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The Authority of Startup Directors and the Legal Responsibility for Corporate Management

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ABSTRACT

This study examines the authority and responsibilities of directors in start-up companies from a corporate law perspective. The purpose of the study is to explain the basis of directors' authority at the establishment and management stages and to assess the limits of directors' legal liability for corporate risks and losses. The method used is normative juridical through the examination of laws and regulations governing companies, investment, capital markets, employment, personal data protection, and business licensing. The results of the study show that the board of directors is a management body with full authority to run the company and represent the company in legal relationships. At the establishment stage, the authority of the board of directors determines the validity of the company's legal personality. At the management stage, this authority is limited by the company's objectives and purposes and compliance with sectoral regulations in accordance with the startup's field of business. The legal responsibility of the board of directors is assessed based on good faith, prudence, and legal compliance. Business risks that are managed appropriately are protected, while losses due to negligence or regulatory violations result in personal and collective liability. These findings emphasize the importance of legally compliant governance to maintain the sustainability of startups and protect the interests of shareholders and the public.

INTRODUCTION

The development of technology-based start-ups is driving changes in business management patterns that are increasingly rapid, adaptive, and growth-oriented. This dynamic requires an agile operational approach, as reflected in the principles of adaptive project management designed for a dynamic business environment (Darmawan, 2021). In this dynamic, the position of the board of directors is crucial because all strategic and operational decisions fall under the responsibility of this body. The board of directors does not merely perform administrative functions, but also directs the direction of the business, manages risks, and ensures compliance with applicable laws and regulations from the establishment stage. Start-up companies are often formed by founders with technical or innovative backgrounds, while their understanding of corporate legal obligations is still limited. This condition places the board of directors in a position that requires dual capabilities, namely running dynamic business management while fulfilling binding legal obligations. In the framework of business law, this situation raises the need to examine how the authority and responsibilities of the board of directors are understood and carried out from the beginning of the company's establishment (Lasut & Lumaing, 2020).

At the stage of establishing a startup company, the directors hold important authority in determining the form of the business entity, capital structure, and legal relationships with shareholders and third parties (Permadi & Hadi, 2021). These decisions have long-term legal implications that affect the company's sustainability. Company law provisions place the board of directors as an organ that acts for and on behalf of the company, so that every action taken binds the company as a legal entity. In startup practice, the establishment process is often carried out under time pressure and high funding requirements, so that legal prudence

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aspects have the potential to be overlooked. This situation can lead to legal risks in the future if the directors' authority is not exercised in accordance with the principles of propriety and responsibility established by law.

Managing a startup company in its growth phase also requires directors to make quick and risky decisions (Sudirman, 2022). In business law, the authority of directors is limited by their obligation to act in good faith and with full responsibility. As the company grows, legal relationships become increasingly complex, including investment contracts, employment agreements, data protection, and compliance with sectoral regulations. The directors are in a central position to ensure that business expansion does not neglect applicable legal provisions. If these powers are exercised without careful management, the company may face legal disputes or administrative sanctions that are detrimental to business continuity.

The aspect of director responsibility in a startup company is also related to personal and corporate liability (Sufiarina et al., 2023). Company law recognizes the principle that directors can be held liable for losses incurred by the company if they are proven to have been negligent in carrying out their duties. In startups, the line between the interests of the founders and the interests of the company is often blurred, which has the potential to cause conflicts of interest. Directors are required to separate their personal interests from the interests of the company as a legal entity. Failure to maintain this separation can have serious legal implications, both in civil and other areas of law.

Start-up companies also face investor expectations that demand transparency and accountability in management (Bagaskara et al., 2023). The principles of transparency and accountability are not only requirements in the corporate world, but also key pillars in resource management for creating prosperity (Rojak & Issalillah, 2022). The board of directors has a legal obligation to convey accurate and non-misleading information to shareholders. In the funding stage, the board's decisions regarding valuation, use of funds, and business development direction have legal consequences if they are not based on accurate information. Therefore, the board of directors' authority in managing a start-up must be understood as an authority that is limited by the legal obligation to maintain the trust of shareholders and related parties.

In addition, start-up companies often operate in business fields that are regulated by specific regulations, such as financial technology, electronic commerce, and data-based services (Zhornokui, 2022). The complexity of business licensing poses a real challenge, as studies show that the level of education and understanding of the consequences of licensing affects the interest and ability of business actors to comply (Mardikaningsih & Arifin, 2021). The directors are responsible for ensuring that business activities are carried out in accordance with applicable licensing and supervision regulations. Failure to fulfil these obligations can result in sanctions that directly impact the company's operations (Satya, 2022). Thus, managing a start-up places directors in a position that requires adequate legal understanding so that their authority does not lead to legal violations.

Based on this description, the authority and responsibilities of directors in start-up companies are important issues in business law. The directors serve as a link between the interests of business innovation and legal compliance. A study of the legal aspects of establishing and managing a startup is necessary to provide a systematic understanding of the limits of the directors' authority and the implications of their responsibilities. With this understanding, it is hoped that the management of a startup company can be in line with the principles of company law and support business sustainability.

The authority of the board of directors in a startup company is often faced with the tension between the need for quick decision-making and the demands of compliance with company law provisions (Dianne, 2018). A simple organizational structure and the dominance of the founder in decision-making have the potential to blur the boundaries of the authority of the board of directors as a corporate body. This situation raises the question of how the authority of the board of directors should be exercised in order to remain in accordance with the legal provisions governing the establishment and management of companies (Harahap, 2016).

Another issue relates to the responsibility of the board of directors for the legal risks arising from the management of a startup company. In the growth phase, the directors often make high-risk decisions, including in terms of funding and business expansion. To mitigate the risks of such strategic decisions, a systematic risk management approach is needed, as is the importance of a similar framework in managing complex projects in a dynamic business environment (da Silva et al., 2022). When these decisions result in losses, questions arise regarding the limits of the directors' liability, both personally and as representatives of the company. Uncertainty regarding this responsibility has the potential to cause disputes between directors and shareholders (Fuady, 2008).

In addition, problems arise in relation to startup compliance with sectoral regulations. The board of directors is responsible for ensuring that business activities are carried out in accordance with licensing and supervision requirements. However, the complexity of regulations is often not matched by the internal legal capacity of startup companies. This poses the risk of legal violations that can result in administrative sanctions and other legal claims (Sjahdeini, 2015).

The discussion of the authority and responsibilities of directors in startup companies is important because the number of startups that are growing significantly and contributing to the economy. In these circumstances, legal certainty regarding the role of directors is a determining factor in business continuity and the protection of shareholders' interests. This study helps to clarify the limits of the board of directors' authority in facing the rapidly changing dynamics of business.

In addition, increased regulatory attention to the startup sector requires companies to be managed in compliance with the law. The board of directors is the first party to be held accountable for such compliance. Therefore, a systematic review of the legal aspects of establishing and managing startups makes an important contribution to the development of more structured business law practices.

This study aims to analyses the authority of directors in the establishment and management of startup companies and explain the legal responsibilities attached to directors for the risks and losses of the company. Theoretically, this study enriches business law studies on the application of company law to the startup business model. Practically, the results of this study are expected to provide a reference for directors and founders of startups in running a company that complies with the law.

RESEARCH METHOD

This study uses a normative juridical method with a qualitative literature study approach. This method was chosen based on the research objective, which focuses on examining the legal norms, principles, and doctrines that govern the authority and responsibilities of directors in startup companies during the establishment and management stages. The primary legal materials are laws and regulations governing corporations, investment, business licensing, and sectoral regulations relevant to startup activities. Secondary legal materials include business law textbooks and reputable scientific journal articles discussing corporate law, director liability, and corporate governance. A qualitative approach is used to interpret the relationship between legal norms and startup company management practices through doctrinal and systematic analysis of the legal sources used.

The literature search strategy is conducted in a targeted manner through official academic databases and reputable scientific publishers, including law journals and academic book publishers. The inclusion criteria were set for scientific works published in the last twenty years, having a verifiable DOI or ISBN, and substantially discussing company law, director authority, and corporate management responsibilities. Exclusion criteria were applied to sources that were popular in nature, did not go through a peer review process, or did not have a clear publisher identity. The selection process was carried out by reading the abstract, introduction, and discussion sections to ensure relevance to the research focus. This approach aimed to maintain the accuracy and reliability of the legal arguments presented (Marzuki, 2017; Soekanto & Mamudji, 2014).

Data analysis was conducted through thematic synthesis, namely by grouping legal norms and doctrinal views into analytical themes related to the authority of directors and forms of legal liability. Each theme was analyzed using deductive reasoning to draw normative conclusions regarding the position of directors in start-up companies. The coding process was carried out manually by marking key concepts that appeared consistently in legislation and academic literature. The quality assurance of the research was carried out through consistency in the use of sources, traceability of references, and coherence of legal reasoning, so that the research results could be accounted for academically and methodologically.

Methodologically, this thematic synthesis and deductive analysis approach confirms that the position of startup directors is hierarchical-normative: on the one hand, they have broad operational autonomy, but on the other hand, they are bound by a multidimensional legal framework. This finding not only highlights the complexity of the directors' role but also underlines the importance of integrating an adaptive business vision with procedural legal compliance. Thus, this research provides a solid analytical foundation for understanding that the effectiveness of directors in the startup ecosystem is largely determined by their ability to balance the dynamics of entrepreneurship with regulatory discipline, a synthesis that is key to corporate sustainability and accountability in a competitive and uncertain market.

RESULT AND DISCUSSION

The Authority of the Board of Directors in Establishing and Managing Startups According to Company Law

The regulation of director authority is the main basis for understanding the legal position of startup company managers. Director authority in startup companies according to company law is rooted directly in the provisions of Law Number 40 of 2007 concerning Limited Liability Companies. This law explicitly stipulates that the board of directors is the company organ that has full authority and responsibility for managing the company for the interests and objectives of the company. The authority of the board of directors is understood as the authority to command its members in accordance with their contributions (Rahanra & Novita, 2020). This authority includes legal actions and management actions that bind the company as an independent legal entity. In startup companies, this regulation is significant because business models that rely on innovation and accelerated growth often require strategic decision-making from the early stages of establishment. Company law does not distinguish between startups and conventional companies, so every startup remains fully subject to the company law regime. Thus, the authority of the board of directors in a startup must be understood as a legitimate legal authority, but one that is limited by the purpose and objectives of the company and the provisions of the applicable laws and regulations. This explanation shows that the innovative nature of a startup does not eliminate its adherence to corporate legal norms.

The establishment phase of a company is the initial phase of testing the legal authority of the board of directors. At the stage of establishing a startup company, the authority of the board of directors is manifested in the obligation to ensure that all requirements for establishing a company as stipulated in Article 7 of the Limited Liability Company Law are met. This provision requires the establishment of a company by two or more persons with a notarial deed in Indonesian, which is then approved by the Minister of Law and Human Rights. The directors have the authority to manage the administrative process of establishment, including registration through the legal entity administration system in accordance with Regulation of the Minister of Law and Human Rights Number 17 of 2018 concerning Registration of Limited Liability Companies. This authority is decisive, because without legal entity approval, a startup does not have the legal capacity to act as an independent legal entity. Therefore, the authority of the directors at the establishment stage is directly related to the birth of the company's legal personality. The birth of legal entity status is an absolute prerequisite for the continuity of the startup's business activities.

The focus of the directors' authority will shift to the management of the company once the company has obtained legal entity status. After the company is established, the directors' authority shifts to the management of the company as stipulated in Article 92 of the Limited Liability Company Law. This article gives broad authority to the directors to manage the company in accordance with the aims and objectives stated in the articles of association. In a startup company, this authority includes determining the business model, product development, and day-to-day operational management. However, company law normatively places this authority within a framework of legal compliance and prudence. The board of directors cannot use its freedom of management as an excuse to act outside the company's objectives or violate other applicable legal provisions. This normative limit serves to ensure that business dynamics remain within the bounds of positive law.

The characteristics of the startup business sector require special attention to specific regulations. The authority of the board of directors in startups must also be understood in relation to sectoral regulations that govern specific business fields. Startups engaged in the financial technology sector, for example, are required to comply with Financial Services Authority Regulation No. 77/POJK.01/2016 concerning Information Technology-Based Money Lending Services. Such regulations not only govern financial aspects but also the implications of the technology used, where digital access and skills are at the core of operations and a source of risk (Arifin & Darmawan, 2021). In this case, the board of directors has the authority to regulate the company's business and operational strategies, but at the same time bears the legal obligation to ensure that business activities are carried out in accordance with licensing provisions, consumer protection, and reporting to supervisory authorities. Thus, the authority of the board of directors in a startup cannot be separated from the obligation to comply with sectoral regulations inherent in the business field being carried out. Sectoral compliance is an indicator of the alignment between business strategy and legal requirements.

Funding and investment in startup companies reveal the limits of the board of directors' authority. Capital and investment aspects show the limits of the board of directors' authority, which are clearly regulated by company law. The directors have the authority to represent the company in legal relations with investors, including the signing of investment agreements and funding arrangements. However, Article 102 of the Limited Liability Company Law limits this authority if the directors' actions relate to the transfer of company assets or significant changes in capital structure. In such circumstances, the approval of the General Meeting of Shareholders is a mandatory legal requirement. In addition, for startups involving foreign capital, the authority of the board of directors must be exercised in accordance with the provisions of Law No. 25 of 2007 concerning Investment and its implementing regulations regarding risk-based business licensing. All of these restrictions on authority are essentially instruments for mitigating investment risk, a principle that is also crucial in alternative financing schemes such as peer-to-peer lending (Sahid et al., 2023). These regulations serve to maintain a balance between business flexibility and the protection of shareholders' interests.

Corporate governance forms an ethical and legal framework for the exercise of directors' authority. The authority of the board of directors in managing startups is also closely related to the implementation of corporate governance. Financial Services Authority Regulation Number 21/POJK.04/2015 concerning the Implementation of Guidelines for Corporate Governance of Public Companies emphasizes the obligation of the board of directors to implement the principles of transparency, accountability, responsibility, independence, and fairness. Startups that develop into public companies must adjust the authority of the board of directors to these governance standards. The board of directors has the authority to prepare financial reports and annual reports, but this authority also carries a legal obligation to ensure the accuracy and completeness of the information submitted to shareholders and regulators. Governance serves as a control mechanism over the use of the board of directors' authority.

The relationship between the board of directors and employees is an important aspect of startup management. In the field of employment, the authority of startup directors is regulated by Law No. 13 of 2003 concerning Manpower as amended by Law No. 11 of 2020 concerning Job Creation. The directors have the authority to appoint and dismiss employees and determine employment policies. However, this authority is limited by legal provisions that guarantee workers' rights. Startups that implement flexible working patterns must still exercise the authority of the board of directors in accordance with applicable labor norms. The Law on Labor serves to maintain a balance between business interests and worker protection.

The development of technology-based startups has positioned personal data as a strategic asset. The authority of the board of directors in technology-based startups also includes the management of personal data. Law No. 27 of 2022 concerning Personal Data Protection positions companies as data controllers that are obliged to protect user data. The board of directors has the authority to establish internal policies related to data management, but is legally responsible in the event of a violation. This shows that the authority of the board of directors extends to the realm of protecting the rights of data subjects, which is strictly regulated by law. Data protection is an indicator of a startup's compliance with digital law.

Innovation, a hallmark of startups, is closely related to intellectual property protection. In intellectual property management, the authority of startup directors is regulated by Law Number 28 of 2014 concerning Copyright and Law Number 13 of 2016 concerning Patents. The directors have the authority to apply for registration and manage the utilization of the company's intellectual property. This authority has significant legal implications as it relates to the protection of innovation as a key asset of startups. Intellectual property is the foundation of economic value and business sustainability.

Personal liability is a direct consequence of the directors' authority. The directors' accountability is the ultimate limit of the authority granted by law. Article 97 of the Limited Liability Company Law stipulates that each member of the board of directors is fully personally liable for the company's losses if they are at fault or negligent. In high-risk startups, this provision requires the board of directors to exercise their authority carefully and in accordance with the law. Violations of regulations can result in personal liability for the board of directors. This provision encourages prudence as the main principle of startup management.

Ultimately, the authority of directors cannot be separated from the freedom to make business decisions. In carrying out their role, directors also have the freedom to manage based on policies they deem appropriate, which refers to considerations of common practice in the business world (Raffles, 2020). In this case, business sustainability becomes both a goal and a challenge, given that startup directors must formulate operational strategies amid the complexity of dynamic regulations. As stated by Mardikaningsih and Darmawan (2021), business sustainability strategies are essential to deal with regulatory uncertainty and managerial challenges, a condition that is very common in the startup ecosystem. Thus, the authority of the board of directors in establishing and managing a startup company according to company law is a broad legal authority but is normatively bound. The board of directors is given the space to manage and develop the business, but each of these authorities is limited by the Limited Liability Company Law, investment regulations, sectoral regulations, labor regulations, personal data protection, and intellectual property. This legal construct emphasizes that the authority of the board of directors in a startup is not merely a business instrument, but part of the company law system that aims to maintain order, legal certainty, and business sustainability. This overall arrangement places the board of directors as the central party that connects the dynamics of the startup business with legal certainty.

The authority of directors in the startup ecosystem operates within a unique dialectic between freedom of initiative and compliance with norms. This dynamic not only forms the legal basis for company operations, but also becomes a key determinant in achieving long-term goals, namely sustainable and ethical business practices. Therefore, the effectiveness of board leadership is measured not only by its ability to generate rapid business growth, but also by its capacity to internalize regulatory complexities into operational strategies, enabling the company to grow sustainably within a clear and accountable legal framework.

Legal Responsibility of Directors in Managing Startup Companies against Risks and Losses to the Company

The directors' responsibilities cannot be separated from their legal position as the main managers of the company. The directors' legal responsibilities in managing a start-up company against risks and losses are a direct consequence of their position as the company's governing body. Law No. 40 of 2007 concerning Limited Liability Companies explicitly stipulates that the board of directors is fully responsible for managing the company for the interests and objectives of the company. This provision places the board of directors as a party that not only performs administrative functions, but also as the main decision maker that determines the direction and sustainability of the company. In startup companies, the nature of innovation-based businesses, market uncertainty, and accelerated growth increase the business risks that must be managed by the board of directors. Therefore, the legal responsibility of the board of directors cannot be separated from the obligation to anticipate, control, and mitigate risks that could potentially cause losses to the company. Business risk is an inherent part of the legal responsibility of the board of directors.

General provisions regarding company management provide the initial basis for assessing the actions of the directors. Article 92 of the Limited Liability Company Law emphasizes that the directors are fully responsible for the management of the company and represent the company both in and out of court. This provision implies that every legal action and business policy taken by the directors will be attached as an action of the company. In startups, decisions related to business expansion, product development, and funding management often carry significant financial risks. If these decisions result in losses, the assessment of the directors' responsibility will focus on whether the decisions were made within the framework of legitimate authority and in accordance with the company's objectives. Thus, the directors' responsibility is not measured solely by the results, but by the decision-making process and compliance with applicable legal provisions. This approach emphasizes the importance of an appropriate and measured decision-making process.

The aspect of director liability provides a strong affirmation in company law. Article 97 of the Limited Liability Company Law provides a normative basis for the personal liability of directors. Each member of the board of directors is fully personally liable for the company's losses if they are guilty of misconduct or negligence in the performance of their duties. This norm emphasizes that business risk does not automatically exempt directors from legal liability. In start-up companies, risk-taking is part of the business model, but company law distinguishes between reasonable business risk and losses arising from negligence. Directors are required to act in good faith, with full responsibility and prudence. If losses occur due to decisions made without adequate consideration or in violation of legal provisions, directors may be held personally liable. This distinction is key in determining the limits of directors' liability.

The assessment of directors' liability is also influenced by evolving rules in corporate law. In corporate law practice, recognition of the business judgement rule principle provides an important limit in assessing the liability of directors. The business judgement rule principle serves as a balancing mechanism between the need to protect directors and the demand for legal accountability, so that the court does not assess the substance of business decisions, but rather the decision-making process (Bainbridge, 2018). This principle protects directors from personal liability as long as business decisions are made in good faith, based on adequate information, without conflicts of interest, and in the interests of the company. In startups, this principle is relevant because of the nature of the business, which requires the courage to take risks. However, this protection does not apply if the directors are proven to have violated legal provisions or neglected their duty of care. Thus, the business judgment rule does not eliminate legal liability but rather sets a standard for assessing the actions of directors. This principle serves as a legal measuring tool.

Risk management is an important factor that broadens the scope of directors' responsibilities. The legal responsibilities of directors in start-ups are also reinforced by risk management obligations. For start-ups that develop into public companies, Financial Services Authority Regulation No. 21/POJK.04/2015 requires directors to ensure the implementation of good corporate governance, including a risk management system. This provision indicates that failure to manage risk can be classified as negligence on the part of the board of directors. Risks in startups are not only market risks, but also operational risks, legal risks, and reputational risks. Managing these risks, especially in the face of economic uncertainty, requires an adaptive and responsive approach as required in crisis management (Arifin & Darmawan, 2022). The directors are responsible for ensuring that internal control mechanisms are in place and functioning to prevent avoidable losses. Thus, this legal obligation is in line with the main objective of risk management, which is to optimize the prevention of financial losses and maintain the stability of the company (Irfan & Al Hakim, 2022). At a broader level, strong internal control and risk management systems are an important foundation in efforts to prevent corrupt practices in the world of business and investment, which requires effective law enforcement (Saputra et al., 2021). These regulations place risk management as a legal obligation.

Sectoral regulations indicate an expansion of the directors' responsibilities in accordance with the nature of the startup's business. In startups engaged in the technology-based financial services sector, the legal responsibilities of directors are expanded by Financial Services Authority Regulation No. 77/POJK.01/2016. This regulation governs consumer protection obligations, credit risk management, and reporting obligations to supervisory authorities. The directors are responsible for ensuring that all business activities comply with these provisions. In the event of losses due to regulatory violations, directors may be held liable for negligence in managing legal risks that are clearly regulated by law. Sectoral regulations emphasize that the complexity of a startup's business is in line with its increased legal responsibilities.

In addition, the development of the digital economy has made data protection a new source of legal risk. The aspect of personal data protection has become a new source of legal responsibility for startup directors. Law No. 27 of 2022 concerning Personal Data Protection places companies as data controllers that are obliged to protect user data. Directors have a legal obligation to ensure the availability of adequate internal policies, security procedures, and control systems. In the event of a data breach that causes losses to the company or third parties, directors may be held liable for negligence in managing the legal risks inherent in the processing of personal data. This confirms that non-financial risks also form part of the directors' responsibilities.

Financial accountability is also an important factor in the scope of directors' legal responsibilities. Directors' legal responsibilities are also related to the management of the company's finances. Article 66 of the Limited Liability Company Law requires directors to prepare annual reports and financial statements that are accurate and accountable. In startups, financial transparency is crucial because it is related to investor confidence, including that of novice investors whose investment decisions are greatly influenced by their level of financial literacy and risk tolerance (Mardikaningsih & Darmawan, 2023). This financial transparency and accuracy also reflect the ethical principles of corporate financial management, which form the basis for responsible investment decision-making and risk management (Putra & Arifin, 2023). If financial reports are prepared inaccurately or misleadingly, causing losses, the directors may be held legally liable. This shows that the directors' responsibilities include legal accountability, not just managerial obligations. Financial transparency is an indicator of the integrity of company management.

The collective structure of the board of directors also broadens the dimension of legal responsibility. The Limited Liability Company Law also recognizes the concept of collective responsibility of the board of directors. Article 97 paragraph (3) emphasizes that each member of the board of directors is jointly and severally liable for the company's losses. In startups with more than one director, this provision broadens the scope of responsibility. The principle of joint and several liability of directors is intended to prevent the shirking of responsibility in the management of the company, while ensuring that each member of the board of directors actively supervises collective decisions (Kusumaningtyas, 2022). All directors can be held jointly liable if losses arise due to management errors. This mechanism encourages internal supervision among board members so that the company is managed carefully. The Law emphasizes the importance of responsible collegiality.

In addition, the aspect of capital investment also shapes the scope of the directors' responsibilities. In terms of investment, the legal responsibilities of directors are also regulated through BKPM Regulation No. 4 of 2021 concerning Risk-Based Business Licensing. Start-ups involving foreign capital are required to comply with licensing and reporting requirements. Directors are responsible for ensuring compliance with these requirements. Violations of investment regulations can result in losses in the form of administrative sanctions and even revocation of business licenses, for which the directors may ultimately be held accountable. This provision shows that investment compliance is part of legal risk mitigation.

The relationship between the board of directors and shareholders further reinforces the legal accountability structure. The legal responsibility of the board of directors in a start-up cannot be separated from its relationship with other corporate bodies. The board of directors is accountable to the General Meeting of Shareholders for the management of the company. If the directors fail to manage risks and cause losses, shareholders have the right to seek accountability in accordance with the available legal mechanisms. The accountability of directors is part of the corporate governance structure, in which the relationship between directors and shareholders is built on the basis of the delegation of authority accompanied by legal accountability mechanisms (Clarke, 2018). This confirms that the directors' responsibility is structural and inherent in the company's legal system. This structure serves to maintain a balance between the directors' authority and control.

All of these regulations form a complete picture of the legal position of startup directors. In essence, the legal responsibility of directors in managing a startup company for the risks and losses of the company is a concrete manifestation of the fiduciary duty and duty of care mandated by company law. The law gives directors broad and flexible authority to innovate and develop the business, but at the same time, that authority is burdened with strict and binding legal responsibilities. This dynamic creates a checks and balances mechanism, in which business freedom is always directly proportional to accountability.

In this construct, the legal consequences for directors are dichotomous. If business risks are managed appropriately, supported by compliance with regulations and the implementation of good governance, then directors will obtain legal protection from liability claims. Conversely, if losses arise due to negligence, breach of duty, or deviation from the provisions of laws and regulations, directors may be held personally, jointly and severally, and collectively liable. Thus, company law explicitly positions startup directors not only as business drivers, but also as central actors and primary responsible parties in risk control and guardians of corporate accountability.

CONCLUSION

The authority and responsibilities of the board of directors in a start-up company are rooted in company law, which places the board of directors as the governing body with decision-making authority and legal representation of the company. At the establishment stage, the board of directors is responsible for ensuring the creation of the company's legal personality through the fulfilment of administrative and substantial requirements.

During the management phase, the board of directors carries out management in accordance with the articles of association and sectoral regulations applicable to the business field. The board of directors' legal responsibility for the company's risks and losses is assessed based on the standards of good faith, prudence, and legal compliance. Losses resulting from properly managed business risks are protected, while losses resulting from negligence or regulatory violations give rise to personal and collective liability.

The normative implications of this study emphasize the need to establish a legal compliance-based management system for startups from the outset. For directors, the results of this study serve as guidelines for balancing management freedom with legal obligations in investment, employment, personal data, capital markets, and business licensing. For shareholders, this study provides a framework for evaluating the performance of directors based on decision-making processes and compliance, not solely on financial results. For regulators, these findings support consistent supervision of startups so that business growth proceeds in accordance with the law.

It is recommended that the establishment of a startup be accompanied by the formulation of clear articles of association regarding the limits of the board of directors' authority. The board of directors needs to develop a legal risk control system that is integrated with sectoral compliance. Shareholders need to strengthen the function of the GMS as an accountability mechanism. Regulators are expected to harmonies cross-sectoral regulations in order to maintain legal certainty in the management of startups.

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