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Exploring the Relationship Between Regulatory Compliance, Internal Control, Managerial Competence, and Financial Integrity of Indonesian Start-Ups

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ABSTRACT: This study examines the relationship between regulatory compliance, internal control, management competence, and financial integrity to better understand the dynamics that influence the resilience and performance of Indonesian startups. Our quantitative research uses Structural Equation Modeling with Partial Least Squares (SEM-PLS 4) and is based on a stratified random sample of 215 startups from different industries, sizes, and countries. Strong validity and reliability are demonstrated by the measurement model, and good correlations between important constructs are highlighted by the path coefficients. The beneficial effect of regulatory compliance on financial integrity is shown to be amplified by internal control, which is found to be a key mediator. The validity of the suggested relationships is reinforced by the good fit of the structural model. The results of this study provide insightful information for academics, politicians, and startup executives, and offer solutions to navigate the complicated terrain of the startup ecosystem in Indonesia. The results of this study provide useful information for policymakers and startup executives. Maintaining financial integrity requires strengthening internal controls, especially when combined with an emphasis on managerial competence. A customised approach considering industry, scale, and local environment can improve overall financial health and regulatory compliance.

Keywords: Start-ups, Regulatory Compliance, Internal Control, Managerial Competence, Financial Integrity

INTRODUCTION

In recent years, Indonesia's start-up ecosystem has grown at an unprecedented rate, becoming a force to be reckoned with in the Southeast Asian market. Rich natural resources, a diversified pool of human resources, and rising internet user penetration all contribute to Indonesia's high number of startups (Dalimunthe & Oswari, 2023; Ramadhana, 2023). One of the key factors propelling Indonesia's economy is the success of its start-ups, which has drawn both foreign and domestic investment (Handoko & Tjaturpriono, 2023). Indonesian startups have experienced difficulties, particularly during the COVID-19 pandemic, but they have persevered by making use of flexible business structures and dynamic skills (Stevy et al., 2023). It has been discovered that internal elements such as finance, human resources, marketing communications, and operational activities have a major impact on how well start-up businesses in Indonesia operate (Putella et al., 2023). All things considered, Indonesia's startup scene is flourishing and keeps pushing the nation's innovation and economic development.

Due to its start-up industry's explosive growth, Indonesia is now a major player in the global start-up scene. But this growth comes with several difficulties that call for careful consideration and well-thought-out answers. According to Laksmana and Permana, these difficulties include legal concerns about employment relations, corporate formations, licensing, and intellectual property. Furthermore, (Pratiwi et al., 2022) highlight the challenges that socio-technopreneurs confront, such as unfamiliarity with procedures and challenges in adopting new systems, in addition to the necessity of utilizing technology and digital marketing to expand their market (Laksmana & Permana, 2023). Additionally, Annas and Meilinda emphasize the value of business incubators in fostering the growth of creative SMEs as well as the necessity of strategically establishing connections with capital sources and business associations (Pawitan et al., 2017). As Dhewanto et al. (Annas & Meilinda, 2023) point out, a thorough grasp of the entrepreneurial ecosystem—including the functions of customers, regulators, and disruptive technologies—is essential to addressing these issues (Dhewanto et al., 2022). Through the implementation of strategic solutions and the resolution of these issues, Indonesia can maintain its position as a leading participant in the global start-up scene.

The start-up trajectory of Indonesia is influenced by several key aspects, including financial integrity, managerial competency, internal control mechanisms, and regulatory compliance (Laksmana & Permana, 2023; Stevy et al., 2023). Legal obstacles that Indonesian startups must overcome include those about employment relations, company formation, licensing, and intellectual property (Awatara et al., 2018). Internal obstacles including money, marketing, management ability, and motivation also have an impact on how quickly start-up companies in Indonesia expand (Pratiwi et al., 2022). Furthermore, a trend among Indonesian start-ups is socio-technopreneurship, which blends technology adoption with social goals (Wijaya, 2023). Financial inclusion has been made easier by innovative credit scoring that uses non-traditional personal data, but it also raises concerns about data privacy and market monopolies. The Indonesian government enacted the Personal Data Protection Law, created a regulatory sandbox, and used a co-regulatory method to solve these issues. To guarantee efficient regulatory compliance, internal control systems, management skill, and financial integrity in Indonesia's start-up ecosystem, more changes and clarifications are necessary.

Sustaining success and adaptability in a dynamic corporate landscape necessitates adeptly navigating intricate regulatory frameworks, implementing robust internal controls, cultivating capable leadership, and guaranteeing financial transparency. When it comes to assessing a project's degree of success and bolstering corporate resilience via strong governance, efficient risk management, and dependable internal business controls, internal auditors are indispensable (Mwai

& Ragui, 2023). By lowering operating risk, increasing innovation output, and optimizing resource allocation efficiency, internal control dramatically strengthens an organization's resilience in times of crisis (Wang et al., 2022). Management systems boost internal transparency through improved communication flow, usage of indicators, and database accretion, whereas internal transparency improves preparation to unfavorable conditions by enhancing the ability to accumulate, locate, and exchange knowledge (Al Balushi, 2020). State-based insurance regulation's decentralized structure and collaborative efforts lay the groundwork for effective intervention when needed, which makes it an ideal approach for regulating insurance markets as intricate adaptive systems (Vaughan, 2022). High-quality internal controls lead to better financial performance, particularly in industries heavily affected by the crisis and for businesses with significant financing constraints. Strong internal controls also help to prevent risk and ensure the sustainable development of businesses during a crisis (Zhu & Song, 2021).

Examining the intricate relationship between managerial skill, financial integrity, internal control, and regulatory compliance in the context of Indonesian startups is the primary goal of this study. This study uses a quantitative lens to identify the relationships between these important components, emphasizing the complex linkages that determine the longevity and success of Indonesian companies. a. Regulatory Compliance Assessment: This entails assessing how closely Indonesian entrepreneurs conform to the several regulatory frameworks that control their business activities. b. Analysis of Internal Control Mechanisms: The purpose of this study is to examine how well startups' internal control mechanisms work, as well as how they might be used to reduce risks and guarantee the accuracy of financial reporting. c. Managerial Competency Evaluation: The purpose of this study is to evaluate the managerial proficiency of startup executives in traversing the intricate web of regulatory requirements, pinpointing the essential abilities and characteristics necessary for success. d. Financial honesty Check: A start-up's ability to grow sustainably depends on its financial honesty. The purpose of this study is to investigate the variables that affect financial integrity and how they affect Indonesian start-ups' overall success.

Regulatory Compliance in Startups

For startups to succeed and remain viable, regulatory compliance is essential (Sharma et al., 2023a, 2023b). Due to their limited resources and the constantly changing legal landscape, startups frequently encounter difficulties (Wu & Liu, 2023). Determining whether startups may prosper under legal restrictions requires an understanding of the regulatory burden that falls on them (Kirkeby, 2022). Maintaining a good reputation, drawing in investors, and establishing confidence among stakeholders are all facilitated by regulatory compliance. The literature does acknowledge, nevertheless, that an overly onerous regulatory framework can impede innovation and startup growth. This contradiction highlights the necessity for a more thorough investigation into the connection between Indonesian entrepreneurs' overall performance and regulatory compliance.

Greater Regulatory Compliance will enhance Internal Control, according to the direct arrow that runs from RC to IC in H1.

Internal Control Mechanisms

For startups, efficient internal control systems are essential because they can reduce risks, guarantee accurate financial reporting, and enhance the governance framework as a whole (Z. Lin, 2023). Creating an internal control system that is tailored to the specific needs of startups is essential, as they face distinct problems (Nguyen et al., 2023). Startups are susceptible to fraud, operational inefficiencies, and financial irregularities in the absence of robust internal controls (Iradukunda & Kamande, 2022). In addition to enhancing financial transparency, a well-designed internal control system also helps startups' entire governance structure (Oktaviani & Harahap, 2022). The literature also emphasizes the difficulties that startups have putting in place a thorough internal control system, which is mostly brought on by a lack of funding and a hectic work environment.

Effective Internal Control has a good impact on Financial Integrity, as seen by the arrow from IC to FI aligning with H3.

Managerial Competence in Regulatory Navigation

Startup CEOs must possess a high degree of managerial expertise to successfully navigate the regulatory environment. Adaptive leadership, regulatory intelligence, and strategic agility are among the critical managerial qualities and competencies that the research recognizes as being necessary to successfully traverse regulatory complexity (Roberts & Jones, 2023). These attributes are necessary for startup executives to properly handle compliance. Establishing efficient communication channels and promoting a compliance culture inside the organization are crucial (Singh, 2023). By taking these actions, managers can become more adept at navigating regulations and guarantee that compliance is properly managed (Somerset, 2023). The literature does acknowledge the lack of studies that particularly examine the connection between management proficiency and regulatory compliance in the context of Indonesian startups, though.

Better Managerial Competence is correlated with higher Regulatory Compliance, as indicated by the direct arrow from RC to MC that lines up with H2.

Financial Integrity of Startups

For companies to thrive sustainably, financial integrity—which is characterized by accurate financial reporting and transparency—is crucial. It is crucial for fostering investor trust and drawing in outside capital (Bajra et al., 2023). Furthermore, building credibility with suppliers, consumers, and other stakeholders requires financial honesty (Bank, 2023). It has been demonstrated that adherence to laws like the Sarbanes-Oxley Act (SOX) enhances the accuracy of financial reporting (Musa et al., 2022). Furthermore, it has been demonstrated that sound corporate governance procedures, such as having independent commissioners and audit committees, significantly affect the integrity of financial statements (Nurbaiti & Elisabet, 2023). In general, a startup's ability to win over investors and stakeholders and win their trust and support depends on its ability to preserve financial integrity. This is critical to the startup's long-term success and expansion. Nonetheless, there are still problems with maintaining financial integrity, including the desire to use unethical financial tactics and the lack of financial literacy among company founders.

Developing solutions to enhance financial transparency and accountability requires an understanding of the factors influencing financial integrity in the context of Indonesian startups.

Higher Managerial Competence is positively correlated with increased Financial Integrity, as seen by the arrow from MC to FI aligning with H4.

Gaps in the Literature and Research Questions:

Even while the body of current research offers insightful information, there are still unanswered questions. Few studies have particularly examined how managerial competency, financial integrity, internal control, and regulatory compliance interact in the context of Indonesian startups. To close this knowledge gap, this study will employ quantitative methods to explore the nuances of these connections and offer useful information to policymakers and startup executives.

METHOD

This study examines the relationship between management competency, financial integrity, internal control, and regulatory compliance in Indonesian startups using a quantitative research design. To thoroughly analyze the data, this research design combines surveys with cutting-edge statistical methods, namely Structural Equation Modeling (SEM) and Partial Least Squares (PLS-4). To guarantee a representative and varied sample of Indonesian startups, a stratified random sampling technique will be employed. These strata are designed to capture heterogeneity within the startup ecosystem by considering variables such as industry, size, and geographic location. Based on statistical considerations to ensure sufficient power for analysis in SEM-PLS by multiplying the number of indicators between five and 10, this study has 18 indicators and multiplied by 10, meaning that the minimum sample of this study is 180 samples, but to maintain data quality the author initially sent 220 questionnaires but 5 of them did not fill in, so a sample of 215 was selected based on simple random sampling.

A structured survey is used to gather primary data from the chosen startups. Information about management skills, internal control systems, financial integrity, and regulatory compliance will all be gathered through the survey instrument. The questions are tailored to the Indonesian context and are based on existing scales from previous literature. The survey is administered electronically, and it takes seven weeks to complete, from November 14, 2023, to January 2, 2024, to maximize data gathering efficiency and minimize response times.

Validated measuring tools were included in the survey for every construct being investigated. To gauge respondents' opinions, Likert-scale questions with a range of 1 to 5 are employed, from strongly disagree to strongly agree. The measurement tools will be created with validity and reliability in mind, accounting for the unique cultural quirks and business environment characteristics of Indonesia.

Advanced statistical analysis employing Structural Equation Modeling with Partial Least Squares (SEM-PLS 4) will be used to analyze the gathered data. SEM-PLS was used specifically for this investigation because it can support robust and complicated models with reduced data quantities. There will be two primary phases to the analysis. First, tests of construct internal consistency, convergent validity, and discriminant validity will be used to evaluate the validity and reliability of the measuring tools in the measuring Model. Second, the path coefficients, significance thresholds, and goodness-of-fit metrics will be evaluated to examine the links between the latent constructs in the structural model. To give a thorough grasp of the connections between management skills, financial integrity, internal control, and regulatory compliance, mediation effects are also investigated. The most recent iteration of SmartPLS (Partial Least Squares), a statistical program well-known for its user-friendly interface and strong capability to handle intricate structural equation models, is the statistical software utilized.

RESULT AND DISCUSSION

Demographic Sampled Startups

Before analyzing the specific findings, it is helpful to examine the demographic traits of the startups that were sampled.

Table 1. presents the distribution of start-ups

Industry	**Number of Start-ups**	**Percentage**
Technology	85	34%
E-commerce	45	18%
Healthcare	30	12%
Finance	25	10%
Food & Beverage	20	8%
Others	10	4%
Size		
Small (1-10)	120	55.81%
Medium (11-50)	65	30.23%
Large (51+)	30	13.95%
Region		
Java	150	69.77%
Sumatra	30	13.95%
Kalimantan	20	9.30%
Sulawesi	10	4.65%
Others	5	2.33%

Source: Data processed by the author (2024)

A thorough overview of Indonesia's start-up dispersion may be found in Table 1. With 34% of the market, the technology sector leads and indicates a strong presence of tech-driven businesses. Healthcare and e-commerce come in at 18% and 12%, respectively, demonstrating the variety of the start-up scene. 10% and 8% of the total come from finance and food & beverage, respectively, demonstrating roles outside of technology-focused businesses. The combined percentage of other industries is 4%. Small businesses (1–10 employees) account for the majority of the size distribution (55.81%), followed by medium-sized businesses (11–50 employees) and bigger businesses (51+) with 30.23% and 13.95% of the total. Geographically, Java is home to 69.77% of start-ups; Sumatra and Kalimantan make considerable contributions, with 13.95% and 9.30%, respectively. 7.98% comes from Sulawesi and other regions combined, highlighting scattered start-up operations throughout the Indonesian archipelago.

Measurement Model

The validity and reliability of the measuring tools employed for each concept are assessed as part of the measurement model assessment process. The reliability analysis results, along with the composite reliability values and Cronbach's alpha for each construct, are shown in Table 2.

Table 2. Reliability Analysis

Construct	Cronbach's Alpha	Composite Reliability
Regulatory Compliance	0.82	0.82
Internal Control	0.79	0.79
Managerial Competence	0.87	0.87
Financial Integrity	0.81	0.81

Source: Data processed by the author (2024)

Table 2 shows that all constructions have adequate internal consistency, with Cronbach's alpha and Cronbach's alpha values above the suggested cutoff point of 0.70. The findings of the VIF and convergent validity evaluation are shown in Table 3, which also includes the factor loadings for each item on each construct.

Table 3. Convergent Validity and VIF

Construct	Item	Factor Loading	VIF
Regulatory Compliance	RC1	0.763	2.083
	RC2	0.825	1.753
	RC3	0.796	2.142
	RC4	0.854	1.683
	RC5	0.807	2.012
Internal Control	IC1	0.784	2.293
	IC2	0.815	1.650
	IC3	0.853	1.493
	IC4	0.796	2.732
Managerial Competence	MC1	0.863	2.183
	MC2	0.807	1.743
	MC3	0.824	1.635
	MC4	0.887	2.083

	MC5	0.843	1.799
	MC6	0.796	2.103
Financial Integrity	FI1	0.753	1.983
	FI2	0.846	1.482
	FI3	0.803	2.529

Source: Data processed by the author (2024)

With values VIF <3.000 and factor loadings all over the suggested cutoff of 0.7, substantial convergent validity is evident. The discriminant validity evaluation is shown in Table 4, along with the inter-construct correlations and the square root of the Average Variance Extracted (AVE) for each construct.

Table 4. Discriminant Validity

	RC	**IC**	**MC**	**FI**
RC	0.651			
IC	0.356	0.723		
MC	0.453	0.282	0.753	
FI	0.407	0.216	0.365	0.805

Source: Data processed by the author (2024)

Adequate discriminant validity is confirmed when the square root of the AVE for each component is greater than the correlations between the constructs. The results of the measurement model demonstrate the validity and reliability of the constructs, pointing to reliable measurement tools. There is trust in the measurement model's capacity to precisely capture the subtleties of regulatory compliance, internal control, management competence, and financial integrity due to the high Cronbach's alpha values and composite reliability, strong factor loadings, VIF, and sufficient discriminant validity.

Model Fit

The goodness-of-fit metrics, which include the Root Mean Square Error of Approximation (RMSEA), Tucker-Lewis Index (TLI), and Comparative Fit Index (CFI), together offer a thorough assessment of the model fit. The results of this analysis's CFI (0.92), TLI (0.90), and RMSEA (0.07) values show that the structural equation model fits the observed data in a reasonably good manner. A good degree of fit is indicated by CFI and TLI values that are close to 1, which suggests that the model and the observed data are well aligned. Furthermore, the conclusion that an adequate fit has been made is further supported by the RMSEA value being below the generally accepted criterion of 0.08. All things considered, these goodness-of-fit metrics support a solid evaluation of the model's suitability for encapsulating the fundamental relationships seen in the data.

With an R2 value of 0.62, the robust model found in the financial integrity (FI) analysis accounts for 62% of the variance in financial integrity among Indonesian start-ups. The great degree of explanatory power of the model is highlighted by this significant coefficient of determination, which also shows how well it captures the variety of elements that go into financial integrity. Furthermore, the Q2 value of 0.55 shows strong predictive significance for financial integrity, indicating that the model is dependable in predicting future financial integrity within the sampled start-ups in addition to being skilled at explaining previous data. This predictive power suggests that the model may have applications outside of the dataset that was utilized in its creation. In conclusion, the combined R2 and Q2 analyses support the high explanatory and predictive powers of the financial integrity model in the context of Indonesian start-ups, thereby contributing to a thorough understanding of the model.

Hypothesis Testing

Within Indonesian start-ups, the structural model analysis investigates the connections between financial integrity, managerial skill, internal control, and regulatory compliance. The direction and strength of the links between latent constructs are shown by the route coefficients. The path coefficients from the structural equation model are shown in Table 5.

Table 5. Hypothesis Test Results

Path	Coefficient	Significance Level
RC -> IC	0.687	0.000
RC -> MC	0.543	0.000
IC -> FI	0.476	0.001
MC -> FI	0.333	0.002
RC x IC x FI	0.215	0.000

Source: Data processed by the author (2024)

The direct correlations between management skills, internal control, financial integrity, and regulatory compliance in Indonesian start-ups are clarified by the route coefficients. First off, there is a substantial positive correlation ($p < 0.001$) between Regulatory Compliance (RC) and Internal Control (IC), as evidenced by the path coefficient of 0.687. This suggests that improving regulatory compliance has a positive impact on the efficacy of internal control mechanisms. The second finding highlights the strong positive correlation (coefficient: 0.543) between Regulatory Compliance (RC) and Management Competence (MC), indicating that adherence to regulatory norms has a significant impact on management competence ($p < 0.001$). Thirdly, a path coefficient of 0.476, with a significant level of $p = 0.001$, confirms the positive association between Internal Control (IC) and Financial Integrity (FI), emphasizing the critical role that efficient internal control mechanisms play in ensuring the financial integrity of start-ups. Furthermore, the correlation between Managerial competency (MC) and Financial Integrity (FI) is positive (coefficient: 0.333), indicating a substantial effect of leadership competency on the financial integrity of start-ups ($p = 0.002$). Finally, a significant degree of significance ($p < 0.001$) and a substantial coefficient of 0.215 is shown by examining the interaction effect (RC x IC x FI). The mediation study results reveal that the total financial integrity of Indonesian start-ups is significantly positively impacted by the combined effects of regulatory compliance, internal control, and financial integrity.

The study's findings highlight the intricate relationships among Indonesian companies. The significance of managerial competency, internal control, and regulatory compliance in impacting financial integrity is confirmed by the positive path coefficients. Our comprehension is deepened by the mediating role of internal control, which highlights the necessity of an all-encompassing approach that incorporates various components.

Regulatory Compliance and Internal Control

The significant positive correlation (RC -> IC: 0.687, $p < 0.001$) highlights the critical influence of regulatory compliance on the efficacy of internal control systems. According to expectations that regulatory compliance develops a culture of governance and accountability, startups that emphasize compliance with regulatory norms demonstrate stronger levels of internal control (Y.-H. Lin & Huang, 2023; REXHEPI et al., 2020). China's regulatory reforms require businesses to file internal control (IC) reports and integrate corporate social responsibility (CSR) activities into IC. Following these revisions, IC's efficacy has declined; however, this decline is somewhat offset by required reporting from firms regarding their CSR involvement (Xiaoxin, 2023). Furthermore, independent directors are crucial in monitoring listed businesses' compliance and safeguarding minority shareholders' interests (Nguyen et al., 2023). For public institutions to be transparent, and accountable, and to manage public funds properly, internal control mechanisms are necessary (Su et al., 2022). The financial and non-financial performance of non-financial enterprises listed on the Vietnam Stock Exchange is significantly influenced by internal control. As an example of corporate sustainability, internal control has both favorable and unfavorable consequences on sustainability, underscoring the necessity of appropriate implementation and regulation.

Regulatory Compliance and Managerial Competence

The strong positive correlation (RC -> MC: 0.543, $p < 0.001$) illustrates how competent leaders and regulatory compliance go hand in hand. The adoption of regulatory norms by startups may be a sign of improved managerial skills and capable leadership (Pollman, 2018). In addition to being crucial for guaranteeing legal compliance, regulatory frameworks serve as a basis for developing successful leadership in startups (Jung, 2017). Several causes, such as disruptive technologies that threaten established legal frameworks and the growing political participation of technology industry executives, have contributed to the emergence of regulatory affairs in creative firms (Bartolini et al., 2016). In response to these trends, startups have brought in individuals with governmental and policy knowledge, opening up new avenues for cooperation between the startup community and regulatory specialists (Freij, 2018). Regulations that have been put into place have affected both established businesses and FinTech startups, which has resulted in advances in customer relations, technological platforms, service procedures, and product design (Pollman, 2018). All things considered, regulatory frameworks not only guarantee legal compliance but also influence the plans and operations of startups, emphasizing how crucial it is to comprehend and navigate the regulatory environment for successful entrepreneurship.

Internal Control and Financial Integrity

Strong governance structures are essential for preserving the financial stability of startups, as seen by the favorable impact of internal control on financial integrity (IC -> FI: 0.476, $p = 0.001$). In addition to preventing financial irregularities, effective internal control systems also foster transparency and stakeholder trust (Iradukunda & Kamande, 2022; Lukashov, 2022; Pangaribuan et al., 2022; REXHEPI et al., 2020). These mechanisms consist of components including risk assessment, communication and information sharing, control activities, control environments, and monitoring activities (HARSONO, 2023; Oktaviani & Harahap, 2022). Businesses can enhance their performance and governance, which will result in improved financial reporting and management, by putting these internal control mechanisms into place. Additionally, internal control systems aid in the detection and prevention of fraud, particularly insider fraud. Furthermore, proficient internal controls guarantee the appropriate allocation of budgetary resources and enhance operational efficacy and efficiency within the public administration domain. All things considered, these systems support efficient resource management, responsibility, and the accomplishment of organizational goals.

Managerial Competence and Financial Integrity

Financial integrity and management competence have a positive link (MC -> FI: 0.333, $p = 0.002$), which emphasizes the role that leadership plays in promoting financial sustainability. To ensure financial integrity and promote financial sustainability within organizations, competent executives are essential (Hidayatullah, 2023). Their managerial skill has a favorable impact on financial management procedures, which helps companies succeed over the long run (Zhao & Wang, 2023). The importance of leadership in preserving openness and integrity in financial accounting is shown by the relationship between managerial competency and financial integrity (Qiu, 2023). Organizations may guarantee that sustainability remains a fundamental principle, untarnished by financial misbehavior, by tackling obstacles and putting robust accountability measures in place (Apreku-Djan et al., 2022). Organizations are unable to attain a proper balance between environmental responsibility and financial integrity without adopting a comprehensive approach that highlights the significance of managerial competency (Apreku-Djan et al., 2022; Harsono, 2023).

Regulatory Compliance, Internal Control, and Financial Integrity

The mediation effect (RC x IC x FI: 0.215, $p<0.001$) denotes a synergistic effect, meaning that internal control, financial integrity, and regulatory compliance have a stronger combined effect than the sum of their separate effects. This implies that the overall financial health of startups can be enhanced by a holistic strategy that incorporates these elements.

Practical Implications

These results provide policymakers and startup executives with useful information. Maintaining financial integrity requires strengthening internal controls, particularly when combined with an emphasis on managerial competency. Customized approaches that take into account the industry, scale, and local environment can enhance overall financial health and regulatory compliance.

CONCLUSION

Finally, by illuminating the connection between managerial skill, financial integrity, internal control, and regulatory compliance, this study adds to the expanding body of knowledge on Indonesian startups. By establishing a representative and diversified sample, demographic analysis offered deeper insights. The robust structural model analysis was made possible by the measurement model results, which validated our constructs' validity and reliability. Satisfactory goodness-of-fit metrics validated the structural model, which untangled the positive correlations and disclosed moderating and mediating influences in the variables being examined. The results emphasize the value of a holistic strategy that incorporates managerial abilities, internal controls, financial transparency, and regulatory compliance. They also have practical consequences for stakeholders. This research offers a current and educated viewpoint to overcome the hurdles and capitalize on the opportunities that exist in this dynamic landscape as Indonesia's startup ecosystem continues to expand.

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