LUMEN ET VIRTUS
ISSN: 2177-2789

THE IMPORTANCE OF CASH FLOW FOR MICRO AND SMALL BUSINESSES

https://doi.org/10.56238/levv16n46-073

Submitted on: 02/24/2025 **Publication date:** 03/24/2025

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ABSTRACT

Most of the companies that make up the Brazilian business market are micro and small and, among thousands of companies opened annually, mortality rates in the first years of activity are high, having among the main causes, the lack of planning and the correct or efficient use of management tools. This work aimed to analyze the perception of small companies and their managers about the use of cash flow as a management tool. The methodology used was content analysis, applied to a sample of 17 scientific articles that addressed the topic "cash flow" in studies applied to the finances of micro and small companies, in SPELL databases, obtained using the keyword "cash flow", published in the period from 1989 to 2021. The results indicate the existence of consensus among managers regarding the importance of cash flow for efficient financial management, but that its use as a tool is limited by micro-enterprises in which managers demonstrate that they do not have satisfactory levels of knowledge about the techniques of its use.

Keywords: Cash flow. Short-term management. Micro and small companies.

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INTRODUCTION

In Brazil, data from government agencies indicate that thousands of companies are opened each year and others close their activities, with one of the main causes being the lack of planning, added to the inefficient use of management tools. Among these companies, small companies stand out, whose economic importance is fundamental for the country, as they generate employment and contribute to the increase of the Gross Domestic Product (GDP). Small companies need instruments to maintain their financial management and continue to contribute economically to the country. Among the management instruments, the Cash Flow stands out, which represents the company's main financial control tool.

The cash flow of a company represents the means through which entrepreneurs and managers maintain the financial health of the enterprise. In this way, they remain aware of all the company's financial capital, both inflows and outflows, in order to make better decisions. Controlling a company's financial resources is important both in times of crisis (of financial scarcity) and in times of growth (of financial surplus). In scarcity, planning is essential to understand the limitations of the business. In prosperous times, resources are needed to stimulate growth.

With globalization and the expansion of the economy, there is an increasing need for the company to be more competitive and efficient to face new competitors and new market characteristics. It is important that companies have control over their daily cash documentation, daily control of accounts payable and receivable, banks, contracts, management reports, among others, enabling the manager or entrepreneur to have a clear view of the business for assertive decision-making, aiming at the development and obtaining greater profits.

Cash flow is a tool that controls financial transactions and demonstrates the level of liquidity of the business. It aims to facilitate the management of finances and, based on its results and information, contribute to important decisions about the direction of the company. Nogueira *et al*. (2012) show that several empirical studies demonstrate that there is a strong relationship between stock prices and the historical series of previous cash flows.

The objective of this work was to analyze the perception of small companies about the use of cash flow, from the realization of a bibliometric study seeking to identify the presence or absence of the term "cash flow" in the titles of scientific articles, to analyze the method used and the central discussions about the importance of cash flow. The methodology used was content analysis from a sample of articles related to the finances of micro and small companies, published in SPELL databases from 1989 to 2021 using the keyword "cash flow". The results obtained indicate the existence of consensus regarding the importance of cash flow for the management process, but that its use is limited by micro-enterprises and that managers do not know satisfactorily the techniques to manage cash effectively.

THEORETICAL FOUNDATION

CASH FLOW

Cash flow is one of the management tools considered most effective for the financial control of a company. According to the Accounting Pronouncements Committee (CPC, 2014), the accounts handled in this instrument are defined as cash inflows and outflows and/or cash equivalents.

Gitman (2010) defines cash flow as the company's blood, it is the topic of basic concern of the financial manager, both in daily financial management and in planning and strategic decision-making aimed at creating value for the shareholder. According to Carvalho, Ribeiro and Santana (2020) efficiency in the management of short-term resources is a factor of competitiveness, especially in small and medium-sized companies. For the author, cash flow is a **tool** that **controls financial movement**, that is, the **inflows and outflows** of financial resources, in a certain period of time, whether daily, monthly, annually, according to the company's needs.

According to (Iorgachova & Kovalova, 2023), cash management favors the organization's management by identifying the available balance momentarily and in the future, through the analysis of what is payable and what is receivable. The balance is nothing more than the difference between what was received and what was paid in the same period. Cheng and Feng (2023) point out that when analyzing cash flow, we have a negative balance when the company spends more than it receives/invoices, so it is necessary for the manager to make an analysis by checking where it is possible to reduce expenses and how it can be done to increase revenues. And there is a positive balance when the company pays off its debts and there is still credit in the cash.

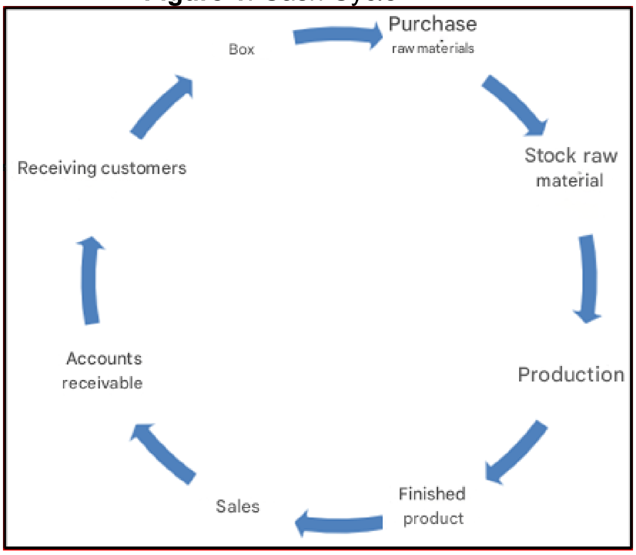
Bonízio, Martins and Gilioli (2010) warn that the analysis and monitoring of cash flow information allows the adoption of measures to prevent unnecessary costly situations from occurring in the future. These authors add that it is possible to avoid an unnecessary cash surplus, representing a cost, which would be the opportunity cost of the capital kept idle, and avoid situations in which the company depends on emergency resources, which it does not have. For Raheman and Nasr (2007) and Enqvist, Graham and Nikkinen (2014).

Although we consider that profit maximization is the main objective of companies, maintaining liquidity must be managed with maximum attention, because if it does not make a profit, the company will not survive in the long term, but if it does not generate liquidity, it will have insolvency problems in the short term and will compromise its survival.

Marques (2013) emphasizes that the preparation of the cash flow takes place in the implementation of the project until the probable end of its financial transactions. They are composed of the expenses and revenues obtained during the execution of the business movement and their respective results, providing the analysis of economic viability.

Through cash flow, according to Bhandari and Adams (2017), the manager will be able to assess whether the revenues generated will be sufficient to cover the company's expenses, or even, he will be able to schedule expenses, increase revenues or raise funds from third parties. This tool helps the entrepreneur to see the financial movements over time and to make the best decisions with the company's resources. The balance between inflows and outflows, according to Carvalho and Vasconcelos (2022), represents the most important aspect of short-term financial health, liquidity.

Figure 1: Cash Cycle



Source: Adapted from Aquila. Available at: https://www.aquila.com.br/

In the cycle that consists of the cash generation or cash flow of companies, represented in figure 1, you can observe the cyclical movement of cash, from the purchase of raw materials to the receipt of sales (from customers), when the resources return to the cash. In the period that represents a cash cycle, the company needs to finance with its own resources (from the cash or from the partners) during a certain period while transforming the raw material into cash in the cash. Thus, the shorter the cycle, the less time this funding of resources is needed (Assaf Neto & Silva, 2002).

Hoji (2017) and Lizote *et al*., (2017) highlight that cash flow can be prepared directly, making all entries in a spreadsheet, extracting data from its own software, or indirectly, which uses information from the balance sheet and income statement. In this regard, Olowa, Witt, and Lill (2023) highlight that, regardless of the method, the representativeness of financial data and its effective control determine the efficiency of cash management.

CASH FLOW STATEMENT

There is a certain amount of flexibility to show the sources and uses of cash in a financial statement. Regardless of how it is presented, the result is called the cash flow statement (Ross *et al*., 2018).

According to the Accounting Pronouncement Committee - Brazil (2007), the Cash Flow Statement (DFC) is a mandatory accounting statement only for companies with net equity greater than two million reais. Although small companies are not obligated, they can use the DFC for managerial purposes. Iudícibus and Marion (2015) report that the CFD shows where all cash resources come from and where they are being applied in a given period and its result as shown in Table 1.

Table 1 – Cash Flow Model

Statement of cash flows by indirect method		
	20X1	**20X2**
Cash flows from operating activities		
Net income before income tax and social security		
Adjustments by:		
Depreciation		
Exchange loss		
Equity result		
Interest Expense		
Increase in accounts receivable from customers and others		
Decrease in inventories		
Decrease in accounts payable – suppliers		
Cash generated by operations		
Interest paid		
Income tax and social contribution paid		
Income tax at source on dividends received		
Net cash generated from operating activities		
Cash flows from investing activities		
Acquisition of subsidiary X, net of cash obtained in the acquisition (Note A)		
Purchase of fixed assets (Note B)		
Receipt for the sale of equipment		
Interest received		
Dividends received		
Net cash consumed by investing activities		

Cash flows from financing activities		
Receipt for the issuance of shares		
Receipt for long-term loans		
Payment of lease liabilities		
Dividends paid [a]		
Net cash consumed by financing activities		
Net increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period (Note C)		
Cash and cash equivalents at the end of the period (Note C)		

Source: Technical Pronouncement CPC 03 (R2)

Marion (2015) states that the CFD is a fundamental part of any business activity. For Ramli and Yekini (2022), this statement is based on the concept of immediate availability within the cash basis, showing the modification that occurred in the company's cash balance during a given period through the receipt and payment flows.

Garrison *et al*. (2013) addresses that the cash flow statement can be used to answer essential questions such as whether the company produces, with its current operations, cash flows that are positive enough to remain viable; whether the company will be able to pay its debts; whether the company will be able to pay its dividends; because net income and net cash flow differ; how much the company must borrow in order to make the necessary investments.

As for the preparation of the CFD, it can be presented in two forms: the direct method and the indirect method. According to Griffin (2012), both present the same result, they differ by the way operating cash flows are presented. According to Padoveze (2012), the direct method is elaborated by collecting specific information from the inflows and outflows of the cash and cash accounts: cash, banks, financial investments. The indirect one, on the other hand, is part of the cash generation extracted from the income statement and the balance sheet elements that generate or need cash. In the same line of reasoning, Oriekhova and Golovko (2022) also add that in both methods the cash flow should be separated by groups of the same nature, thus contributing to a better, more structured analysis.

By analyzing the statements, it is possible to compare the company's availability with the previous year, the inventories, verify if the investment grade in fixed assets is compatible with the business and the sector in which the company operates, if the return on investment was adequate and carry out several other analyses (Montoto, 2018).

CASH FLOW AS A MANAGEMENT TOOL IN SMALL BUSINESSES

As defined in Complementary Law No. 123 of December 14, 2006, in Brazil are classified as micro or small companies, business companies, or individuals that earn, in each calendar year, gross revenue equal to or less than three hundred and sixty thousand reais and as small companies, gross revenue greater than three hundred and sixty thousand reais and equal to or less than four million and eight hundred thousand reais.

According to Collis and Jarvis (2002), the controls of financial transactions have cash flow as a tool, an instrument that should be used with high attention by managers. Corroborating this position, Gitman (2010) states that the manager must pay special attention to both the main categories of cash flow and to each specific item of cash inflows and outflows, to detect if there are situations contrary to the company's financial policy and that the statement can be used to evaluate progress towards projected goals, or to isolate points of inefficiencies.

According to a survey carried out and published by the Brazilian Institute of Geography and Statistics (IBGE, 2024) in the first quarter of 2024, more than 625 thousand Brazilian companies closed their activities, an increase of 8.3% in the number of extinct businesses compared to the first three months of 2023.

Difficulty with financial management is one of the main reasons why many companies close in Brazil. According to a survey by the Brazilian Micro and Small Business Support Service (Sebrae, 2023) of companies born in 2017, only 37.9% were active after five years. Also according to Sebrae (2023), the survival rate of these companies was 76.2% in 2018, falling to 59.6% in 2019, 49.4% in 2020, 42.3% in 2021 and 37.9% in 2022 and highlights that not strictly monitoring revenues and expenses is a variable that contributes to the survival or mortality of the company.

The error in the establishment of cash flow can extinguish the company or leave it in a situation of permanent tension, preventing managers from thinking and acting on the fundamental aspects: team, product development and sales (Marion, 2015). Carvalho and Vasconcelos (2022) agree when they highlight that cash management is directly related to the short-term health and survival of the company.

According to Campos Filho (1999), the adoption of cash flow as a management tool contributes to the company's planning using statistical data, a short and medium-term view of its performance, investment planning and the possibility of making informed decisions quickly, in the face of financial difficulties.

METHODOLOGY

This research, as to its objectives, is designated as "descriptive research" because it seeks to observe, analyze and classify and interpret the phenomena studied. It is classified as a study or bibliographic survey regarding the procedures, as it was intended to collect previous knowledge, know the existing production and seek research that would support the classification to be used in the study.

The approach employed is qualitative, defined by Godoy (1995) as research that uses the natural environment as a direct source of data and the researcher as a fundamental instrument. The sample or sample universe of the study consisted of an electronic query carried out in SPELL (*Scientific Periodicals Electronic Library*) databases, using the keyword "Cash Flow", through which, initially, through an advanced search, 42 articles containing approaches on the subject were identified, covering the period from 1989 to 2021.

As a method of analysis and interpretation of the data, content analysis was used, which, according to Bardin (2016) is summarized in a set of communication analysis techniques, aiming to obtain, through systematic and objective procedures for describing the content of the messages, quantitative or non-quantitative indicators, which allow the inference of knowledge related to the conditions of the variables inferred from these messages.

Thus, the content analysis process was based on the analysis of all the titles of the works with categorization considering the presence or absence of the term "cash flow" in the titles of the articles contained in the selected database. After preliminary analysis, 25 articles were excluded among those that made up the initial identification, as they did not have pertinent approaches to the cash flow theme, which were analyzed with the help of Microsoft Excel software.

DATA ANALYSIS AND DISCUSSION

After excluding the articles identified as not adherent to the theme object of the research, the 17 studies considered adherent and relevant were analyzed, and the authors and year of publication, the objective of the research, the method used and the results obtained were highlighted, as shown in Table 2.

Table 2: Summaries of studies and methods on cash flow in Brazil

Author(s)	Goal	Method	Findings
Cendron; Eid (2001)	The present work aims to analyze the relationship between some models aimed at quantifying the cash flow of	Case study; Quantitative.	Regarding the models and objectives proposed, the research met them. The authors point out that the need for effective

	a company, pointing out a methodology that would allow simplifying the management of cash and that would be effective at the same time.		management of the company's cash is indisputable, either through any of the methods, using one of the classic models described and validated, or even through the way that many entrepreneurs do, based only on the company's cash flow.
Beuren *et al.* (2003)	The present work aims to propose a cash flow system designed to meet the information needs aimed at the management of small commercial businesses in the retail sector	Case study; Quantitative.	Cash flow is an instrument that helps in the financial management of companies, with the possibility of adapting to their own reality and needs. With regard to small businesses, it is necessary for the entrepreneur to know and understand their importance for the management of the business. In addition, cash flow can result in a better definition of your purchasing and sales policies and, consequently, in the forecasts of inflow and outflow of resources and the need for resources for new investments.
Brasil; Fleuriet (2003)	The work presents the financial behavior of the company as a function of its strategic positioning and demonstrates how to detect the characteristics of the positioning through the analysis of financial indicators linked to the company's cash flow.	Applied; Quantitative; Explanatory.	Companies that build their dashboard based on financial concepts, such as cash flow, tend to have a clearer notion of their strategic positioning and tend to make more lucid decisions in the face of the insurmountable uncertainty of the future.
Ferrazza; Rauber (2008)	This work aims at the adoption of a model for adequate financial control through cash flow for the management of rural companies.	Case study.	By suggesting the financial management of the company based on the flow, the actors highlight the fact that it can control the inflow and outflow of financial resources and evaluate the activity with higher costs and reduce them. Thus, it was found that when a company has control of all its inputs and outputs and is able to perceive which accounts have the greatest weight in each activity, the better to plan actions and achieve better results.
Dinis (2009)	The present work seeks to point out the importance of the statement for the economic and financial evaluation of companies for decision making in the international scope of organizations, starting from the premise that cash generation is as important as profit generation, understanding that the mechanism that leads a company to bankruptcy is not the lack of profit, but the lack of cash.	Descriptive; Qualitative.	Considering the current global financial and economic situation, caused by the US mortgage crisis, the statement of cash flows becomes an essential tool for decision making, due to the fact that the crisis is squeezing profit margins around the world. Cash generation becomes a differential for survival in increasingly competitive markets.

Oliveira; Toledo; Spessatto (2010)	This research aimed to highlight the administrative techniques of monitoring, evaluation and control of cash flow, which micro-enterprises adopt as an instrument of managerial control for decision making.	Quantitative; Descriptive.	The authors concluded that cash flow as a management tool is being little used among the managers of the micro companies analyzed. Some managers use techniques to manage the company's cash, but do not know them satisfactorily to do it effectively. On the other hand, they identified managers who are unaware of the cash flow management process, especially those with incomplete education in the area of social sciences and humanities.
Baradel; Oliveira (2010)	The research sought to identify the way in which the cash inflows and outflows of a retail microenterprise are managed, in order to carry out financial planning and control and demonstrate the importance of its use.	Case study; Qualitative; Descriptive.	As positive points, cash flow has made it easier to view information that was previously unstructured. Decision-making is now based on data that evidences reality, enabling better decision-making and minimizing decisions based on the owner's "guesswork".
Panucci; Cherobim (2011)	The objective of this study was to investigate whether cash flow can be considered the central element in the maintenance of working capital and survival of the company	Case study; Bibliographic al; Descriptive.	The case study emphasizes the importance of cash flow as a central element in working capital. The difficulties pointed out reflect cash management and the causes of the insufficiency of working capital identified in the exploration of the reports made available. In this case, it can be observed that cash flow management is essential for the survival of the business: in the absence of resources available in the very short term, managers use cash balances to meet eminent obligations in order to leverage sales and increase liquidity to meet the deficit.
Silva; Noveli (2012)	This work aims to present the main concepts related to cash flow, as well as its elaboration and maintenance, providing solutions about cash flow planning and control for companies of all sizes.	Bibliographic al; Exploratory.	Cash flow is an important financial management tool, which helps the manager to predict the company's cash inflows and outflows during a given period. In companies that have a consolidated accounting system, it is possible to obtain, through the data of the Balance Sheet and the P&L, the retrospective cash flow. However, in micro and small companies, where there may not be professional management and accounting control that reflects their real equity position. For these cases, an alternative methodology for the construction of the cash flow was suggested, through data collected and organized in auxiliary spreadsheets.
Gomes; Tachizawa;	The present work aims to design a financial	Case study; Exploratory;	It was possible to correct financial imbalances by identifying

Picchiai (2014)	management model aiming to optimize business performance through financial monitoring indicators and cash flow implementation.	Descriptive.	symptoms and correcting their causes. In addition, through the results it was possible to pre-plan future strategies such as increasing equity, demobilizing idle resources.
Viana; Ponte (2015)	This study investigated the relationship between dividend distribution and future cash flows, based on the Signaling Theory.	Case study; Quantitative; Descriptive.	The findings revealed that over the years analyzed, the average values of dividends remained with similar values of coefficient of variability, indicating a similar level of dispersion. It was also observed that the companies distributed a greater portion of their profits in 2011, with an average of R$ 0.92 per outstanding share.
Abrahão; Carvalho; Marques (2015)	This research analyzes some of the indicators obtained through the statement of cash flows, emphasizing those that relate the total cash generated/consumed in operating activities.	Case study.	It was identified that the sample followed similar patterns of growth and reduction over the four years observed in almost all the categories analyzed, a fact that was not observed only in relation to the indicator of quality of the result, for which no consistent pattern was perceived.
Ribeiro; Estender (2017)	The present work aims to verify consistent inflows and outflows within the company's cash flow in order to specify all revenues and expenses to analyze in a consolidated way its profit or loss and find out where it is possible or necessary to restrict expenses.	Case study. Qualitative.	The results showed that the objectives were achieved, as the managers identified a way to prepare a solid cash flow and started to carry out financial feedback with employees on the use of the financial spreadsheet and guide them that only the professional determined by the board and who works in the financial department, will be responsible for the preparation of the document and after its completion it will be delivered to the board for analysis of expenses and revenues and will carry out a financial feedback with the other teams in order to identify areas where cost cuts and greater investments can occur, discuss and suggest issues pertinent to cash flow and its preparation.
Santos (2017)	The present research consisted of proposing the implementation of cash flow as a financial planning tool in a family company in the hardware industry located in the municipality of Cabedelo in Paraíba.	Case study; Quantitative.	It was concluded that cash flow is an instrument that allows organizing, planning, directing and controlling financial resources, demonstrating the real financial situation in the short and long term.
Lizote *et al.* (2017)	The objective of the research was to study the relationship between the use of cash flow and the perception of the difficulties of remaining in the Pet Shop market.	Case study; Quantitative; Descriptive.	The use of the statistical method of correlation analysis allowed us to verify the connection between the effective use of cash flow and a greater perception of the default factor as a market difficulty - in addition to the lack of working

			capital being related to problems in payment to suppliers.
Constantino *et al*. (2018)	The objective of this study was to verify the contribution of the cash flow associated with profits to the return, obtaining as an answer that the return can be explained both by the profit and by the cash flow, a variable obtained in the CFD.	Case study.	This work differs from previous studies by performing analysis with data from Latin America. In addition, most of the Brazilian research found studies the predictive capacity of cash flow and profit and not the relationship with the return of the stock, the focus of this research. And as a contribution, it confirms that in Latin American countries profit is also more explanatory than cash flows, compared to Anglo-Saxon countries.
Honorio; Bonemberger (2019)	The objective of this work was to identify how tools, such as cash flow, can help in the business management of a microenterprise.	Case study; Qualitative.	The use of Cash Flow was pertinent, as it was possible to perceive the difference between the accounting profit, calculated by the Income Statement for the Year, the financial profit, which is what entrepreneurs actually seek, and the generation of future cash. Thus, it is possible to discern between the best measures to be taken by the partners to seek alternatives and maximize the positive cash balance.

Source: Survey data

As observed in table 2, it is observed that there is a consensus regarding the importance of cash flow for the management process. The results of the research indicate that it allows organizing, planning, directing and controlling financial resources, demonstrating the real financial situation in the short and long term. However, according to Oliveira (2010) cash flow as a management tool is being little used among managers of micro-enterprises and that administrators use techniques to manage cash, but do not know them satisfactorily to do so effectively.

As positive points, the results indicate that the use of cash flow facilitated the visualization of information in companies that were previously unstructured. Decision-making is now based on data that evidences reality, enabling more assertiveness and minimizing empirical decisions. Cash flow management can provide a better definition of purchasing and sales policies and payment and receipt terms. In addition, it was seen that companies that use the tool tend to have a clearer notion of their strategic positioning and tend to make more lucid decisions in the face of the insurmountable uncertainty of the future.

The connection between the effective use of cash flow and a greater perception of the delinquency factor as a market difficulty was verified, in addition to the lack of working capital being related to problems in payment to suppliers. Thus, the lack of capital available in the short term compromises liquidity, that is, the company's ability to honor its current obligations and, consequently, compromises its financial health and threatens its continuity.

The use of cash flow is pertinent, because through it it is possible to perceive the difference between the accounting profit, calculated by the Statement of Income for the Year, the financial profit (effectively available resources), which is what entrepreneurs actually seek and the generation of future cash. Thus, it is possible to determine the best measures between purchase and credit policies, to be taken in order to maximize the positive cash balance and ensure the financial health of the short and long term, since the long term derives from the short.

The contribution in Latin American countries was also identified in the survey, where profit is also more explanatory than cash flows, when compared to Anglo-Saxon countries. In this aspect, this observation was obtained through the research when evaluating the relationship between cash and return per share, a benefit that the adoption of the cash flow tool and its efficient use can provide.

The results also show the importance of cash flow at the international level, where it states that after the North American mortgage crisis (*subprime* crisis) in 2008 the tool becomes essential for decision making, in view of a decrease in profit margins. The indications of the surveys show that cash generation has become a differential in increasingly competitive markets after the liquidity challenges imposed by the crisis.

With the elaboration of a solid cash flow in the organization's management structure, it is possible to carry out financial feedback with your teams so that they are aware of the instrument's data and the company's financial situation. From the use of the instrument and the structuring of data, the directors analyze expenses and revenues individually and carry out financial feedback with the other employees, in order to verify where spending cuts and greater investments can occur, in which it is possible to discuss, suggest and question issues pertinent to cash flow, its preparation and, mainly the making of corrective or ratifying decisions of the company's actions and processes.

CONCLUSION

This research aimed to analyze the perception of small companies and their managers about the use of cash flow as a management tool. The methodology used in the study is classified: as to the objectives, descriptive, as to the procedures, bibliographic and as to the approach to the research problem, qualitative. Data were collected electronically in the SPELL database at a pre-defined interval. Data analysis was carried out using the content analysis method based on Bardin (2016), with the help of Microsoft Excel software.

The results of the survey indicate that there is a consensus regarding the perception of the importance of cash flow for the management process in micro and small companies. However, cash flow as a management tool is being little used among managers of micro-enterprises, and it is evident that managers use techniques to manage the company's cash, but do not know them satisfactorily to do so effectively, which generates a partial use of the tool and results in obtaining results below its potential.

The research demonstrates that cash flow helps the decision-making process based on data that shows the reality in small businesses. It facilitates the visualization of information, contributing to various analyses, allows you to identify which account has more weight in each activity, making it possible to better plan your actions and achieve better results. It enables the definition of a purchase and sale policy, a clearer notion in relation to its strategic positioning, and tends to guide more lucid decision-making in the face of the insurmountable uncertainty of the future.

The use of cash flow is able to point out causes of working capital insufficiency, making it possible to correct financial imbalances by identifying symptoms and planning future strategies such as increasing equity and demobilizing idle resources. In this way, it is possible to infer that the analysis of cash inflows and outflows allows for better budget and financial planning and, consequently, better business management.

It is concluded that cash flow helps managers in micro and small companies, constantly providing financial feedback and realigning the company's direction, if necessary, providing timely and relevant information for the decision-making process. Whatever method is adopted, through balance sheets, when companies have a consolidated accounting system, or through spreadsheets, when controls do not reflect the company's real position, the most important thing is its use as a form of demonstration of financial transactions.

This work presents relevant contributions to academia, managers and other stakeholders of micro and small companies, however, it has limitations regarding the objective, of analyzing only the use of cash flow, the method, as it is a bibliographic and sample study, limited to studies related to micro and small companies. Such limitations may be explored by future studies, in which a broader theme can be explored, quantitative or more robust methods can be used, and a larger sample can be explored that allows a greater degree of inference.

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