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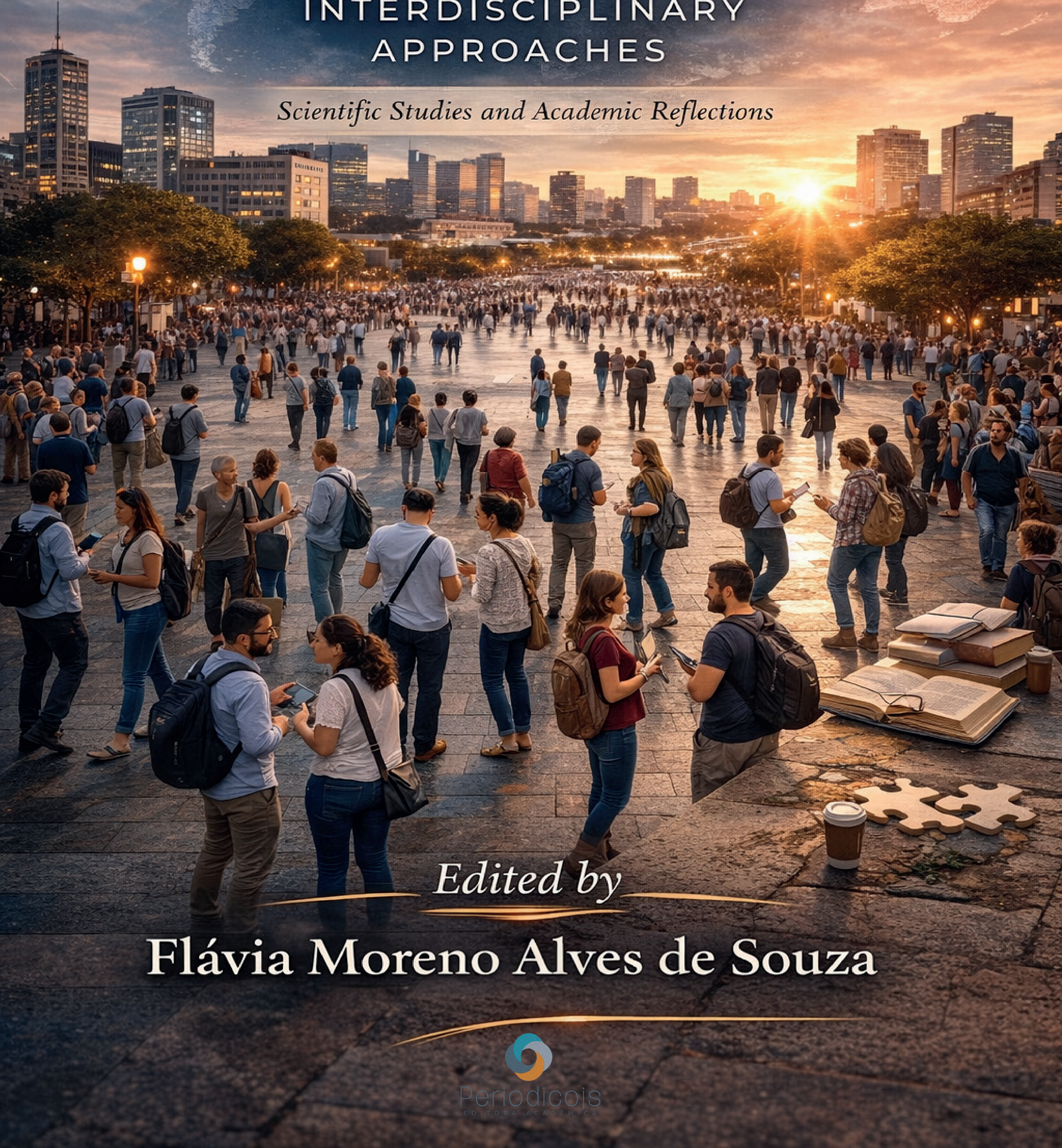

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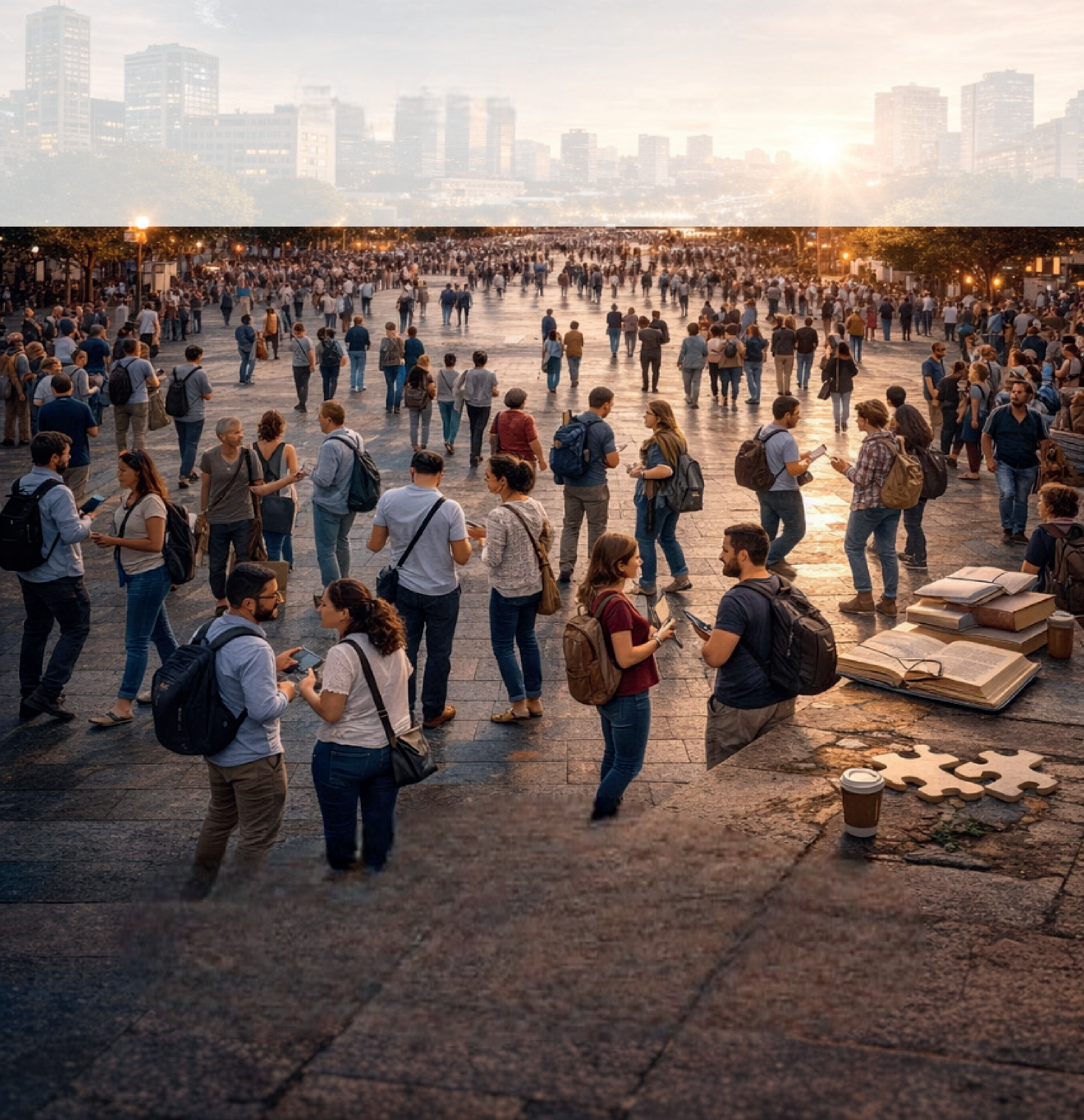
Chapter 27

THE ANKOR METHOD AS AN ACCOUNTING GOVERNANCE INSTRUMENT FOR SMALL AND MEDIUM-SIZED ENTERPRISES



THE ANKOR METHOD AS AN ACCOUNTING GOVERNANCE INSTRUMENT FOR SMALL AND MEDIUM-SIZED ENTERPRISES

Wilson Riber Hamilton Danta[1]

Abstract: The failure rate of small and medium-sized enterprises (SMEs) in the United States and the decline in the supply of qualified accounting professionals have increased demand for governance models that use accounting to support business continuity and growth. This article examines the ANKOR Method through a single, qualitative, exploratory-descriptive case study. The method, applied by a Brazilian firm with declared operations in Brazil and the United States, comprises five pillars: Accountancy, Networking, Knowledge, Organization, and Results. Case data come from an institutional document produced by the organization and were examined against studies published mainly between 2021 and 2025 on SME governance and internal controls, knowledge management, social capital, business networks, and corporate turnaround. The analysis finds correspondence between the five pillars and established constructs in these fields. The method can therefore be interpreted as an integrated application of existing constructs rather than an original theoretical contribution. This conclusion is limited by the lack of independent triangulation of the financial, institutional, and biographical information reported by the organization. The market context includes the growth of Latino entrepreneurship in the United States, whose economy reached US$4 trillion in 2023, and the shrinking supply of accountants. These conditions may create demand for this type of service, but they do not establish the method's effectiveness.

Keywords: Corporate governance; Internal controls; Knowledge management; Social capital; Case study.

1 Creator of the ANKOR Method and founding partner of Grupo Ankor.

INTRODUCTION

Business mortality is documented in data from the Bureau of Labor Statistics (BLS). A substantial share of private establishments opened in the United States cease operating within their first few years, and survival rates decline between the first and tenth year (U.S. BUREAU OF LABOR STATISTICS, [n.d.]). The literature attributes part of this problem to weak financial management and cash-flow practices in the early stages, which supports the use of controls and governance practices adapted to small and medium-sized enterprises (SMEs) (NQALA; MUSIKAVANHU, 2023).

At the same time, the United States is experiencing a decline in the supply of accounting professionals. The American Institute of Certified Public Accountants' (AICPA) 2025 Trends Report recorded 55,152 accounting graduates in the 2023–2024 academic year, roughly 30% below the peak observed in the mid-2010s. The number of new CPA exam candidates was also among the lowest in the past two decades (AICPA, 2025). For the 2024–2034 period, the Bureau of Labor Statistics projects approximately 124,200 annual openings for accountants and auditors (U.S. BUREAU OF LABOR STATISTICS, 2024). The gap between this demand and the training of new professionals reduces the capacity available to serve SMEs.

Businesses founded by Latinos and immigrants occupy a growing share of this market. According to the Latino Donor Collaborative's (LDC) 2025 report, produced with Arizona State University, the gross domestic product (GDP) generated by Latinos in the United States reached US$4 trillion in 2023, with average real growth of 4.6% per year since 2017 (LATINO DONOR COLLABORATIVE, 2025). The U.S. Census Bureau reports that the number of Hispanic-owned employer businesses grew 14.6% between 2021 and 2022, reaching 465,202 establishments, US$653.5 billion in revenue, and 3.55 million jobs (U.S. CENSUS BUREAU, 2024). Between 2017 and 2022, this segment grew by an average of 7.7% per year, compared with 0.46% for U.S. businesses as a whole (BROOKINGS INSTITUTION, 2025). Kerr et al. (2024) also identify disproportionate immigrant participation in business creation and among the founders of high-growth technology businesses. The

American Immigration Council (2022) reports that immigrants or their children founded 43.8% of the 2022 Fortune 500 companies.

Proprietary consulting methodologies operate in this market, proposing to use accounting to support governance, knowledge management, relationship networks, and business results. One such methodology is the ANKOR Method, created by a Brazilian firm and organized around five pillars: Accountancy, Networking, Knowledge, Organization, and Results. According to the firm's institutional materials, it has applied the method to more than 280 client companies in Brazil and has announced its expansion into the United States.

The purpose of this article is to examine the structure and stated foundations of the ANKOR Method and to assess its correspondence with the literature on SME governance and internal controls, knowledge management, social capital, entrepreneurial networks, and corporate turnaround. This is a single, qualitative, exploratory-descriptive case study. The article does not validate the financial results attributed to the method, nor does it certify the professional trajectory of its creator. The institutional material is used as a documentary source, and its limitations—chiefly the absence of independent triangulation—are described in the methodological procedures.

THEORETICAL FRAMEWORK

Corporate governance and internal controls in small and medium-sized enterprises

Although corporate governance is often associated with publicly traded companies, research also examines its application in small and medium-sized enterprises. In their review of the literature published between 1990 and 2020, Singh and Pillai (2022) observe that firms with better governance practices tend to show more consistent long-term financial results and more sustainable growth. In SMEs, however, the concentration of power in the owner-manager, the lack of segregation of duties, and the scarcity of independent directors make these practices harder to adopt. In this context, governance can also support competitiveness, internationalization, and the reduction of discontinuity risk.

Nqala and Musikavanhu (2023) treat internal controls as part of the conditions for SME survival. According to the authors, many small business owners still associate these systems with large organizations, which limits their adoption, even though the studies reviewed link adequate controls to better performance and greater sustainability. The Sarbanes-Oxley Act (SOX), enacted in the United States in 2002 following corporate accounting fraud, popularized practices such as segregation of duties, audit trails, and periodic assessment of control effectiveness. These practices have become benchmarks even for organizations not subject to the law.

SOC 1 Type II reports, issued under AICPA standards and based on the COSO framework, evaluate the design and operating effectiveness of specific controls over an observation period. They therefore address control processes. They do not certify the financial results obtained by a consulting firm's clients. This distinction guides the analysis presented in Section 5.

Knowledge management as a strategic asset

The Resource-Based View holds that durable competitive advantages can stem from resources that are valuable, rare, difficult to imitate, and non-substitutable (BARNEY, 1991). Organizational knowledge, whether tacit or explicit, can display these characteristics when its codification and transfer depend on specific internal processes. In their review, Saeed et al. (2023) find knowledge management practices associated with the capacity to sustain competitive advantages, under the influence of strategy and organizational culture.

In professional services such as accounting, auditing, and consulting, part of this knowledge remains tied to practitioners' individual experience. For that knowledge to be shared and replicated, the organization must convert it into processes, methodologies, and training materials. The literature refers to this process as the conversion of tacit into explicit knowledge. This concept provides the theoretical basis for the ANKOR Method's Knowledge pillar, although its application was not independently assessed in this study.

Social capital, relationship networks, and entrepreneurship

Van Burg, Elfring, and Cornelissen (2022), in a systematic review of entrepreneurs' social networks, describe how the content and structure of relationships influence opportunity recognition, access to foreign markets, and new venture performance. Networks can facilitate access to information, financial capital, and legitimacy—resources that tend to be scarce during a firm's founding or internationalization.

In their review of more than four hundred articles, Solanki, Yadav, and Yadav (2023) examine entrepreneurs' creation of social capital, institutional relationships, and group formation. For companies expanding operations across countries, this capital can take the form of professional networks, industry associations, and mentoring programs. These ties can lower information and legitimation costs when entering unfamiliar markets.

Corporate turnaround and the role of governance

The turnaround management literature studies how declining organizations attempt to reverse negative results. Analyzing family firms' initial responses to crises, Laffranchini, Hadjimarcou, and Kim (2022) associate the early restructuring of governance and controls with greater chances of recovery. Other studies in the field distinguish retrenchment strategies from recovery strategies and treat the rebuilding of controls as a frequent condition for the stages that follow.

This framework makes it possible to examine the Results pillar and the corporate turnaround case presented in Subsection 4.4. A single case, however, does not permit attributing the outcome to a specific method. It lacks a comparison group, control for market conditions, and independent audit of the reported results. The case therefore serves an illustrative function and does not support generalizable inferences about the effectiveness of the ANKOR Method.

Latino and immigrant entrepreneurship in the United States

The Latino economy in the United States reached a GDP of US$4 trillion, while Hispanic-owned employer businesses grew by an average of 7.7% per year. Florida is of particular interest to accounting firms with a Latin American focus. The state recorded a US$1.73 trillion economy in 2024—equivalent to the world's 15th-largest economy if considered separately—and led job creation associated with foreign direct investment that same year (U.S. BUREAU OF ECONOMIC ANALYSIS, 2025).

This segment's expansion coexists with low business survival. According to the Bureau of Labor Statistics, fewer than half of private establishments in many sectors remain active after five years, although rates vary by economic activity (U.S. BUREAU OF LABOR STATISTICS, [n.d.]). This finding, combined with the shrinking supply of accounting professionals (AICPA, 2025), helps explain the possible demand for accounting governance services. It does not, however, demonstrate that any specific methodology is effective.

METHODOLOGICAL PROCEDURES

This article adopts a single, qualitative, exploratory-descriptive case study. Yin (2015) considers this strategy suitable for examining contemporary phenomena within their real-life context, especially when the boundaries between the phenomenon and the context are not clearly evident. This condition applies to the ANKOR Method because the results reported by the organization are tied to its creator's professional experience and to the firm's institutional networks. Rodrigues and Silva (2025) add that the case study allows for the investigation of interrelated variables and is appropriate for organizational "how" and "why" questions.

Following the classification adopted by Rodrigues and Silva (2025), this is an instrumental case. The interest lies in what this experience allows us to examine about the relationships among accounting governance, knowledge management, social capital, and corporate turnaround, rather than in the organization or its creator in isolation. The case was selected because the ANKOR Method's stated proposal is to bring together, within a single method, constructs that the literature usually analyzes separately. The case allows for an assessment of the theoretical plausibility of this integration in professional practice.

The study draws on three sets of sources. The first is an institutional document produced by the organization, which describes the methodology, its five pillars, the creator's professional trajectory, the relationship network, and a corporate turnaround case. The second brings together data from the U.S. Census Bureau, the Bureau of Labor Statistics, the Bureau of Economic Analysis, the AICPA, and the Latino Donor Collaborative, used to characterize the market. The third consists of academic literature, published mainly between 2021 and 2025, on the constructs associated with the five pillars.

The analysis took place in two stages. First, the institutional document was read and classified according to the five pillars declared by the organization. For each pillar, the corresponding theoretical constructs were identified. These constructs were then compared with the academic literature, prioritizing publications from the five years preceding the research. The comparison examined the theoretical support for the proposal and the way the method combines already-established concepts.

The main limitation stems from the use of material produced by the organization itself. The author did not have access to the financial, contractual, or audit documents needed to confirm the results of the case described in Subsection 4.4, the details of the SOC 1 Type II report, or the creator's biographical data. Yin (2015) recognizes organizational documents as valid sources but recommends triangulating them with independent evidence. That triangulation could not be completed with the data available. For this reason, Section 4 presents the organizational and biographical information as the organization's own account. In addition, a single case study allows for analytic generalization, in the sense used by Yin (2015), but not statistical generalization to other firms or methodologies.

PRESENTATION OF THE CASE AND THE ANKOR METHOD

The organization and its context

According to its institutional materials, Grupo Ankor was founded in 2009, operates in four Brazilian state capitals, employs more than thirty professionals, and has served more than 280 client companies (GRUPO ANKOR, 2025). The organization states that its methodology derives from the experience of its creator, who reportedly worked in auditing between 1994 and 2002 and researched the Sarbanes-Oxley Act during his master's degree. This study did not independently verify this biographical and institutional information. It is presented as self-reported data, in accordance with the criteria defined in Section 3.

The five pillars of the methodology

The methodology is structured around the acronym ANKOR, made up of five pillars. The Accountancy pillar is described as the use of accounting information as strategic intelligence for business decision-making, beyond mere compliance with regulatory and tax obligations. The Networking pillar refers to mobilizing a network of institutional and commercial relationships to enable access to markets and capital. The Knowledge pillar corresponds to knowledge management processes aimed at generating, retaining, and transferring expertise as a durable organizational asset. The Organization pillar refers to the firm's internal working structure, described as auditable and built around client objectives. The Results pillar is presented as the central axis of the methodology, defined as the survival, growth, and protection of the client's capital (GRUPO ANKOR, 2025).

The organization describes four stages of application. The first identifies governance objectives and control gaps. The second structures controls and decision-making rights according to a standard the organization compares to that of SOX. The third installs controls, audit trails, and reports together with the client's teams. In the final stage, the organization links its relationship network and results monitoring to business expansion (GRUPO ANKOR, 2025).

Declared certifications and credentials

The institutional materials mention a SOC 1 Type II report attributed to an international auditing firm (GRUPO ANKOR, 2025). According to the organization, the report evaluated, over a period of at least six months, the design and operating effectiveness of internal controls related to client entities' financial reporting, in accordance with AICPA standards and the COSO framework. The organization also states that it holds ISO 9001 certification and cites professional recognitions received by its creator, including an honorary induction granted in 2025 by a Brazilian academy of sciences, arts, history, and literature. This article did not verify the content of the SOC 1 report or the criteria for the honorary distinction. Such a tribute may signal prestige to certain audiences, but it is not equivalent to an audit of results or to scientific validation.

Illustrative case of corporate turnaround

As an example of application, the organization reports the turnaround of an operation linked to two companies identified in its institutional material in the United States (GRUPO ANKOR, 2025). According to this account, governance and control failures were putting assets and the jobs of 45 employees at risk. The organization credits the methodology with preserving approximately US$2.3 million in assets, an estimated annual recovery of US$4 million, and the retention of these jobs. The material cites a services agreement as a document related to the case.

These figures and the description of the situation before and after the intervention were not audited or verified by the author. Nor was there access to the financial statements, the cited contract, or other primary documents related to the case. The results are therefore presented as the organization's own account and serve only the illustrative analysis in Section 5.

International relationship network

The organization also describes an international network linked to the Networking pillar (GRUPO ANKOR, 2025). This network includes a business initiative focused on Latin America, co-founded in 2018; a service unit for Chinese clients staffed by Mandarin speakers; a stated role as a mentor within an international entrepreneurship network; and the co-founding of a chamber of commerce between South American and Southeast Asian trade blocs. The organization states that it has supported the adaptation of dozens of multinational companies, mainly Chinese, to the Brazilian market. It intends to use the same network to support Latin American companies interested in the United States market.

ANALYSIS AND DISCUSSION

The Accountancy and Organization pillars correspond to the literature on SME governance and internal controls discussed in Subsection 2.1. Audit trails, segregation of duties, and periodic assessment of controls appear both in the description of the methodology and in the studies by Singh and Pillai (2022) and Nqala and Musikavanhu (2023). In these two pillars, the ANKOR Method applies established concepts to the organization's practice. The data analyzed do not support an original theoretical contribution.

The Knowledge pillar likewise corresponds to the knowledge management literature presented in Subsection 2.2. The generation, retention, and transfer of knowledge described by the organization closely resemble the conversion of tacit into explicit knowledge. This process allows individual experience to be incorporated into organizational resources, consistent with the Resource-Based View (BARNEY, 1991; SAEED et al., 2023).

The Networking pillar can be analyzed on the basis of the social capital and network studies presented in Subsection 2.3. The organization states that it connects clients to markets, capital, and sources of legitimacy through international institutional relationships. Van Burg, Elfring, and Cornelissen (2022) and Solanki, Yadav, and Yadav (2023) describe mechanisms through which networks facilitate access to these resources during business expansion or internationalization.

The Results pillar and the example presented in Subsection 4.4 can be compared with the turnaround literature. The sequence reported by the organization—diagnosis, governance reorganization, installation of controls, and subsequent attention to growth—is consistent with the association found by Laffranchini, Hadjimarcou, and Kim (2022) between early governance restructuring and greater chances of recovery. This theoretical consistency does not establish causality. The episode was reported solely by the service provider, without a comparison group, control for market conditions, or an independent financial audit. Other factors, such as decisions made by the client company, economic conditions, and the involvement of other advisors, may also have influenced the outcome.

The credentials described in Subsection 4.3 must be interpreted according to their actual purpose. If confirmed, a SOC 1 Type II report attests to the design and operation of specific controls over a given period. It does not audit the financial results of individual clients, nor does it certify a person's professional trajectory. Honors and industry titles may confer prestige, but they do not amount to peer review or scientific validation of an organization's claims. This distinction must be maintained whenever institutional materials are used in academic analysis.

The data presented in Subsection 2.5 point to potential demand for accounting services aimed at companies undergoing international expansion. This demand stems from the growth of Latino and immigrant entrepreneurship in the United States (LATINO DONOR COLLABORATIVE, 2025; U.S. CENSUS BUREAU, 2024; KERR et al., 2024), the shrinking supply of accounting professionals (AICPA, 2025; U.S. BUREAU OF LABOR STATISTICS, 2024), and the failure rate of small businesses (U.S. BUREAU OF LABOR STATISTICS, [n.d.]). This market context does not prove that the ANKOR Method is effective, original, or superior to available alternatives.

CONCLUDING REMARKS

The analysis indicates that the ANKOR Method brings together, within a single professional application, concepts already present in the literature on SME governance, knowledge management, social capital, relationship networks, and corporate turnaround. The five pillars can be linked to this literature, but the data examined do not support classifying the method as an original theoretical innovation. This conclusion does not assess its practical usefulness, which would require a different research design.

The available evidence likewise does not allow confirmation of the financial results of the turnaround case, the content of the SOC 1 Type II report, or the creator's biographical data. The main source for these points is a document produced by the organization itself, without independent triangulation. For this reason, the study does not establish the effectiveness of the methodology, its scientific originality, or the academic validity of the organization's institutional claims.

Future research could compare different proprietary firms and methodologies, examine cases with financial statements and contracts available for independent audit, and test, through quantitative methods, the relationship between the adoption of governance practices and SME survival and growth indicators. Such studies should control for differences in market, sector, and firm size. With this evidence, it will be possible to assess the effectiveness of the methodology beyond its theoretical correspondence with the literature.

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