

Role of Management Accounting in Financial Management in Agribusiness

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Abstract:

In the business environment, the present work aims to point out the role of Management Accounting in the management of the company, defined as a fundamental tool in the decision-making process within organizations. To analyze the information generated that helps managers achieve organizational objectives, answers to the following problem were sought: What are the benefits of adopting Management Accounting in business management? In search of an answer, the objective was to identify the benefits of Management Accounting within the business management model. The methodology used in this work was field study and bibliographic research. Through a structured interview, 10 questionnaires were applied, consisting of 8 objective questions, directed to accountants and administrators or professionals responsible for management, in companies from different market branches. For the survey of the company's practical information to be confronted with the theoretical knowledge related to the subject. The results showed that Management Accounting together with management is a fundamental tool in the decision-making process.

Key Word: *Managerial Accounting; business management; decision making.*

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I. Introduction

Management Accounting is a branch of accounting that uses techniques and procedures inherent to this science, with emphasis on the management, decision, measurement and information functions of a company. It is what connects managers to the company's financial information and shows the positive points and the paths to take to improve profitability in the agricultural business.

Accounting seeks for the company's management to fill in economic and financial information that fits in a valid and effective way in the manager's decision-making model. It is responsible for bringing indispensable information to the company's senior management, such as helping to reduce costs, strategic and business planning, as well as increasing profit.

In the face of the business scenario, Management Accounting is an indispensable tool for the management of agricultural businesses, where accountants, administrators and those responsible for the management of companies have become convinced that the breadth of accounting information goes beyond the simple calculation of taxes and compliance with commercial, social security and legal legislation.

Management Accounting is the process of identifying, measuring, accumulating, analyzing, interpreting, and communicating information that helps managers achieve organizational goals. As a result of this purpose, this study had the problem of identifying: What are the benefits of adopting Management Accounting in financial management?

Thus, to answer the problem, the following general objective was established: To identify the benefits of management accounting within the business management model and as specific objectives: to conceptualize management accounting; to demonstrate the application of management accounting and to analyze the use of management accounting for financial management.

In the business sphere, managerial accounting is of great value for effective business management, providing business managers with the information generated by bookkeeping. The goal is to show entrepreneurs the positive points of adopting Management Accounting, in order to visualize the need to carry out complete and efficient accounting within the company, where it shows competitiveness with its competitors.

Thus, the theme was chosen because of the author's entry into the business field, where she realized the need to acquire knowledge about the use of management accounting as a management tool in the company.

The challenges of the decade at the beginning of the twenty-first century are demanding from administrative management professionals something more than a simple exercise than buying, industrializing and selling, that is, it is much more than simply completing the operational cycle of the company or productive

organization. Society has been facing transformations in recent decades, resulting from the evolution of information technology (IT), which forces business managers to be attentive and in permanent recycling to face a more competitive economy. (Berti, 2013, p. 1)

Given this information, it is necessary that managers need to know diversified techniques to always choose the ones that best provide support for decisions, and thus make changes, so that they can innovate and improve their services when managing their business. According to Marion; Ribeiro (2011, p.3), "for an organization to be able to keep up with the changes that have occurred in the world, it is necessary that accounting also follows these changes, to assist the organization in this achievement, management accounting emerged".

According to Berti (2013, p. 23), "accounting is a system that gathers a set of data from a given company that is transformed into information with the objective of assisting managers in decision making". Management accounting works as a tool that helps the company's management in the process of reducing costs, increasing profitability, and strategic planning.

Therefore, it is essential that the manager is aware of the importance of Management Accounting in the organization, as it is a branch of accounting that brings together several other branches (tax, financial, costs), where it reflects the real equity situation of the entity.

Studying various definitions of managerial accounting, one finds divergent opinions, which in a way, end up complementing each other. According to Berti (2013, p. 24), "management accounting is an information center that helps managers in decision-making aimed at the organization's objectives".

For Bazzi (2015, p. 29), managerial accounting is defined:

[...] Management Accounting is a branch of accounting that uses techniques and procedures inherent to this science, with emphasis on the management, decision, measurement and information functions of a company. This branch of accounting primarily uses historical and estimated data, aiming at future operations, focusing on the organization's internal user.

Within organizations, accounting information is exclusive to help someone make decisions. Regardless of who is making the decision, understanding accounting information makes it possible to make a better and much more informed decision. (Bazzi, 2015, p.29)

Thus, Iudicibus (1998, p. 22) states that:

Managerial accounting, in a deeper sense, is focused solely and exclusively on the company's administration, seeking to supply information that validly and effectively fits into the manager's decision-making model. [...] In general, therefore, it can be said that every procedure, technique, information or accounting report made 'tailor-made' for management to use in decision-making between conflicting alternatives, or in performance evaluation, falls under management accounting.

Another concept, now defined by Crepaldi (1998, p.19), about Management Accounting:

[...] It is the branch of accounting that aims to provide tools to business administrators to assist them in their managerial functions. It is aimed at the best use of the company's economic resources, through adequate control of inputs carried out by a management information system.

In this way, managerial accounting refers to the collection, presentation and interpretation of economic facts, to provide information in which they will clarify how the manager will be informed.

Accounting works as a tool that helps the company's management in the process of reducing costs, increasing profitability, and strategic planning. The accountant who performs the managerial function must be highly qualified, so that he presents clear and objective information, as he will be responsible for important decision-making within the company. (Araújo et al, 2007)

Berti (2013, p.27), states that:

Management accounting is a segment of the accounting sector that covers the entire system (cost accounting, analysis of statements, financial, financial accounting, financial and budgetary administration, etc.). This set has several functions, but all of them always lead to a single objective, that is, to provide information to managers for decision-making in the various fields of business administration.

Management accounting is a segment of accounting whose main objective is to monitor information managers who assist in decision-making and should be developed by professionals with a systemic view who assume the role of providing feedback on the company's activities.

Therefore, the managerial function depends fundamentally on the accountant's performance in interacting with the various levels of the company, to establish goals and objectives to be achieved, thus being able to grow and increase the company's profitability.

Management Accounting lists objectives and purposes so that its management occurs effectively, based on control and planning. According to Thomas (1997, p.22), "every organization needs a management information system (GIS) that guides them and motivates managers to go in the direction of the goal they have" They need to know in which direction they should focus their efforts, so that the organization can get closer and closer to its goals.

Accounting is fundamental in business management, in fact it is a very important tool for the company, as it provides all the necessary support for both internal and external control.

[...] We understand that Management Accounting exists or will exist if there is an action that causes it to exist. An entity has Management Accounting if there are people within it who can translate accounting concepts into practical performance. Management Accounting means management of accounting information. Now, management is an action, not an existence. Managerial Accounting means the use of accounting as an instrument of administration (PADOVEZE, 2000, p. 33).

According to Peruzzi et al (2015), Within the organization, Management Accounting acts directly in the management of administration, defining the management process as the main source to extract from accounting information, the data in which it should be analyzed, and which will make it possible to clarify doubts of its users at the time of decision-making.

Given the purposes presented, Management Accounting in the business environment is a fundamental activity in the economic life of the company and for its management.

The main difference between managerial and financial accounting is in the type and destination of the information generated by both; while one is aimed at internal and external users, another is intended exclusively for internal users. Berti (2013, p. 24)

Atkinson (2008, p.37) points out that Financial Accounting:

It is the process of generating financial statements for external audiences, such as shareholders, creditors, and government authorities. This process is heavily limited by government authorities that set standards, regulations, and taxes, and require the opinion of independent auditors [...].

Therefore, Financial Accounting is used to present the financial state of an organization to all those who influence the company in its external aspects.

According to Atkinson (2000, p.36), Management Accounting:

It is the process of producing operational and financial information for employees and managers, such a process must be directed by the informational needs of the company's internal individuals and must guide its operational and investment decisions.

According to Atkinson's (2000) thinking, we can say that Management Accounting is used by managers to make decisions about the day-to-day operations of a company. This measure, unlike Financial Accounting, is not based on past business performance, but targets current and future trends, which do not allow for exact figures.

II. Material And Methods

This work will be developed by the quantitative method in which, through this methodology, I understood the importance of management accounting in the company's decision-making process. Having management information as a fundamental point.

Methodology is a set of methods or paths, since for Trujillo (1974 apud Marconi; Lakatos 2007) method is:

Method is a way of proceeding along a path. In the sciences, methods are the basic instruments that initially order thinking in a system: it traces in an orderly way the way the scientist proceeds along a path to achieve a goal.

In view of the classification criterion, this research is also called bibliographic, because publications by several authors were analyzed, with reliable sources and consistent content, giving scientific support to the work.

According to Marconi; Lakatos (2007) "research is a formal procedure, with a method of reflex thinking, which requires scientific treatment and constitutes the path to know reality or to discover partial truths."

In this conception, the methodology in this project classifies field study and bibliographic research. Through research in books, articles and the internet, explaining the scientific knowledge related to the subject.

The criterion carried out in this research was by sampling several branches of the existing market that apply Management Accounting. Through interviews by Accountants, Administrators and professionals responsible for the management of the company.

According to Marconi; Lakatos (2007) "sampling is a conveniently selected portion of the universe (population); it's a subset of the universe."

The data obtained are classified as primary because they were obtained by questionnaire applications and secondary because they were collected from bibliographic sources.

The instruments used in the research were structured interviews, applying a closed questionnaire, consisting of 8 objective questions. To provide satisfactory results and necessary information.

Data was collected in June 2024, through structured interviews and bibliographic research, through books, articles, and the internet. With the purpose of providing current and relevant data related to the topic.

The information collected was analyzed individually, in an orderly manner and in a logical sequence, aiming at the effectiveness of the information. Next, the data were presented in a graph, showing aspects of the data, in a clear and easy-to-understand way.

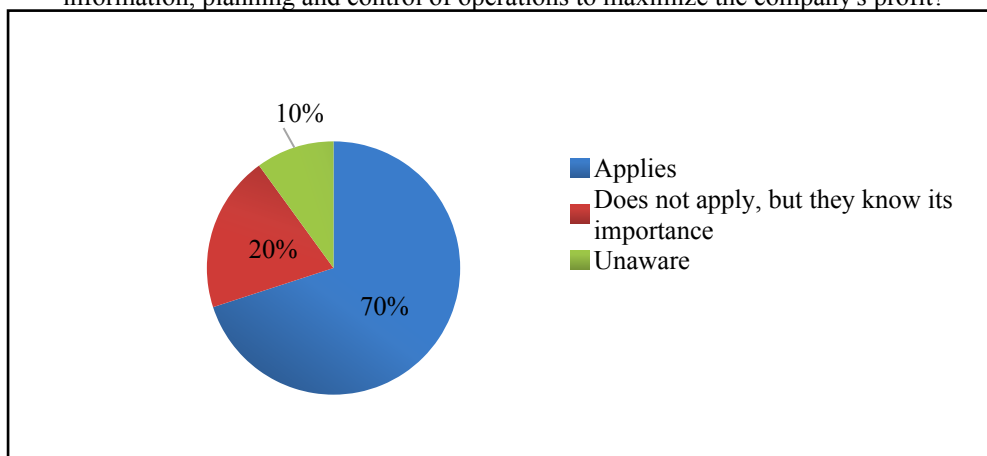
The limitation occurred due to the resistance of some administrators, accountants and professionals responsible for the management of the company to answer the questionnaire, as it is exposing internal and relevant information of the organization.

III. Result And Discussion

After the data and information obtained in the survey. In June, 10 professionals (accountants and administrators) were interviewed in companies in different sectors, through the application of questionnaires. It consists of 8 questions, with the purpose of obtaining information about the importance and benefits of using management accounting in the management process of organizations.

The data obtained were analyzed, interpreted and presented through graphs, which are shown below:

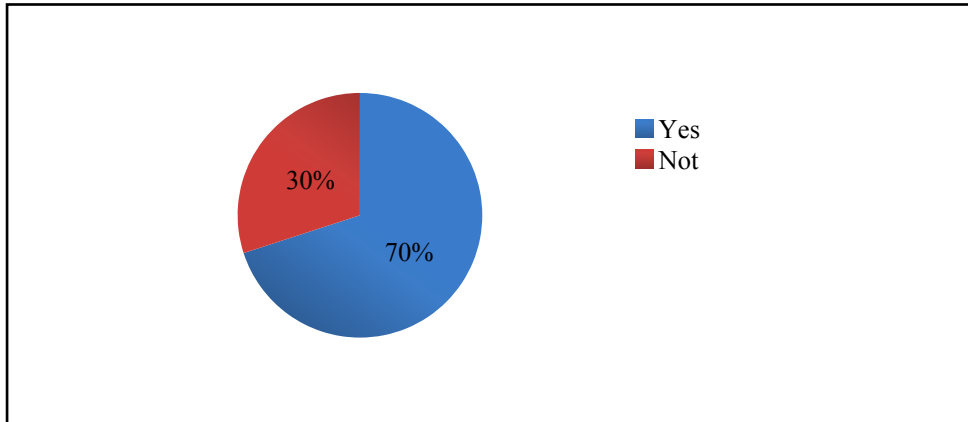
Graph 1: Does the company in which you work professionally use Management Accounting as a generator of information, planning and control of operations to maximize the company's profit?



Source: Author (2024)

The first question is related to whether the company uses management accounting as a generator of information, planning and control of operations. Of the ten questioned, 70% stated that the company applies management accounting in management, 20% answered that they do not use it, but know the importance for better management of the organization and finally, 10% defined that they are unaware of the subject textualized in the questionnaire.

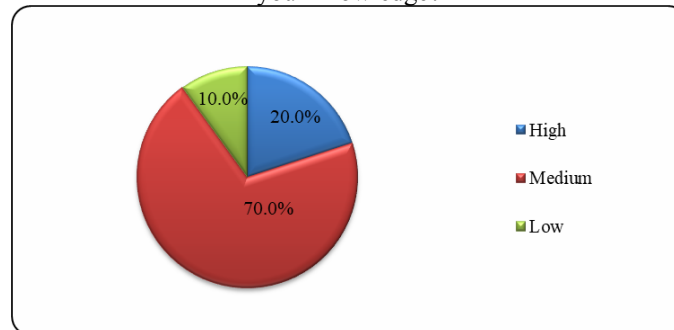
Graph 2: Do you currently work as an agricultural manager in accounting management practices?



Source: Author (2024)

Regarding the second question, he asked whether the interviewees perform the function of manager in the managerial practices of accounting. Of the 10 participants, seven (70%) answered yes and the other three (30%) said they do not work with this tool. Although he does not perform the function, he is aware of its importance.

Chart 3: When it comes to theory and practical experience in Management Accounting, how do you assess your knowledge?

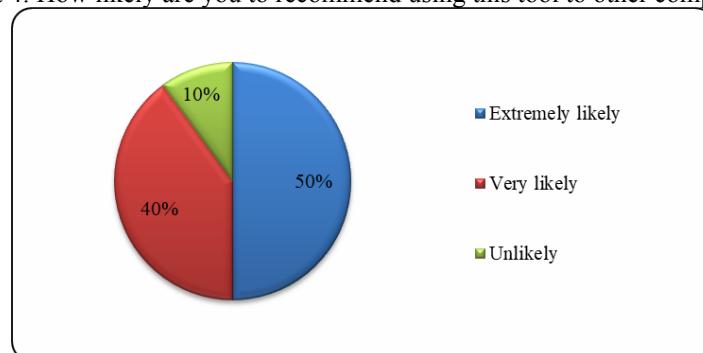


Source: Author (2024)

The third question is about theoretical knowledge and practical experiences in management accounting, where 70% evaluated their knowledge as medium, 20% high and 10% reported low. In organizations, accounting information is exclusive to help someone make decisions, in this context, the professional who occupies the position must be highly qualified, so that he presents clear and objective information, as he will be responsible for the company's decisions. (Araújo et al, 2007).

Comparing the results with the theory, it is observed that most of the respondents have knowledge at an intermediate level, which is below what is established as ideal for the authors. This can negatively interfere with the entity's managerial decisions.

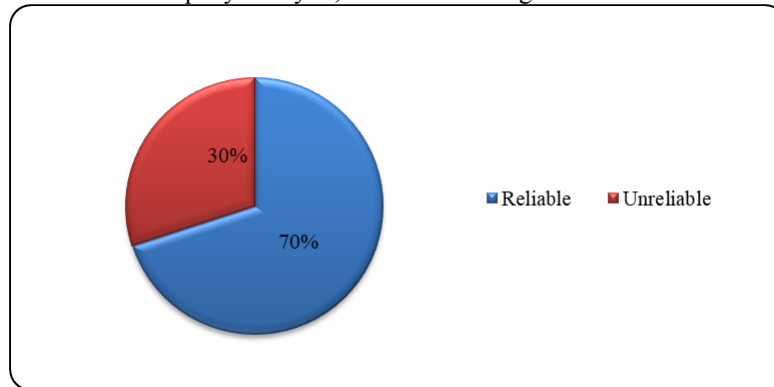
Chart 4: How likely are you to recommend using this tool to other companies?



Source: Author (2024)

According to graph 4, the majority of those surveyed, who represent 90%, consider it extremely likely to recommend the use of the management tool, as they already use it and evaluate that it brings relevant results for management. The minority considers it unlikely, because they have no experience in using it.

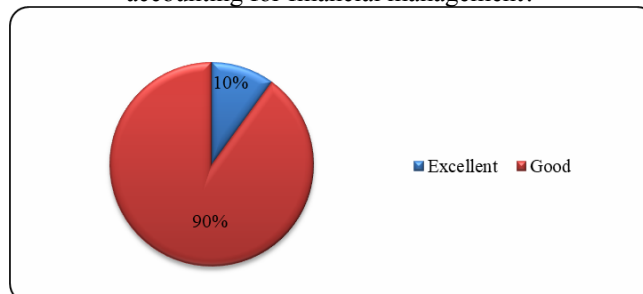
Graph 5: Management accounting is a fundamental management tool for financial decision-making within agricultural companies, as it provides a series of information that can evidence the real situation of the company. For you, the information generated is:



Source: Author (2024)

In the fifth question, it sought to identify the level of confidence of the information generated by management accounting for use in decision making. In which the graph shows that 70% of respondents trust the information generated, as it directly reflects the reality of the company, evidencing the weaknesses. Thus providing good strategic planning, to manage better alternatives in decision making, achieving their goals. Therefore, Zanluca (2016) states "that Management Accounting does not "invent" data, but is based on the regular bookkeeping of documents, accounts and other facts that influence business assets. And the 30% consider it unreliable because they have theoretical knowledge but do not practice.

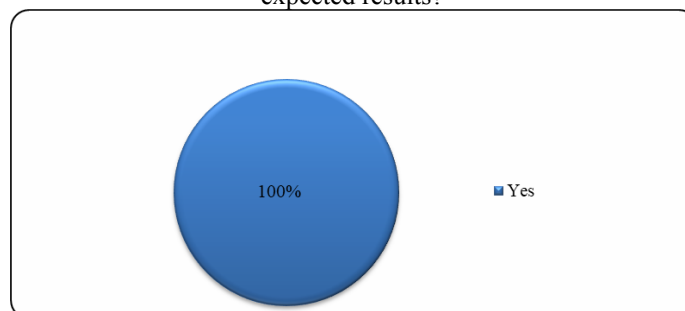
Graph 6: How do you evaluate the degree of satisfaction of managers in relation to the managerial practices of accounting for financial management?



Source: Author (2024)

In the sixth question it is related to the satisfaction of managers in management practices, as shown in the graph, all answered satisfied with the results obtained in the use of management accounting in the management of the company, with 90% classifying it as good and 10% considering it excellent.

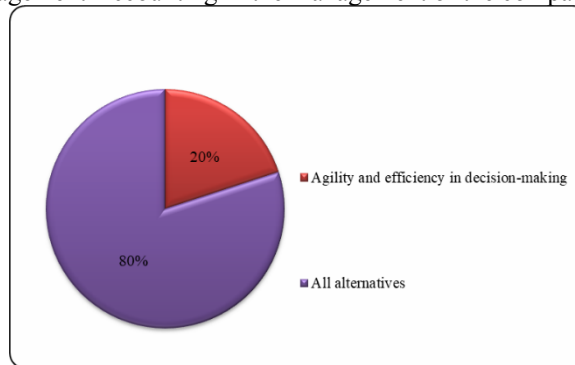
Graph 7: With the use of the accounting management method in management, does the company achieve the expected results?



Source: Author (2024)

According to graph 7, it sought to identify whether companies that use management accounting achieve the expected results. The graph shows that 100% of those surveyed do consider that the company achieves the expected objectives by applying it. Bazzi (2015, p.29) says that "managerial accounting is an information center that helps managers in decision-making aimed at the organization's objectives".

Graph 8: In your professional experience, what do you consider today as the main competitive advantages in the use of Management Accounting in the management of the company in the market?



Source: Author (2024)

The eighth question asked about the competitive advantages in the use of accounting in the market. Of the ten surveyed, 80% answered that the advantages are: quality of information and profitability, agility, effectiveness, strategic planning and organization, and 20% stated that the differential in the market is agility and effectiveness in decision-making. Therefore, based on theoretical research, it is identified that the greatest success in the realization of business management is the set of managerial practices mentioned above, which enable the best business development.

IV. Conclusion

The development of this work regarding Management Accounting in agricultural financial management was of great importance for her experience as a future accountant and as an entrepreneur. The realization of this work focused on showing the fundamental role of management accounting as a support in the decision-making process.

Based on the analysis of the data collected in the application of the questionnaires, with eight objective questions, it is possible to observe that the companies that make use of this resource achieve the desired results, and those that do not use it have little understanding or are unaware of the subject. Thus, the research demonstrates how Management Accounting can be very useful for the administrator or owners of the company, as it has the purpose of generating valuable information to support their decisions.

The result of the questionnaires shows that most professionals who act as managers in managerial practices have intermediate knowledge, but in the theoretical basis it reports that the professional who performs the managerial function must be highly qualified, so that he can point out the information clearly and effectively, as he will be responsible for important decisions within the organizations.

Accounting is a tool that helps and offers all the support for managers to have better visibility to manage their resources, thus seeking better alternatives for the company. It is certain that organizations that have a good management of their accounting control linked to the organization's strategic planning will have a great chance to stand out in the market and achieve satisfactory results.

Thus, the established objectives were achieved and the research obtained satisfactory results, as it is concluded that Management Accounting, combined with the management of the company, becomes a fundamental piece for business progress.

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