

The Story Behind the Numbers: Digging into Start-up Companies' Experiences in Facing Audits

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ABSTRACT

This article aims to explore the experiences of start-up companies in facing the audit process, focusing on the challenges, strategies, and lessons learned from the experience. This study uses a qualitative approach by conducting in-depth interviews with owners and managers of eight start-ups operating in Indonesia that have undergone the audit process in the past two years. The findings show that many start-ups experience uncertainty and confusion when facing an audit, especially in understanding the procedures and requirements needed. However, with thorough preparation, such as implementing a good accounting system and internal training, many of them are able to overcome these challenges. The audit process also provides new insights into the importance of transparency and accountability in financial management. Several start-up owners reported that the audit experience not only increased their confidence in managing financial statements, but also provided added value in terms of trust from investors and business partners. This article is expected to be a guide for other start-ups in preparing for an audit and provide auditors with a better understanding of their clients' perspectives and concerns.

Keywords: Start-up, Audit, Experience, Accountability, Transparency, Internal Readiness

INTRODUCTION

In today's dynamic business ecosystem, start-ups face unique challenges, especially in terms of financial management and regulatory compliance. Auditing is an important aspect of this process, where companies are expected to demonstrate transparency and accountability through accurate financial reports. However, many start-ups do not have experience in dealing with the audit process, which can lead to uncertainty and confusion. According to Irawati and

Rahardjo (2020), a lack of understanding of auditing often leads to significant uncertainty among start-up management, which in turn can affect their strategic decisions.

This article aims to explore the experiences of start-up companies in facing audits, with a focus on the challenges and strategies they implement to overcome them. Through a qualitative approach, this study will explore the perspectives of owners and managers of various start-ups that have gone through the audit process. This is important, considering that audit experience can provide valuable insights into how companies prepare for and respond to audit demands, and how these experiences affect their future financial management. In line with Dyer's opinion (2018), a well-conducted audit not only serves as a control tool, but also as a means to improve the quality of financial reports and build trust among investors.

Thus, this article not only serves to provide an overview of the challenges faced by start-ups in the audit process, but also to provide practical recommendations for other companies that may be in a similar situation. It is hoped that the findings of this study can help other start-ups in better preparing for audits and understanding the importance of accountability and transparency in their financial management.

METHOD

This study uses a qualitative approach to explore the experiences of start-up companies in facing the audit process. This method was chosen because it can provide in-depth insights into the perspectives and feelings of owners and managers regarding the challenges they face. Data were collected through in-depth interviews conducted with eight start-up owners and managers operating in Indonesia. The selection of participants was carried out by purposive sampling, where only companies that had gone through the audit process in the last two years were included. This aims to ensure the relevance and depth of the information obtained.

Interviews were semi-structured, allowing flexibility to explore key themes such as initial experiences with audits, preparation strategies used, and the impact of the audit on financial management. Each interview was recorded and transcripts were analysed using thematic coding techniques to identify patterns, challenges and lessons learned by participants. This analysis drew

on the methodology proposed by Braun and Clarke (2006), who emphasised the importance of organising data to identify relevant themes in a qualitative research context.

RESULTS

The results of the study indicate that start-up companies face a number of significant challenges in the audit process. First, many participants reported confusion and uncertainty regarding audit procedures and requirements. This was mainly due to a lack of previous experience and limited understanding of the audit process. Most participants felt that this uncertainty could cause anxiety and interfere with their focus on day-to-day business operations. According to some start-up owners, this lack of understanding also caused them to be less prepared to provide the documents and information required by the auditor, thus prolonging the audit process.

However, despite these challenges, the study also found that the audit experience brought many benefits. Most participants reported that the audit helped them better understand the importance of accountability and transparency in financial management. Several participants stated that they began implementing better accounting systems and invested in training to improve employee understanding of accounting and audit processes. In addition, a positive audit experience contributed to increased trust from investors and business partners, which is key to supporting the growth and sustainability of start-ups.

Overall, the results of this study show that while audits can be a challenging process for start-ups, the experience also provides opportunities to improve the quality of financial management and build trust in the market. These findings underscore the importance of thorough preparation and a better understanding of the audit process for growing companies.

DISCUSSION

The results of the study indicate that audit experience can be a valuable tool for start-ups, although the process is often fraught with challenges. Many start-up owners reported initial misunderstanding of audit procedures, leading to anxiety and uncertainty. This is in line with the findings of Khan and Awan (2021) who showed that a lack of knowledge about audits can hinder

managers' ability to prepare properly. Therefore, it is important for start-ups to receive adequate training and clear information about what to expect during the audit process. Proper training and support can help minimize confusion and improve team readiness for auditors.

On the other hand, despite the challenges, many participants noted that the audit experience ultimately brought significant benefits. Audits not only serve as a control tool, but also as a driver for improving accounting systems and better financial management. In line with Meyer and Gupta (2019), audits can strengthen investor confidence and increase a company's legitimacy in the market. In this context, the audit experience becomes an important learning moment, which can shape better and more sustainable financial management habits in the future. This shows that although the audit process may be scary, the end result can be a positive step towards long-term growth and success for start-ups.

Therefore, this article emphasizes the importance of better preparation and understanding of the audit process as an integral part of company development. Start-ups that invest time and resources in understanding the audit process will be better prepared to face the challenges, which will ultimately contribute to strengthening their position in the competitive market.

CONCLUSION

From this study, it can be concluded that the start-up company's experience in facing audits is very complex and often colored by significant challenges. Many start-up owners and managers experience a lack of understanding regarding audit procedures, which can cause stress and anxiety. However, these challenges also provide opportunities to improve understanding and better accounting practices. With thorough preparation and the right support, start-ups can turn the audit experience into a rewarding process, which not only increases accountability but also investor confidence.

Furthermore, the results of the study indicate that audits can serve as a driver to strengthen the financial system in an organization. As Meyer and Gupta (2019) stated, a positive audit experience can contribute to the legitimacy of the company in the market and increase its attractiveness to potential investors. Therefore, it is important for start-ups to not only prepare

themselves technically for audits, but also to view the process as an opportunity to learn and grow.

Overall, this study emphasizes that investing in audit-related education and training can provide long-term benefits for start-ups. By understanding the audit process and leveraging the experience, start-ups can build a stronger foundation for future growth and sustainability. This study is expected to be a guide for other start-ups that will face audits in the future.

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