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The importance of Accounting for Management

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SUMMARY

Accounting today is a fundamental instrument for administration, recognized as a tool that offers support for decision-making by managers, through the analysis of facts that occur on a daily basis, recorded by Accounting and transformed into management reports. As an ally in the performance of its functions, Accounting today relies on a technological apparatus, such as information technology, making it faster and, consequently, even more effective in synthesizing and transmitting the information necessary for decision making. In this way, the accounting professional became recognized as essential for controlling the information that assists in decisions for the company's development. This concept and importance brought enormous responsibilities to Accounting, which began to depend on well-trained professionals willing to be constantly updated, to respond to the needs of administrators at each moment of management, based on current information and the company's past, enabling the planning of appropriate actions for advancement. Accounting has become a fundamental management instrument in assisting managers when making projections for the decision-making process, no longer serving only the function of a fiscal bookkeeping instrument to comply with the requirements of the three government spheres. For Franco (1983, p.20) “Accounting plays the same role as history in the life of humanity in any economic organism. Without it, it would be impossible to know the past and present of the entity's economic life, making it impossible to predict the future or draw up plans for administrative guidance.” Therefore, the manager who manages an institution must be based on accurate information from the organization as a whole, in order to plan and design strategic actions aimed at each area of the company.
Key words:balance sheet, income statement, cash flow

ABSTRACT

Accounting today is a fundamental instrument for the administration, recognized as a tool that supports decision making by managers, through the analysis of events that occur on a daily basis, recorded by Accounting and transformed into management reports. As an ally in the performance of their duties, the Accounting now has a technological apparatus, such as computers, making it faster and therefore more effective in synthesizing and transmitting information necessary for decision making. Thus, the professional accounting area has been recognized as essential for the control of information that assists in decisions to develop the concept and importance of the company. This brought to huge Accounting responsibilities, which now depends on well trained and willing professionals to be constantly updated to meet the needs of managers in every moment of management, from current and past information of the company, enabling the planning of appropriate actions to rise. Accounting has become a key management tool in helping managers when the projections for decision making, leaving only exercise the bookkeeping tool function to meet the requirements of the three spheres of government. For Franco (1983, p.20) “Accounting plays the same role that history in human life in any economic organism. Without it it would be impossible to know the past and the present of the economic life of the organization, making it impossible to predict the future or make plans for administrative guidance. “. Thus it is necessary that the manager who runs an institution is grounded in organizational accurate information as a whole in order to plan and design strategic actions directed to each area of the company

Keywords:balance sheet, income statement, cash flow

1 THE ROLE OF ACCOUNTING

According to Iudícibus (2010, p. 5) "Today there is a need for Accounting professionals to update themselves through new methods introduced in the modern world, such as: information technology, international tax legislation, accounting management, etc.". The development of technologies such as IT, logistics, human resources, among others, combined with social knowledge, allows Accounting to use tailor-made techniques, information and reports to favor the management needs of administrators.

The information arising from Accounting is not restricted only to the limits of companies, there are other segments of users, such as: banks, the government, unions, investors, suppliers, employees and other interested parties, as they are also evaluated for their positioning and decisions, in everyday life.

Accounting must be provided with correct information to carry out adequate tax planning and take advantage of possible incentives, exercising control over taxes, fees and contributions, which, if kept in order, provides peace of mind. In the financial area, it is an important instrument for controlling and monitoring the company's direction, allowing management to detect and correct erroneous procedures, which could often lead to irreparable losses.

What makes the difference in good Accounting is the transformation of all data entered into important and safe information, generated in management reports that can, if analyzed and used appropriately, guide the organization's strategic planning.

Accounting in the modern world is not only used to fulfill obligations and legal determinations required by public authorities. It is a tool that offers means for effective control of the company's assets and guidance in promoting decisive actions in today's extremely competitive market.

two THE ACCOUNTANT'S ROLE

For all these reasons, it can be seen that the role of Accounting professionals is no longer just a narrative and has become the need to serve different segments of users, with different information needs, for the effective management of their activities. According to Vasconcelos (2001) "Accountants have an important role in solving problems, not as those responsible for decisions, but as those responsible for collecting relevant data and information." The accounting professional has countless demands from different sources, such as governments, regarding tax legislation, financial institutions, when financing is needed, partners, shareholders, owners, administrators, employees and others.

The accountant has the function of generating information capable of offering lower risks when investing, structural means for raising resources, better applicability of resources, in addition to having to be able or willing to learn how to deal with changes and ideas for continuous improvement.

3 THE ADMINISTRATOR'S RESPONSIBILITY

Administrators and accountants have different responsibilities, in this case, the administrator must be aware that the accountant's responsibilities are limited to recording facts, determining results (comparing total expenses with revenue and checking whether the company made a profit or loss) and preparation of financial statements. These demonstrations initially constitute a tangle of data. The administrator is responsible for simplifying these statements and transforming this data into information that expresses the company's economic and financial situation. The financial statements represent the history of the company's economic and financial life. They are as if they were a person's medical records. The administrator will be the doctor, who must have in-depth knowledge of these statements, analyze the company's economic and financial health and take measures to improve its performance. In business activity, the role of making the company survive, make money and grow will always be the responsibility of the administrator. When a company makes a loss it means that its partners or shareholders lost money. The accountant, in this case, only performed his functions, justified by suitable and legal documents for the records. To him
no responsibility should be attributed for the results of the company's activities. If it breaks it's not your fault of accounting, its burden must be attributed to its administration. It is known that large corporations have resources that place them in privileged positions compared to others. Generally, the biggest problems are in the micro and small business segment. Based on the reality that Micro and Small companies represent the sector that generates the most employment, each problem resolved in this segment means more chances of someone being hired. In addition to the greater job offer, this segment invests its profits in our street, in our neighborhood or in our city. Large multinationals send a large part of what they earn to their countries of origin, whether through legal remittances of profits, purchasing components or receiving "advisory services" from companies in the same group, located in their countries of origin". Given this scenario, it is clear that the main focus should be on micro and small companies. It's this one

segment that most needs administrators with knowledge of accounting or administrative accountants. The administration of a small business will not necessarily require the development of complex projects, however, some controls on knowledge of accounting concepts, especially accounting and financial statements, are essential for the survival and growth of the business.

4 BENEFITS AND LIMITATIONS OF MANAGEMENT ACCOUNTING

For companies to remain in the globalized market they need to be competitive, they respond in various ways to this competitiveness, valuing their employees so they can make their decisions with more agility and precision. According to CHING (2010, p.10) “a huge structure was set up in companies to prepare reports”. With globalization, the use of information systems has facilitated the planning and control of data and reports.

According to the author, “managers prepared reports, called management reports, in which they adapted accounting numbers to serve their information reporting purposes”. Managers used financial data as management data, but did not obtain exact results. He also comments that it is difficult for a company to remain competitive in the market with inadequate management accounting information. On the other hand, well-planned management accounting can support a company's good performance. This alone is not enough, but certainly a management accounting system with flaws that can be detrimental to making the company efficient and competitive.

Management accounting consists of the presentation and interpretation of data, it is important for business as it informs the entrepreneur about the profit he has obtained and the company's performance. Accounting information may be of interest to various institutions, but mainly to the company's management for its decision-making process.

Information can be counted on as an important management tool, which, when used efficiently by administrators, can help make decisions and control the company. According to Padoveze (2008, p.48) “information [...] to be necessary, must be useful. It is up to us management accountants to build this product with quality and competitive costs, as we are fully aware of its usefulness”.

Management accounting helps administrators understand the importance of carrying out complete and clear accounting with the company's real results, raising awareness about risks and how to take advantage of market opportunities. The main objective of management accounting is to provide data so that administrators can analyze and decide what is best for the company. It is not mandatory, but it can save it from bankruptcy, its information is important to achieve its objectives.

Despite the knowledge regarding the importance of management accounting, many organizations do not use it, as their administrators do not have this culture or even the knowledge to do so. They focus on the practical part and not on the managerial part, on planning, as it is not a fiscal requirement, but rather a tool for managing the company. This perception can be identified in Souza’s statement (2008, p. 19):

> It is not uncommon to find people in company management with short-sighted tendencies and little propensity to use accounting information. It is also not difficult to find people working exclusively on cash and taxes. Such attitudes end up severely limiting the development of the managed business.

Each company has its needs and therefore needs to know what should be analyzed. According to Souza (2008, p. 20), the questions of how to select data, process, aggregate and report information according to the needs of the company's internal and external users are difficult to implement, and the ideal situation is to implement the system gradually, as it poses challenges especially in large organizations.

The need for management analysis occurs for all types of companies, however, it is understood that not all use them as a basis for the decision-making process. “The need for management accounting increases in direct relation to the increase in operating units and the number of personnel managing the business.” KELLER (1997*apud MIRANDA*, 2003, p.10).

5 FINAL CONSIDERATIONS

The search for technological improvements and innovations in Accounting must be constant, as the continuous changes that occur demonstrate the need to monitor its advances, as the market increasingly demands greater speed and quality in the information it needs.

Accounting activities began to play the role of assisting administration, providing accurate and distinct information about changes occurring in assets, at each moment, so that decision-making, at all levels

of your activity, contribute to the growth of entities.
With the global changes that occurred, companies felt the need to adapt and began to seek more information to be used as a basis for their decision-making.
It can thus be observed that the implementation of Management Accounting depends, mainly, on the manager's will, in making his company's (real) information available to the accountant and the latter's technical training in having information available, analyzing it and returning it to the accountant. so that the administrator can make the best decision or the least risky one for his company.
The importance of management accounting in companies helps in decision making, the creation of value that occurs in organizations can generate profits and even save them from bankruptcy Management accounting. is able to report the company's profit and performance through these mechanisms. Through them you can have more information and be closer to achieving your set goals.

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