business owners are facing hardship, as many businesses are closing down. prematurely due to the absence of basic financial control practices. This study contributes to The academic and business community, in proposing a reflection on the importance of education. financial not only as a competitive advantage, but as an essential element for business survival in a challenging economic environment (CARDOZO, 2021).

For the development of this work, the bibliographic research methodology was adopted. with data collected through systematic searches in reliable sources, with the The purpose is to gather recent and relevant studies that address the topic in question. The objective The overall goal of this research is to understand the importance of financial education as a management tool. in micro and small businesses, while the specific objectives consist of identifying the main financial challenges faced by these entrepreneurs, analyze the impacts of The absence of financial education in business management and presenting the resulting practices and benefits. the adoption of financial knowledge in the business environment.



1. Development

1.1 Concept and importance of financial education in the business context

Understanding the concept of financial education in a business context goes beyond...

It is, in fact, a simple acquisition of technical knowledge about finance.

Continuous training and awareness-raising that empowers managers to interpret financial data.

To plan sustainable strategies and make decisions that are more aligned with the reality of your business. A

Financial education, in this sense, is understood as a managerial skill that enables...

Entrepreneurs develop a critical perspective on the use of resources and financial risks.

of the market, promoting not only the company's survival, but also its competitiveness and

growth. Especially in small businesses, the lack of financial training.

This can be a determining factor for failure, given the limited capital and high vulnerability.

economic fluctuations (CARDOZO, 2021).

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Financial resources have contributed to the increase in failure rates of these ventures.

highlighting the importance of the topic in question (MENDONÇA et al., 2024).

Mastering financial concepts is also a way for entrepreneurs to guarantee

managerial autonomy, reducing dependence on third parties for decision-making and expanding

your understanding of the dynamics of the business. It's not just about knowing how to record income and
exits, but to understand how these movements relate to planning.

The company's strategic approach and market behavior. Small businesses that integrate the

Financial education integrated into their routines demonstrates greater resilience, especially during times of...

economic crisis, as they have greater control over their profit margins, debt and

investment capacity (PEREIRA, 2023).

Furthermore, financial education represents an important tool for separation.

between personal and business finances, a practice often neglected by

micro-entrepreneurs. This blurring of the lines between personal and professional spheres compromises the calculation.

The true profitability of the business is distorted, affecting financial indicators and making strategic analysis impossible.

of the company. Businesses that adopt financial education practices tend to establish

Clear boundaries between these two dimensions, favoring accounting transparency and planning.

tax and access to formal credit (CASSIOLATO, 2022).



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Another relevant aspect concerns the influence of financial education on sustainability.

Business managers who are well-prepared financially are able to develop realistic budgets.

Control working capital, reduce unnecessary expenses, and evaluate investments more carefully.

In a highly competitive and constantly transforming economic environment, this type of

Preparation is crucial for the longevity of a business. The absence of this skill, in turn, can...

generate impulsive decisions, such as taking out unfavorable loans or expanding

hasty activities, putting the organization's financial structure at risk (DIAS, 2018).

The literature also shows that incorporating financial education into young children's education is crucial.

Businesses favor the use of tools such as cash flow, income statements, and...

Performance indicators, which provide the manager with a clearer view of health.

The company's financial structure. These instruments, when used correctly, allow for...

Continuous monitoring of operations and early identification of failures, promoting actions

faster and more effective corrective measures. This demonstrates that financial education, when applied in a way that...

In a systematized way, it ceases to be a reactive practice and becomes part of a management culture.

based on data and planning (TEIXEIRA, 2012).

1.2 Main financial challenges in micro and small enterprises

In the Brazilian context, micro and small enterprises (MSEs) represent a portion

A significant part of the national economy, being responsible for generating employment and income in various sectors.

productive sectors. However, despite the social and economic relevance of these ventures,

Many of them face serious challenges related to financial management, which end up compromising...

Its stability and growth. Among the main mistakes made by small business owners

The lack of adequate cash flow control stands out, a practice essential for monitoring the...

The inflow and outflow of resources and ensuring the liquidity necessary for operational activities. The lack of this

Monitoring makes it difficult to visualize future financial commitments and identify...

potential budget imbalances, which can lead to default and indebtedness.

uncontrolled (SILVA et al., 2024).

Another very common mistake in SMEs is mixing personal finances with business finances.

Corporate finance, a practice that hinders the true analysis of business performance and distorts the...

perception of profits and losses. Many entrepreneurs, due to lack of guidance or

Due to a lack of awareness, they use company funds to cover personal expenses, jeopardizing the company.

A financial reserve is needed for investments, payments to suppliers, or working capital. This

In practice, besides hindering financial planning, it makes it impossible to build an accounting history.

reliable, essential for obtaining credit and for the efficient management of available resources.

(CASSIOLATO, 2022).



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The absence of a structured financial plan is also one of the major...

Obstacles faced by small businesses. Many managers, driven by urgency.

When starting operations, they do not develop a detailed financial plan that includes projections of Revenues, cost estimates, risk analysis, and growth targets. The lack of this planning.

This limits the company's ability to prepare for potential market adversities, such as a downturn.

in sales, increased operating costs, or external economic crises. Thus, the entrepreneur

ends up acting reactively, making decisions based on intuition or needs.

momentary, which significantly increases the risk of failure (TEIXEIRA, 2012).

The Brazilian scenario further exacerbates these challenges, considering that access to credit...

for micro and small businesses remains one of the major obstacles to development.

sector. Financial institutions, considering SMEs more vulnerable to default,

They impose high interest rates and stringent bureaucratic requirements for granting loans.

This context leads many small business owners to seek credit solutions.

informal, characterized by unfavorable financial conditions and deadlines incompatible with the

The business's ability to pay. A lack of financial education exacerbates this problem, since

that entrepreneurs, lacking the necessary knowledge about planning and credit analysis, end up

accepting proposals that are detrimental to the company's financial stability (SANTOS et al., 2020).

The lack of mastery over basic financial management practices, coupled with the reality of a

The competitive and unstable market contributes to the high mortality rate of small businesses in [the region].

Brazil. Statistical data reveals that a large percentage of small businesses close their doors.

activities in the first years of operation, precisely because they are unable to organize their

Financial literacy, in this sense, emerges as a means to manage finances and strategically plan one's actions.

a key factor for business sustainability, as it promotes development.

technical and behavioral skills necessary for the efficient management of resources and for making conscious and well-founded decisions (AZEVEDO PINHEIRO; HOSSOÉ, 2024).

Given this scenario, it is observed that the financial challenges faced by SMEs are not...

They are limited by a scarcity of resources, but are deeply related to a lack of managerial preparedness and

proper financial practices. The absence of financial education makes it difficult to understand the...

economic indicators, compromises cost control, and hinders planning.

Investments reduce the company's ability to remain competitive. Therefore, it is essential that

Small business owners should seek ongoing training and adopt control tools.

financial and develop an organizational culture based on financial responsibility, in order to

to ensure the sustainability and growth of your business in the long term (MEDEIROS, 2017).



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1.3 Financial education as a strategic management tool: practices and benefits

The integration of financial education as a strategic management tool in micro and small businesses prove to be an essential action for consolidation and development. Sustainable business practices. Far from being limited to the one-off organization of finances, the practice of... Financial education is a transformative element in corporate culture. promoting greater rationality in resource management, increased productivity and Improvement in the overall performance of the organization. Small business owners who understand the The importance of this knowledge leads them to structure their operations based on real data. setting aside intuitive practices and adopting a more analytical approach to decisions of purchasing, investing in, and pricing products or services (PEREIRA et al., 2023).

Among the most common financial education practices applied to business management Key skills include cash flow management, business budget preparation, and the use of spreadsheets. Managerial insights and the periodic analysis of financial indicators. These tools enable a comprehensive view. A broader and more accurate understanding of the business reality, allowing managers to identify bottlenecks. streamline operations, reduce waste, adjust sales strategies, and plan growth effectively. sustainable. The use of cash flow, for example, allows you to anticipate periods of greater or lesser activity. Lower liquidity facilitates payment scheduling and avoids the need to resort to... Emergency loans with high interest rates, which represents a significant difference. competitive in the environment of SMEs (TEIXEIRA, 2012).

Financial education is also directly related to the ability to measure... Feasibility of investments and management of risks inherent in business activities. Understanding return on investment (ROI), calculating profit margins, and evaluating opportunity cost. These are skills that help managers make more informed decisions, reducing the chances of... losses or misallocation of resources. Furthermore, the adoption of good financial practices. It contributes to improving the company's image with suppliers, partners, and institutions. financial services, as it conveys greater credibility and organization, even facilitating access. to credit lines with more advantageous conditions (REIS, 2021).

In the field of strategic management, financial education also allows for better... The articulation between short, medium, and long-term objectives. Through financial planning, the An entrepreneur can set realistic growth goals, define expansion timelines, and... To prepare the company for potential periods of economic instability. This strategic vision is fundamental for the company not only to survive, but to stand out in the market, especially In highly competitive sectors, the continuous practice of analyzing and reviewing financial indicators is crucial. It provides greater adaptability to change and strengthens organizational resilience, elements essential for business sustainability (MENDONÇA et al., 2024).



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Another key point is the role of digital technologies and tools in promoting...

Business financial education. The use of financial management software, control applications...

Digital accounting platforms and expense tracking have proven to be valuable allies for small businesses.

entrepreneurs, especially those who do not have technical training in the area. These

These tools enable process automation, the generation of detailed reports, and...

Real-time data visualization, which facilitates financial monitoring and decision-making.

Evidence-based decisions. By incorporating these technological solutions into day-to-day business operations,

The manager increases their operational efficiency and significantly reduces the risks of manual errors and

of poor management (PEREIRA, 2023).

The implementation of training programs, mentoring, and financial consulting also

This represents an effective strategy for promoting financial literacy in SMEs. Contact with

Experts provide entrepreneurs with a deeper understanding of the dynamics.

These initiatives are economical and offer technical support for the application of good management practices.

often promoted by institutions such as SEBRAE, universities or organizations of

They promote entrepreneurship, act as facilitators of continuous learning, and stimulate...

developing fundamental skills for running a business financially

healthy (CARDOZO, 2021).

2. Conclusion

Based on the analysis carried out throughout this work, it becomes evident that education

Finance plays a crucial role in the management of micro and small businesses, constituting itself as

a foundation for strategic decision-making, economic sustainability, and competitiveness.

of business. The lack of this knowledge, still quite common among small businesses.

For entrepreneurs, this exposes ventures to significant risks, such as the misallocation of resources.

Uncontrolled debt and short-term economic unviability. The lack of control over

Cash flow, the confusion between personal and business finances, and the lack of financial planning.

These were identified as recurring weaknesses that, when not addressed based on

Lack of technical knowledge compromises the performance and longevity of businesses.

In the Brazilian context, where SMEs represent an important force for income generation and

Employment, financial education is proving even more urgent, especially in light of the difficulties.

challenges faced by these entrepreneurs in accessing credit and managing their finances safely and

autonomy. Data from the national reality show that financial literacy is ceasing to be

It's not just a competitive advantage, but a condition for survival. When

Properly integrated into business routines, financial education transforms the culture.

It improves organizational efficiency and promotes more effective management practices, contributing to better performance.



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aware of the challenges in the market.

Furthermore, the adoption of practices such as the use of cash flow, the analysis of indicators, and Budget preparation and access to management technologies are elements that demonstrate the The practical impact of financial education on the day-to-day management of businesses. Such Tools, combined with ongoing training for managers, strengthen business autonomy and... More informed decision-making, encouraging a more strategic and resilient approach. Therefore, investing in financial education is not just a corrective measure, but an action. preventive and structural measures that allow small entrepreneurs to transform weaknesses into... growth opportunities, consolidating its market presence and ensuring greater long-term stability.

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