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Interpreting Transparency: Retail Investors' Lived Experiences with Startup Financial Reporting in Southeast Asia

Rivani
Universitas Padjadjaran, Indonesia
rivani@unpad.ac.id

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ABSTRACT

Financial transparency within startup ecosystems is often viewed as a regulatory o technical obligation, yet for retail investors it is also a deeply subjective and relationa experience. This study investigates how retail investors in Southeast Asia interpret an engage with startup financial reports, drawing on an interpretative phenomenologica approach. Ten participants, all active in equity or debt investments through digita platforms, were interviewed to explore their perceptions, emotional responses, an decision-making processes. Findings reveal that transparency is constructed throug perceived honesty, accessibility of language, and alignment with personal values, rathe than solely through numerical accuracy. Investors frequently relied on narrativ authenticity and intuitive judgments based on the tone and clarity of disclosures, wit many expressing frustration over technical jargon that excluded non-experts. Thes insights underscore the need for human-centered financial communication that blend accuracy with relational trust. The study contributes to a richer understanding of investo behavior and offers practical guidance for enhancing ethical and inclusive financia reporting.

INTRODUCTION

In the evolving landscape of digital finance, startup investments have emerged as a significant avenue for economic participation, particularly among retail investors. The democratization of investment opportunities—fueled by financial technology platforms—has expanded access to early-stage ventures once reserved for institutional stakeholders (Umeh dkk., 2023). These changes have transformed the relationship between individuals and financial information, requiring investors to interpret complex financial reports without the support of formal financial training or advisory services.

The phenomenon of financial transparency in startup reporting has garnered increasing attention, not only as a technical imperative but also as a communicative and relational process. While transparency is often defined through regulatory standards and disclosure benchmarks, it also carries deeply subjective dimensions shaped by trust, interpretation, and the emotional resonance of information. Retail investors, particularly those navigating uncertain markets, are not passive recipients of data; rather, they actively construct meaning from financial narratives, often influenced by personal beliefs, prior experiences, and socio-cultural contexts.

Understanding how individuals make sense of transparency—beyond its technical form—requires a shift from objective metrics to subjective meaning. In contexts where standard financial disclosures may be ambiguous or incomplete, the investor's interpretation becomes central to decision-making (Weight dkk., 2021). Yet, the lived experience of interpreting these disclosures remains underexplored, especially among retail investors in emerging startup ecosystems. The nuances of how individuals perceive, internalize, and act upon financial information reflect not only their cognitive processes but also their ethical orientations, emotional responses, and cultural narratives.

Given this complexity, there is a critical need to explore the meanings that retail investors attribute to financial transparency. A phenomenological approach is particularly suited to uncovering these lived experiences, offering a pathway to understand how transparency is perceived, felt, and enacted at the human level. Such exploration contributes to a richer understanding of financial behavior by centering the subjective experiences that often remain invisible in conventional financial analysis.

Within the broader discourse on financial transparency, increasing attention has been directed toward understanding the subjective experiences of individuals as they engage with complex financial disclosures. Research exploring the lived experiences of retail investors—especially in interpreting startup financial reports—has become an important subfield, as it offers critical insight into how non-expert stakeholders navigate financial uncertainty and asymmetrical information environments. These experiences are particularly salient in startup ecosystems, where standardized financial indicators may be sparse, ambiguous, or presented through narrative-rich formats.

Despite the significance of this area, much of the existing scholarship continues to rely heavily on quantitative methodologies that emphasize generalizable trends over individual meaning-making (Yang & Arthur, 2021). Survey-based approaches and behavioral finance models have contributed valuable data on investor decision-making patterns; however, they often fall short in capturing the depth and nuance of personal interpretations, emotional responses, and contextual influences that shape investment behavior at the individual level.

This methodological limitation has led to an incomplete understanding of how retail investors internalize and respond to financial information. The richness of their experiences—the doubts, trust, skepticism, and intuitive judgments that inform their actions—tends to be overlooked when analysis is confined to numerical indicators or predefined psychological constructs. Consequently, prior approaches have struggled to illuminate the essence of how financial transparency is perceived, lived, and given meaning within the subjective world of the investor.

Addressing these limitations requires a research framework capable of engaging with complexity, ambiguity, and human meaning. A phenomenological approach offers precisely this, by prioritizing the lived experience of individuals and allowing themes to emerge inductively from their narratives. In doing so, it provides a lens to explore the interplay between perception, emotion, and cognition that characterizes how transparency is understood by those most directly affected by it.

In existing efforts to understand financial transparency in startup investment, researchers have often relied on established practical approaches, such as behavioral modeling, risk assessment matrices, and survey-based metrics to evaluate investor behavior (Zacher & Rudolph, 2022). These methods have been instrumental in quantifying tendencies and identifying broad trends among investor populations. However, they are largely rooted in positivist paradigms that prioritize objectivity and generalizability over personal interpretation and lived experience.

Such approaches, while methodologically robust, tend to obscure the depth and complexity of how individuals actually engage with financial information in real-world contexts. The richness of subjective experience—including the emotional, intuitive, and ethical dimensions that shape how retail investors interpret startup financial disclosures—remains insufficiently explored. Traditional models fail to capture how meaning is constructed in relation to ambiguous or narrative-driven data, particularly in environments where formal reporting structures are still evolving.

This limitation points to a critical gap in the literature: the lack of research that investigates financial transparency as a phenomenon experienced by individuals in specific cultural and emotional contexts. Current methodologies offer limited insight into how transparency is lived and understood from the standpoint of the investor. To address this shortfall, it is necessary to adopt a methodological approach that embraces human subjectivity as central to the research inquiry.

Phenomenology provides such a framework, offering a pathway to explore the essence of how financial transparency is experienced and made meaningful by retail investors. By centering the lived experiences of individuals, a phenomenological approach allows researchers to move beyond surface-level explanations and into the deeper structures of meaning that guide investment decisions. This alternative lens not only fills a methodological void but also enriches our understanding of transparency as a relational, interpretive, and affective phenomenon.

Several studies have examined how individuals engage with financial systems, but few have focused on the subjective experiences of retail investors in startup contexts. Prior research has largely emphasized cognitive models, rational choice theories, and quantitative evaluations of investor behavior. However, these approaches often fail to capture the emotional, relational, and interpretative dimensions that shape how financial information is perceived. Recent work by (Adu dkk., 2022) has begun to highlight the role of trust and narrative in shaping investor decision-making. Nevertheless, a deeper understanding of how investors make sense of financial transparency through lived experience remains limited.

This study applies an interpretative phenomenological approach to explore how retail investors in Southeast Asia experience financial transparency in startup disclosures. The method was selected to address the knowledge gap concerning the meaning-making process that underlies individual interpretations of financial information. Phenomenology allows for close engagement with the personal, emotional, and contextual aspects of investor experiences. This approach provides rich insights into how transparency is understood as a lived phenomenon rather than a technical standard. In doing so, the study responds directly to the call for deeper, more holistic investigations into investor behavior.

The structure of this article is organized as follows. The introduction outlines the context and significance of the research problem and articulates the knowledge gap. The methodology section explains the use of interpretative phenomenological analysis and describes the process of data collection and analysis (Alkaraan dkk., 2024). The results section presents key experiential themes supported by direct participant quotes. Finally, the discussion and conclusion reflect on the findings, their theoretical and practical implications, and suggestions for future research.

RESEARCH METHODS

Study Design

This study employed an interpretative phenomenological approach to explore the subjective experiences of retail investors in interpreting financial transparency in startup reporting. Phenomenology was selected as the appropriate framework due to its emphasis on understanding lived experiences and uncovering the essential meanings of a phenomenon as perceived by individuals (Bhatti dkk., 2020). The interpretative strand of phenomenology, grounded in Heideggerian philosophy, was utilized to enable deep engagement with participants' reflections, values, and contextual interpretations. This design allowed for the emergence of nuanced insights into how investors internalize and respond to narratives of financial disclosure, moving beyond surface-level descriptions toward interpretative depth.

Participants

Participants in this study consisted of retail investors actively involved in startup equity or debt investments within Southeast Asia. Selection followed purposive sampling strategies, targeting individuals with firsthand experience engaging with financial reports issued by startups. Inclusion criteria encompassed individuals aged 25 to 55, with at least one year of investment activity in startup platforms. Exclusion criteria included institutional investors or participants with formal accounting or financial reporting backgrounds, in order to preserve the focus on layperson interpretation. The sample comprised ten participants, including six males and four females, with an average age of 36.4 years (Chevrollier dkk., 2020). All participants reported using at least one digital investment platform and having reviewed at least five startup financial reports within the past year.

Data Collection

Data were collected through semi-structured, in-depth interviews conducted in quiet and neutral locations to facilitate open and uninterrupted dialogue. Interviews were guided by a protocol designed to elicit narratives surrounding perceptions, emotions, and decision-making processes related to financial disclosures. Each session lasted approximately 60 to 90 minutes and was audio-recorded with participant consent. The interviews were conducted in the participants' preferred language, and simultaneous notes were taken to capture contextual details (De Masi dkk., 2021). All interviews were transcribed verbatim for analysis. An environment of psychological safety was ensured by establishing rapport, guaranteeing confidentiality, and offering participants the opportunity to pause or withdraw at any time.

Data Analysis

The data were analyzed using Interpretative Phenomenological Analysis (IPA), a method suitable for exploring the meaning participants attribute to their experiences. The process began with repeated readings of transcripts to achieve familiarity with the content, followed by initial coding to identify significant statements and meaning units. These units were then clustered into emergent themes through a process of inductive categorization. NVivo 12 software was employed to assist in organizing the data without replacing the interpretative responsibility of the analysis. Each theme was refined iteratively to ensure alignment with the participants' lived experiences and contextual narratives (Galletta dkk., 2021). Final themes represented the shared and individual meaning structures relevant to the phenomenon under study.

Ethical Considerations

Ethical approval was obtained from the relevant institutional review board prior to data collection. Participants were provided with detailed information about the study's purpose, procedures, and ethical safeguards, and written informed consent was obtained before participation. Anonymity was maintained through the use of pseudonyms, and all identifying information was removed from transcripts. Confidentiality was upheld throughout the research process, and data were stored securely in encrypted digital formats (Hu dkk., 2021). The study was conducted in accordance with the ethical guidelines set forth by the Declaration of Helsinki and applicable national research ethics standards.

RESULTS

Trust Emerges from Honest Disclosure, Not Just Positive Numbers

For many participants, transparency was not equated with positive financial performance but with perceived honesty and openness in reporting. Several investors emphasized that candid acknowledgment of losses or risks instilled greater confidence in the startup's integrity than polished financial figures.

"I actually feel more secure when a startup is upfront about their losses. It tells me they're not hiding anything, and that builds my trust more than seeing inflated numbers." (Participant 4)

This theme illustrates how subjective interpretations of transparency are deeply influenced by emotional and ethical considerations rather than technical financial metrics. Investors evaluated startup disclosures through the lens of honesty and narrative coherence, reinforcing the importance of human values in financial communication.

Trust emerges from honesty, openness, and narrative coherence

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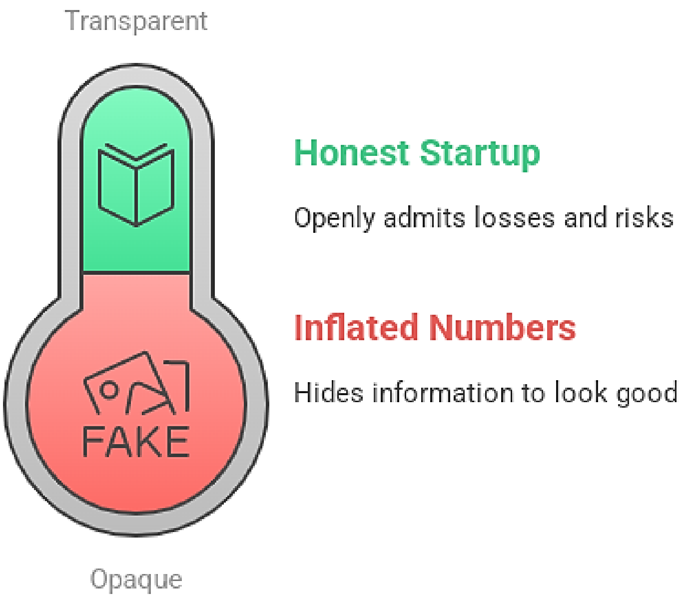

Emotional Attachment to Founders' Narratives Influences Perception of Financial Clarity

Participants often described how founders' personal stories and communication styles shaped their perceptions of the financial reports' clarity and reliability. Investors reported feeling emotionally connected to founders who articulated a compelling vision, which, in turn, affected how they received and interpreted the startup's financial data.

"When I listened to the founder's story and saw the passion behind it, even the confusing financials seemed more acceptable. I felt they were still learning, and I wanted to support that journey." (Participant 7)

This emotional resonance highlights a cognitive bias where narrative context can soften critical assessment of financial opacity. The investor's subjective experience of alignment with the founder's mission diluted their scrutiny of financial inconsistencies.

Intuitive Risk Assessment Based on 'Gut Feeling' about Report Tone and Language

A prominent theme was the reliance on intuition rather than analytical evaluation in assessing financial transparency. Many participants described forming judgments based on the "tone" or "feeling" they got from the language used in financial updates or investment platforms, rather than on specific numerical indicators.

"Sometimes, it's not what they report but how they say it. I can sense when something feels off, like they're trying too hard to sound impressive." (Participant 2)

This indicates that subjective, affect-driven processes dominate the evaluation of financial reports among retail investors, especially in early-stage, narrative-rich startup environments.

Frustration with Technical Language That Alienates Non-Expert Investors

Several participants expressed dissatisfaction with the overly technical or vague nature of financial disclosures, which they felt excluded them from meaningful interpretation. These experiences led to feelings of confusion, mistrust, and disempowerment, especially among first-time investors.

"There are times when I read a report and just give up halfway. It feels like they're not talking to me but to some accountant in a suit." (Participant 6)

This theme underscores the disconnect between formal financial reporting and the experiential reality of non-professional investors, who seek both transparency and accessibility.

Desire for Human-Centered Reporting to Build a Sense of Inclusion and Empowerment

Participants consistently voiced a desire for financial reports that incorporate human stories, contextual explanations, and visual elements that help them understand the financial health of a startup without needing formal accounting expertise.

"If they could show me what those numbers mean in real life—like, how it affects their team or their users—I'd feel more connected and more confident to invest." (Participant 9)

This aspiration reflects a push toward more humanistic and empathetic financial reporting practices, which can empower retail investors by aligning transparency with narrative understanding.

Across all themes, a central meaning emerged: for retail investors, transparency is a lived, emotional, and narrative experience—rooted in perceived honesty, narrative coherence, and intuitive trust—rather than a purely numerical or procedural concept. The data reveal that investors seek a form of financial disclosure that resonates with their values, emotions, and desire for relational authenticity. These findings provide a foundation for reimagining transparency not as a compliance-driven obligation, but as a relational practice that nurtures investor confidence and ethical communication.

DISCUSSION

The findings of this study reveal that retail investors perceive financial transparency in startups not as a fixed technical standard but as a lived experience shaped by trust, narrative resonance, and emotional intuition (Kumar dkk., 2021). These experiences highlight that transparency is interpreted through a subjective lens influenced by relational dynamics, personal values, and the communicative tone of financial disclosures—thus addressing the central question of how retail investors make meaning of transparency in startup reporting.

The results contribute a unique phenomenological understanding to the broader discourse on financial behavior. Rather than treating transparency as a purely informational variable, the findings demonstrate that investors construct meaning based on how financial narratives are framed, how authentically they are conveyed, and how closely they align with investors' personal and ethical expectations. This insight directly addresses the knowledge gap by showing that retail investors engage with financial data through interpretive and affective processes, revealing the insufficiency of quantitative models in capturing these dimensions.

When compared with previous literature, the current study both supports and extends prior findings. (Lassoued & Khanchel, 2023) emphasized the role of trust and emotional narratives in shaping investment behavior; this study confirms those conclusions while adding depth through the phenomenological method, uncovering how language tone and founder authenticity affect the perceived clarity of disclosures. Moreover, while Nguyen & Tan (2021) approached transparency from a perceptual standpoint, their work lacked the interpretative granularity provided here, which reveals how feelings of inclusion or exclusion—linked to financial language accessibility—affect investor trust and empowerment. These connections underscore that financial transparency, when viewed from the investor's perspective, is not only informational but also profoundly interpersonal and contextual.

Implications of the Findings

The findings of this study offer both theoretical and practical implications, particularly within the domains of financial communication, investor education, and ethical reporting. At a social level, the study underscores the importance of relational transparency—where authenticity, tone, and narrative coherence influence trust more than numerical accuracy alone(Martinez-Sanchez dkk., 2020). Culturally, the research highlights the need for financial disclosures to be attuned to the communication preferences and interpretive frameworks of non-expert investors in emerging markets. Professionally, the findings suggest that startup founders and financial officers must consider the experiential and emotional dimensions of their disclosures, recognizing that perceived honesty often carries more weight than technical precision. These insights are particularly relevant in Southeast Asia, where startup investment is rapidly growing among younger, digitally engaged retail investors who value trust, inclusion, and clarity in financial interactions.

Limitations of the Study

While this study provides valuable insights, several limitations should be acknowledged. First, the use of purposive sampling and a relatively small sample size, although appropriate for phenomenological inquiry, limits the transferability of the findings to broader investor populations (Mas-Tur dkk., 2020). Second, the focus on retail investors within Southeast Asia may not fully capture cultural or regulatory nuances present in other global startup ecosystems. Third, as the study relied on self-reported narratives, the potential for recall bias or selective memory cannot be entirely ruled out. These limitations do not diminish the relevance of the findings but suggest that they should be interpreted within the specific contextual and methodological scope of this research.

Directions for Future Research

Future studies could build on these findings by exploring the experiences of different investor groups, such as institutional or angel investors, to compare how perceptions of transparency vary by investment scale and expertise. Cross-cultural phenomenological research could also illuminate how cultural norms and values influence the emotional and ethical interpretations of financial reporting. Additionally, longitudinal studies could investigate how investor experiences and perceptions evolve over time, particularly as digital financial platforms adopt new technologies and narrative strategies (Mattera & Soto, 2023). By expanding the scope and context of this inquiry, future research can contribute to a richer and more inclusive understanding of how financial transparency is lived, negotiated, and acted upon in diverse financial landscapes.

CONCLUSION

This study explored how retail investors in Southeast Asia subjectively experience and interpret financial transparency in startup reporting. The findings revealed that transparency is not perceived merely as a technical disclosure but as a relational and emotional phenomenon grounded in trust, narrative coherence, and intuitive judgment. Investors valued authenticity and clarity in communication more than numerical precision, particularly when financial language aligned with their personal values and expectations. These insights address a critical gap in previous research, which often overlooked the lived experiences that shape financial decision-making. By applying an interpretative phenomenological approach, this study contributes a deeper understanding of how investors construct meaning from financial information in emerging digital investment contexts. Future research can expand this work by comparing different investor profiles or examining how cultural contexts influence transparency perceptions across global startup ecosystems.

CONFLICT OF INTEREST

The authors declare that there is no conflict of interest regarding the publication of this article. The research was conducted independently, and the funding organization had no influence on the design, execution, analysis, or interpretation of the study findings.

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