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Adoption of corporate governance practices by startups in the northeast

Adopción de prácticas de gobierno corporativo por las startups del noreste

Adoção de práticas de governança corporativa por startups nordestinas

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Abstract

Purpose: This study analyzed the adoption of corporate governance practices by Startups in the Northeast of Brazil, their difficulties in implementing governance, perceptions about the subject and possible impacts on attracting investment.

Methodology: To this end, a qualitative study was carried out using interviews with founders and directors of Startups. The results were compared with other studies, existing literature and research into the Startup ecosystem.

Results: It was found that some of the practices are adopted with varying degrees of formality, but with difficulties due to the companies' need to prioritize scaling their operations and increasing sales. In addition, it was noted that the adoption of governance practices can have an impact on raising investment. As a result, although governance practices don't have such a direct impact on the development of these Startups, they can help them to become better organized and structured.

Contributions of the Study: This study fills an existing gap in research on governance practices adopted by Startups in the Northeast, contributing to an understanding of the most adopted practices and their impact on attracting funding. The results can provide a basis for future research, guide Startups interested in GC and support ecosystem agents and investors in their decision-making.

Keywords: ESG; *Accountability*; Intellectual Property; Investment Raising; Strategy.

Resumen

Objetivo: Este estudio analizó la adopción de prácticas de gobierno corporativo por parte de las Startups de la región Nordeste de Brasil, sus dificultades para implementar el gobierno, las percepciones sobre el tema y los posibles impactos en la atracción de inversiones.

Metodología: Para ello, se llevó a cabo un estudio cualitativo mediante entrevistas con socios y directores de Startups. Los resultados se compararon con otros estudios, la bibliografía existente y las investigaciones sobre el ecosistema de las startups.

Resultados: Se constató que algunas de las prácticas se adoptan con diversos grados de formalidad, pero con dificultades debido a la necesidad de las empresas de dar prioridad a la ampliación de las operaciones y al aumento de las ventas. También se observó que la adopción de prácticas de gobernanza puede repercutir en la atracción de inversiones. Así pues, aunque las prácticas de gobernanza no tengan un impacto tan directo en el desarrollo de estas empresas incipientes, pueden ayudarlas a organizarse y estructurarse mejor.

Contribuciones del Estudio: Este estudio suple una laguna existente en la investigación sobre las prácticas de gobernanza adoptadas por las Startups del Noreste, contribuyendo a la comprensión de las prácticas más adoptadas y su impacto en la atracción de inversiones. Los resultados pueden informar futuras investigaciones, orientar a las Startups interesadas en el GC y apoyar a los agentes del ecosistema y a los inversores en su toma de decisiones.

Palabras clave: ESG; Responsabilidad; Propiedad intelectual; Captación de inversiones; Estrategia.

Resumo

Objetivo: O presente trabalho analisou a adoção de práticas de governança corporativa por *Startup*s da região Nordeste do Brasil, suas dificuldades em implementar a governança, percepções sobre o tema e possíveis impactos na captação de investimentos.

Metodologia: Para isso, foi realizada uma pesquisa qualitativa por meio de entrevistas com sócios e diretores de *Startup*s. Os resultados foram comparados com outros estudos, com a literatura existente e com pesquisas sobre o ecossistema de *Startup*s.

Resultados: Foi verificado que algumas das práticas são adotadas com diferentes níveis de formalidade, porém com dificuldades devido a necessidade de priorização por parte das empresas de escalar a operação e aumentar as vendas. Além disso, foi notado que a adoção de práticas de governança pode ter impacto na captação de investimentos. Dessa forma, embora as práticas de governança não tenham tantos impactos diretos no desenvolvimento dessas *Startup*s, podem contribuir para que tenham uma maior organização e estruturação.

Contribuições do Estudo: O presente trabalho preenche uma lacuna existente de pesquisas sobre práticas de governança adotadas por *Startup*s do Nordeste, contribuindo para a compreensão das práticas mais adotadas e impacto na captação de investimentos. Os resultados podem embasar pesquisas futuras, orientar *Startup*s interessadas em GC e apoiar agentes do ecossistema e investidores na tomada de decisão.

Palavras-chave: ESG; *Accountability*; Propriedade Intelectual; Captação de Investimentos; Estratégia.

1 Introduction

Corporate Governance (CG) has spread globally over the last three decades, driven by economic crises, greater activism by institutional investors, and corporate scandals (Silveira, 2021). CG is also a mechanism to prevent fraud and mitigate opportunistic behaviors (Nindito, Avianti, Koeswayo, & Tanzil, 2025).

CG can be understood as a set of principles, structures, rules, and processes that guide and monitor organizations with the objective of generating sustainable value for companies, shareholders, and society (IBGC, 2023). Moreover, it serves to mediate relationships among agents and promote a balance among stakeholder interests (Baysinger & Hoskisson, 1990).

Yusuf et al. (2023) define CG as the system by which companies are controlled and managed. It can also be understood as a system of mechanisms, processes, and practices that safeguard the interests of an organization's various stakeholders (Herenia, Julián, & Al-Mohareb, 2024; Mensah, Arhinful, & Bein, 2024).

With the rapid growth of the Brazilian startup ecosystem in recent years, efforts have focused on evaluating which practices are recommended for these firms throughout their growth phases. Startups are companies that create new products or services under conditions of uncertainty (Ries, 2019). Large corporations may also create internal startups aimed at innovation, agility, and greater flexibility (Sporsem, Tkalich, Moe, Mikalsen, & Rygh, 2021). Brazil is the Latin American country with the largest number of startups, with more than 13,365 active between 2013 and 2023 (Distrito, 2023).

The governance practices a startup should adopt depend on its development stage. Urtado and Machado (2024), through a systematic literature review, identified four models of governance practices. One of the main models is that of the Brazilian Institute of Corporate Governance (IBGC), which developed the Governance Metric for Startups. It consists of four analytical pillars and four development stages.

The development stages considered in the metric are: (1) Ideation, when the business is still an idea and has not yet been legally formalized; (2) Validation, experimentation with the product and market and validation of the business model, when the company is already formalized and has defined operational activities; (3) Traction, when the product or service has already been validated and the company faces the challenge of prospecting new clients and increasing revenue; and (4) Scale-up, a stage in which the company is well established and seeks scalable growth, testing new products and markets (IBGC, 2019).

The first pillar is Strategy and Society, which evaluates the startup's medium- and long-term vision and the relationship among partners. The People and Resources pillar considers intellectual capital and the resources needed to build the startup. The third pillar relates to Technology and Intellectual Property, aimed at ensuring sustainability and protecting innovation. Finally, the Processes and Accountability pillar addresses the foundations a company will use to grow consistently and sustainably (IBGC, 2019). The term accountability is used here to refer to the obligation to report and justify conduct to an authority (Novelli, Taddeo, & Floridi, 2023).

Governance practices can be adopted at different stages of a startup since they can minimize the way stakeholders perceive risks associated with such firms (Nascimento, Vargas, & Diehl, 2020). Misalignment among partners and regulatory issues often become significant bottlenecks to growth. These aspects are considered by investors when making funding decisions, as governance increases investor security (Silveira, 2021).

When it comes to investments, accountability is seen as a criterion that complements the analysis of startups in external investors' decision-making (Lima, Silva, Queiroz, & Queiroz, 2023). Urtado and Machado (2023) also emphasize that efficiently adopting governance practices related to intellectual property, strategy, and shareholders' agreements can be advantageous in attracting investor funding.

The subject of governance in startups deserves greater exploration, as it raises important questions for their long-term survival and offers advantages in acquisitions, debt guarantees, fundraising, and attracting and retaining qualified professionals (Popoola, 2022). A study by Fundação Dom Cabral (2015) highlighted that conflicts among partners can increase by 1.24 times the likelihood of discontinuity for startups.

As Pollman (2019) noted, startups face various governance challenges, including stakeholder conflicts, growing organizational complexity, monitoring failures, social-impact management problems, and compliance with regulation. These challenges are inherent to the nature of startups, which face uncertainty and risks when developing innovative products and often have complex capital structures.

In Brazil, only 10.8% of startups mapped by the Brazilian Startup Association (ABStartups) report initiatives that consider governance factors such as ethics and transparency (ABStartups, 2022). It is therefore essential to examine the Brazilian ecosystem and the adoption of governance practices, particularly in the Northeast region, which is the country's third-largest ecosystem and accounts for 11.5% of Brazilian startups (ABStartups, 2024). Carvalho, Andrade, Guerreiro, Fraga, and Santos (2024) show that the Northeastern ecosystem suffers from a lack of local investors, weak integration among firms, and insufficient incentives.

An analysis of the Web of Science and Scopus databases revealed a gap in studies on this subject in the Brazilian context. Accordingly, this study seeks to answer the following question**: What corporate governance practices are adopted by Northeastern startups?**

The objective of this study is to analyze the adoption of governance practices by startups in Brazil's Northeast, addressing a research gap on this subject in the country. It investigates the challenges startups face in implementing governance, given that they seek to grow and develop in highly uncertain environments and examines whether adherence to governance practices has an impact on fundraising.

This work aims to contribute positively to both the Northeastern and Brazilian ecosystems by generating insights into the importance of governance and the main practices adopted, especially considering that the Northeastern startup ecosystem is expanding and that there are few academic studies on the subject. The way governance is being adopted by these companies can serve as a foundation for future research, public policies to support startups, and business strategy development.

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2 Literature Review

This section first delineates the concept of startups, outlining their defining characteristics, principal challenges, and primary sources of financing, and subsequently reviews the literature on corporate governance, examining its relevance to startups and synthesizing the practices most recommended for these firms.

2.1 Startup Business Model

Startups are young firms, typically less than ten years old, that seek to deliver innovative products or services at scale (Ries, 2019; Virágh, Tímár, & Pecze, 2024). They are also characterized by agility and the capacity to innovate under uncertainty (Filippelli, Troise, Bigliardi, & Corvello, 2025). Such firms have the potential to create and reshape industries, with significant social and economic impacts (Audretsch, Colombelli, Grilli, Minola, & Rasmussen, 2020).

Startups depend on a network of stakeholders to succeed (Marcon & Ribeiro, 2021). Their life cycle is commonly described in phases: (I) ideation and development; (II) organization and traction; (III) growth and scale; and (IV) consolidation and transition (Couto et al., 2022). Given the dynamism of their operating environment, startups face micro-, meso-, and macro-level challenges to survive the "valley of death" and subsequently thrive (Sudaryana, Wirjodirdjo, & Windrarto, 2024).

The "valley of death" refers to the period in which many startups fail due to financial, market, regulatory, and bureaucratic obstacles (Hecht, 2023). As highlighted by Al-Shaikh and Siddiqui (2021), several factors help firms overcome this stage, including connections within the local ecosystem, intellectual-property management, legal and accounting support, knowledge of markets and customers, and sound financial and risk management.

Zabolotnikova, Selezneva, Nizamdinova, Mukhamedyarova-Levina, and Praliyeva (2020) find that access to finance is a binding constraint for 40% of surveyed firms, with subsidies, crowdfunding, and angel investment emerging as primary sources of funding for startups.

Lange, Rezepa, and Zatrochová (2024) further show that angel investment extends beyond capital provision, contributing mentorship, facilitation of subsequent financing, and the development of entrepreneurial ecosystems. Venture capital investment can also shape outcomes by providing complementary assets and is associated with increased patenting (Dushnitsky & Lenox, 2005).

2.2 Corporate Governance in Startups

Corporate Governance (CG) may be understood as a set of procedures, mechanisms, norms, and policies that oversee managerial conduct and stakeholder relationships (Tamošiunas, 2024; Abualhassan et al., 2024). Amyar, Djanegara, Pamungkas, Akbar, and

Suwarno (2024) frame CG as a system designed to maintain transparency, responsibility, and accountability by aligning the interests of stakeholders.

CG mechanisms can contribute to improved startup performance (Spender, Corvello, Grimaldi, & Rippa, 2017; Steiber, Alange, & Corvello, 2021). In the academic literature, CG is frequently linked to principal–agent theory as a means of mitigating conflicts of interest (Bouteska, Gupta, Boden, & Abedin, 2024), as well as to the relationship between governance and organizational sustainability (Dmuchowski, Dmuchowski, Baczewska-Dąbrowska, & Gworek, 2023).

In corporate settings, CG encompasses practices such as board independence (To, Wu, & Zhao, 2024) and examines startup performance as a function of board characteristics (Li, Zhou, Zhou, & Chen, 2021). Meiryani, Fitriane, and Habib (2019) find that robust CG practices significantly aid in preventing fraud; moreover, the adoption of internal control mechanisms can anticipate and deter fraudulent behavior, thereby strengthening governance.

A core CG principle is accountability - the assignment of responsibility to individuals for their choices and actions (Natria, Yasmina, & Riantoputra, 2023). Garbaccio and Kischelewski (2024) show that more structured governance combined with accountability can affect firms' financial stability, integrity, and reputation.

Transparency and systematic reporting are likewise important for ensuring accountability and enhancing corporate reputation (Yusuf et al., 2024). Frostenson and Johnstone (2023) emphasize the importance of formal accountability instruments, such as policies and procedures, so that employees understand their roles and responsibilities.

Protection of intellectual assets is also tied to governance and is viewed as a source of competitive advantage (Do, Tam, & Kim-Duc, 2022). Bai, Jiang, Yang, and Chen (2020) report that third-party governance practices, when combined with intellectual-property rights protection, can lead to superior innovation outcomes.

Muhmad, Ariff, Majid, and Kamarudin (2021) note that CG can encourage improvements in firms' ESG practices; governance, the "G" pillar, encompasses ethics and corporate responsibility (Senadheera et al., 2022). In the context of small-firm survival, Popoola (2022) finds that implementing CG increases attractiveness for potential acquisitions and capital raising and helps recruit more qualified directors.

CG influences investment by reducing information asymmetries and providing stronger investor protection (Farooq, Tabash, Anagreh, & Al-Faryan, 2022). Yadav and Yadav (2024) find that more robust CG reduces investment inefficiencies through more effective monitoring, which in turn curbs managerial opportunism.

Overall, the adoption of CG practices supports startup longevity by improving access to capital, mitigating risk, and facilitating mergers and acquisitions (Popoola, 2022). Nevertheless, early-stage firms often adopt CG selectively, choosing what best fits the business model to avoid excess bureaucracy and maintain agility (Grundei & Talaulicar, 2002).

Pollman (2019) categorizes startups into three stages and identifies recommended practices: (I) in the early stage, define roles and responsibilities and execute a shareholders' agreement; (II) in the growth stage, formalize an Advisory Board or Board of Directors, implement compliance and reporting practices, and define exit strategies; and (III) in maturity, structure the board with independent directors and strengthen internal controls.

Existing work on startups and CG includes Gleason, Kannan, and Rauch (2022), who highlight that the nature of technology-based startups can facilitate fraud when governance structures are insufficient and monitoring and internal controls are lacking during financing phases. Studying Chinese startups, Li, Zhou, Zhou, and Chen (2021) find that board size and meeting frequency are positively associated with firm performance.

Nascimento, Vargas, and Diehl (2020) examine the relationship between CG practices adopted by startups and accelerator perceptions, showing that adoption is stage-dependent and often shaped by investor and accelerator requirements, including: formalizing shareholders' agreements and contracts, instituting accountability/reporting, strategic planning, risk management, intellectual-property protection, and codes of conduct.

3 Methodological Procedures

To meet the study's objectives, we conducted a qualitative, descriptive study employing a survey administered through semi-structured interviews. Qualitative research seeks to produce results that cannot be attained solely through statistical or quantifiable procedures. It analyzes social aspects of reality and, therefore, aims to interpret phenomena from participants' perspectives (Gil, 2021).

The research followed stages commonly recommended in the qualitative literature: (1) research planning; (2) sample selection; (3) data collection; (4) data analysis; and (5) report writing (Gil, 2021). As a reference, we drew on the IBGC User Manual describing the Governance Metric for Startups and Scale-ups (2021), adapting IBGC's research approach to the purposes of this study. We also relied on the methodology applied by Nascimento et al. (2020).

Sampling targeted founders and executives of Northeastern Brazilian startups. Consistent with qualitative research, the final sample comprised nine participating startups. The number of interviews was determined by the saturation criterion, i.e., additional interviews were unlikely to yield new insights relevant to the study's aims (Hennink, Kaiser, & Marconi, 2017). The goal was to develop a deeper understanding of firms' realities from interviewees' viewpoints.

Data were collected via semi-structured interviews using questions grounded in IBGC's recommended good practices. Questions were open-ended, enabling the interviewer to guide the conversation toward the research objectives. Accordingly, we employed an inductive data-collection process and present the findings descriptively rather than strictly numerically (Gil, 2021). Interviews were conducted online via Zoom between November and December 2023.

The governance structures observed reflect each firm's profile; startups are no exception. Although they are still in development, startups begin to adopt governance practices, whether due to legal requirements, organizational needs, or features of their business model. The participating startups exhibit considerable heterogeneity, as summarized in Table 1.

Table 1
Interviewed Startups

Interview	Interviewees Role	State	Segment	Stage
E1	Co-Founder/ Co-CEO	Maceió (AL)	EdTech	Traction
E2	COO	Maceió (AL)	Software Development	Pre-Scale
E3	Founder/ CEO	Teresina (PI)	GovTech	Scale
E4	Co-Founder/ Co-CEO	Imperatriz (MA)	EdTech	Traction
E5	CEO	Salvador (BA)	AutoTech	Traction
E6	CEO	João Pessoa (PB)	HealthTech/ Life Science	Validation
E7	CTO	Fortaleza (CE)	HRTech	Scale
E8	COO/Business partner	Natal (RN)	Software Development	Traction

E9	CEO	Aracajú (SE)	IndTech	Traction

Source: *Research data.*

The first startup interviewed (E1) was founded by two women aged 48 and 36, one holding a master's degree and the other a doctorate. It is a women-led company with a business-to-business (B2B) model focused on entrepreneurship and innovation education for women. The startup is in the traction stage, with validated products and business model and an initial client base. The next step is to expand the product portfolio and intensify prospecting to broaden its social impact.

The second interviewee (E2) is a B2B company focused on software development, communication automation using Artificial Intelligence (AI) in a low-code format, and chatbots. The company has five male partners aged between 35 and 50 and is in a phase between traction and scale, in which the business model has already been validated and they are seeking to expand operations with new products.

The third interviewee (E3) is a startup with a business-to-government (B2G) model that provides a system for unified municipal management and process automation. This startup's operations are already in the scale stage and it is seeking to prospect more clients and expand its products, including the creation of a fintech within the company through which users can pay fees such as the Urban Building and Land Property Tax (IPTU, from the original in Portuguese *Imposto sobre a Propriedade Predial e Territorial Urbana*). It has a single founder, a 34-year-old man.

The fourth startup interviewed (E4) has two male partners aged 33 and 28 and a B2G business model. It is a Software as a Service (SaaS) platform for school management focused on improving learning quality in public schools. The company identifies with the traction stage, with the product already validated and seeking additional clients to achieve scale.

The fifth interviewee (E5) is a startup that originated as a spin-off from a software production company, founded by a 52-year-old man. This company offers a system for managing auto repair shops that streamlines the estimating and vehicle maintenance process and is in the traction stage. The business model and product have been validated, but the company still faces difficulty acquiring more clients, which has been the team's main focus.

The sixth participating company (E6) was founded by a 43-year-old woman and has a progressive vesting contract with the Chief Strategy Officer (CSO), whereby at the end of the contract he will receive a 10% equity stake in the company. This startup follows a Business to Business to Consumer (B2B2C) model aimed at promoting holistic health through a gamified app based on seven health domains. For now, the app is at the Minimum Viable Product (MVP) stage, with the first part scheduled for release in the first quarter of 2024.

The seventh interviewee (E7) is a B2B company with two male partners aged 48 and 31 and a 12% stake held by an accelerator. It is a platform focused on connecting companies and professionals for translation, transcription, and subtitling services. The startup is in the traction stage, with its products already available to clients, but it still faces management challenges that must be overcome to achieve scale.

The eighth startup (E8) is B2B and offers solutions in business intelligence (BI), big data, data engineering, machine learning, and artificial intelligence, managed by three male partners aged 28, 27, and 26. The products have already been validated and operations are well structured; the company's challenge is to acquire more clients and scale processes.

The last interviewee (E9) is a startup with a B2B model focused on reverse manufacturing of electronic waste that is part of a holding company that manages three other startups. The holding has three male partners aged between 49 and 60, who control the four startups and have vesting contracts with some directors of these startups. Despite belonging to a holding, the startup is still in traction, because the reverse manufacturing operation requires process improvements to scale and acquire more clients.

Data was recorded by taping the interviews, with informed-consent forms duly signed by the participants and the interviewer. The information collected resulted in more than seven hours of recorded videos and audios. Each interview was tailored to the development stage of the startup analyzed, totaling more than 49 questions administered according to the company's profile and stage. For example, upon identifying that the company was in the validation stage, questions such as the existence of a board of directors were disregarded, as this is a practice more closely associated with more mature startups.

Likewise, for startups in earlier stages, questions about the existence of more scalable processes and greater rigor in managing internal controls were addressed more abstractly. In Table 2 it is possible to see some of the practices that were analyzed and the corporate governance pillar to which each practice corresponds:

Table 2

Corporate Governance Practices and the Analyzed Pillars

Corporate Governance Practices	**Pillar**
Definition of partners' roles and responsibilities	Strategy and Society
Definition of ethics and code of conduct	Strategy and Society
Definition of ESG practices to be adopted	Strategy and Society
Forms of profit distribution	Strategy and Society
Definition of a shareholders' agreement	Strategy and Society
Rules for the entry of new partners and investors	Strategy and Society
Forms of conflict resolution	Strategy and Society
Non-compete clauses	Strategy and Society
Structuring an advisory board or a board of directors	People and Resources
Relationships with mentors, advisors, board members, and consultants	People and Resources
Attraction and promotion of diversity	People and Resources
Registration and protection of intellectual property	Technology and Intellectual Property
Adoption of practices under the General Data Protection Law (LGPD)	Technology and Intellectual Property
Definition of internal-control practices and performance measurement	Processes and Accountability
Adoption of planning practices	Processes and Accountability
Formalization of contracts with clients and suppliers	Processes and Accountability
Accountability/reporting	Processes and Accountability

Implementation of oversight and control bodies	Processes and Accountability

Source: *Adapted from IBGC's Governance Metric for Startups and Scale-ups.*

After data collection via interviews, the data were analyzed and classified using the Notion tool to perform coding and categorization. In total, there were more than 217 categorized responses, following the four pillars recommended by IBGC. In addition, other responses obtained were analyzed and categorized for relating to interviewees' perceptions and to the startup ecosystem.

Next, discussions were developed around the results found by the research, presenting excerpts from the interview responses. Throughout the discussion of the results, the findings were compared with the literature, with data obtained on the ecosystem from the ABStartups database, as well as with articles and studies on the subject.

4 Results and Analyses

The following section presents the main results of the research, separating them into subtopics with the results for each corporate governance pillar analyzed by IBGC. The section also presents information on fundraising and interviewees' perceptions of the Northeastern ecosystem.

4.1 Strategy and Society Pillar

The strategy and society pillar considers the relationship among partners and strategic issues for the long-term maturation and growth of startups (IBGC, 2019). Issues such as the shareholders' agreement, roles and responsibilities, equity participation, partner entry and exit, code of conduct, Environmental, Social, and Governance (ESG) practices, and conflict resolution are observed in this pillar, taking into account the startup's development stage.

The interview confirmed the existence of the articles of association (*contrato social*). This document is required by law and may be executed by one or more persons; it must include the identification of the partners and the type of company, the capital invested by each partner, each partner's shares, capitalization of the company, legal representatives, profit-and-loss sharing, and the subsidiary liability of the partners (Mamede, 2022).

The articles of association are recommended in the early development stages of a startup because they constitute a legal formalization required by law to exist as a legal entity in Brazil. All interviewees stated that they had the articles of association, which was one of the first steps taken at these companies.

When discussing partner relations, the shareholders' agreement is one of the most important documents and IBGC recommends that it be initiated from the ideation stage. This agreement is not required by law and sets out rules for corporate relations that go beyond the articles of association; it may involve all partners or only some of them (Mamede, 2022). This document may include various aspects such as forms of conflict resolution, rules for buying and selling stakes, rules for partner exit, and issues related to the transfer of intellectual property to the company (IBGC, 2019). Table 3 presents the main results on partner relations.

Table 3
Existence of Shareholders' Agreements in the Interviewed Startup

Interview	Existence of Shareholders' Agreement	Details
E1	Yes	Formalized agreement with well-defined rules on roles and responsibilities.
E2	Not confirmed	The interviewee did not confirm the existence of the agreement.
E3	Not applicable	Not a partnership; there is only one founder.
E4	Under discussion	It has already been discussed in the company because they received mentorship in programs such as Startups Nordeste and were sent a model shareholders' agreement. Thus, it is on the agenda and they are considering formalizing the agreement.
E5	Not applicable	Not a partnership; there is only one founder.
E6	Under discussion	It will be executed when another partner joins, and the legal team is already reviewing it.
E7	No	The company does not have a shareholders' agreement and relies only on the articles of association.
E8	Yes	There was a shareholders' agreement, but it was not notarized. The agreement covers equity participation, responsibilities, compensation percentage, and profit distribution. The only thing they did not include was the partners' positions, because the structure ends up changing and they did not want to lock that in.
E9	Yes	The shareholders' agreement was formalized only for the holding company; it was not executed for each startup in the group.

Source: *Research data.*

Among the interviewees, a shareholders' agreement was reported as formalized by only three; in E9's case, the agreement pertains to the holding. E8 stated that the agreement was never notarized and should be updated due to a partner's exit; the current document includes aspects such as equity participation, partners' responsibilities, compensation percentages, and profit distribution.

In Nascimento et al. (2020), it was noted that a shareholders' agreement is not a practice required by accelerators at the project selection stage, but it is encouraged during acceleration, as it provides greater security to investors. The interview also examined forms of conflict resolution, which is very important considering that conflict is a right of partners, within limits oriented toward the company's interest (Mamede, 2022). Typically, the articles of association or the shareholders' agreement stipulate how to resolve conflicts inherent in the exercise of the partnership.

E9 reported that the shareholders' agreement and contracts provide for solutions to decision-making conflicts and mechanisms for partners' exit and the resulting distribution of shares. It was noted that they engage in conflict mediation with weighted decision-making depending on whether the partner holds a *Golden Share* or *Silver Share*.

A highly relevant aspect of the corporate environment, especially given the corporate scandals that frequently occur, is the so-called ethical culture, intended to promote ethical behaviors and decisions within an organization, formally or informally (Silveira, 2021). One example of how this ethical culture is reflected is the practice of adopting a code of ethics and conduct, a document that brings together internal norms related to the organization's ethical principles and values, management of internal and external relationships, protection of assets, ways of managing conflicts of interest, and other governance practices (IBGC, 2023). Table 4 presents the startups' responses regarding the code of ethics.

Table 4
Existence of Codes of Ethics and Conduct in the Interviewed Startups

Interview	Existence of Code of Ethics and Conduct	Details
E1	Yes	The company ensures that all employees have access to organizational guidelines from the time they join. It also promotes continuous education to raise awareness about the use of inclusive language.
E2	Yes	There is a code of ethics and conduct, which is currently being revised in the post-pandemic period to adapt to the reality of remote work.
E3	Yes	There is a code available on the company's website. Employees also sign a confidentiality and LGPD term.
E4	In development	They have a document called a "Culture Deck" with the same purpose as a Code of Ethics. Employees do not sign it, but they access this content during company onboarding. The document clearly states the company's values and what is expected of employees.
E5	Yes	The company has a term attached to the employment contract that contains all labor rules and company rules, and all employees sign it
E6	Yes	Mission, vision, and values are already defined, and the company guide that outlines employee conduct is nearly complete.
E7	No	There is none, and the company has strongly felt the need for one after some incidents related to employees' conduct.
E8	Yes	The code was created due to a legal requirement, as some clients requested it. They documented the company culture
E9	In development	They are drafting the code of ethics with the legal department and will later validate it with the board. This code will apply to all the group's startups.

Source: *Research data.*

In many companies, this code is shared with employees and signed. As reported by E5, the term accompanies the employment contract and must be duly signed; it even includes a section on assignment of intellectual property to the company. E2 noted that, with the COVID-19 pandemic and the adoption of remote work, this code is undergoing revision. An interesting point reported by E8 is that the code was created due to a legal need following requests from some clients.

According to IBGC's (2019) study Corporate Governance in Startups and Scale-ups: Practices and Perceptions, around 61% of analyzed startups said they had a code of ethics and conduct, with an average importance of 4.2 on a scale from 1 to 5, where 1 is least important and 5 is most important.

Nascimento et al. (2020) noted that practices related to the code of ethics are generally not documented and rely on the common sense and good faith of the parties involved. This connects with the results of this research, since not all analyzed startups formalize and require employee signatures for this code.

ESG is an organized model for evaluating companies according to performance on Environmental, Social, and Governance fronts (Ferreira, Valentim, & Lucena, 2022). The adoption of ESG fronts by companies shows that these organizations are concerned with the impact of their activities in social, environmental, and governance terms. In this way, such companies communicate to stakeholders that they are less exposed to economic and financial risks (Tietz, 2022). The study by Mansouri and Momtaz (2022) shows that ESG adoption increases early-stage startup financing.

According to data from ABStartups' Mapping of the Brazilian Startup Ecosystem (2022), around 43.9% of startups have no ESG initiatives and only 10.6% follow all ESG fronts. It was noted that, although some interviewees follow some initiatives, they do not manage to follow all. E2 stated that they follow the diversity pillar of the Global Compact as a strategic guideline for the company.

Meanwhile, E8 mentioned that giving back to society is a topic of discussion within the company, especially from a social perspective: they have a policy of training and hiring professionals from remote areas in the Northeast, following United Nations Sustainable Development Goal (SDG) 4.

4.2 People and Resources Pillar

According to IBGC (2019), the People and Resources pillar involves issues related to intellectual capital and the startup's tangible and intangible resources. In this pillar, relationships with mentors, advisors, counselors, and key employees are examined, along with the adoption of diversity practices.

Defining rules for relationships with mentors, advisors, or consultants is important for companies. Transparency and organization are recommended at all times to avoid potential conflicts (IBGC, 2019). It was noted during the interviews that startups generally do not have specific mentors; mentoring occurs within acceleration programs or as individual mentoring for a partner or director. This was the case for E4, where one of the partners has a mentor.

It is worth drawing a parallel with IBGC's (2019) study Corporate Governance in Startups and Scale-ups: Practices and Perceptions, which found that formalization of relationships with mentors and advisors is rarely adopted by the startups analyzed and is rated as less important compared to other governance practices.

Another aspect examined in startups with more than one partner was the existence of an advisory board or a board of directors. In the case of a board of directors, this is a body required by law for publicly traded companies, whereas an advisory board is optional and has no decision-making power; it is responsible for offering opinions and recommending certain management practices (IBGC, 2023).

Among respondents, only E9 stated that it is forming a board of directors with *Golden Shares, Silver Shares*, and three outside advisors who are *C-level* executives at large corporations. However, this board will be for the holding that controls the startups, and it stems from investors' requirements. These board meetings are being designed to take place biweekly, with weekly control checkpoints on what has been done within the controlled companies.

For the other startups interviewed, there is no board. At this point, it is important to consider that these are startups with smaller structures and that partners occupy executive positions in managing these companies. Thus, decisions are made in meetings among partners or among the executive team.

In the study by Urtado and Machado (2023), the scenario was similar to the results of this work, since many of the interviewed startups do not have a board. However, depending on the company's structure and development stage, partners and directors begin to hold internal meetings or start considering forming a board in startups that are already gaining traction and entering the scale stage. There were also some responses regarding relationships with key employees. Table 5 presents these results.

Table 5
Startups with Equity Participation Agreements for Key Employees

Interview	Equity Participation Agreements	Details
E3	Stock Option	The company grants equity percentages to certain employees, who also participate in strategic decisions with the CEO.
E6	Vesting	Progressive participation contract with the company's CSO, under which he will acquire a 10% stake at the end.
E9	Vesting	Some members of the management team have progressive participation contracts, contingent on meeting the goals established in the agreement.

Source: *Research data.*

Companies E6 and E9 have vesting contracts with some directors, and E3 has stock option contracts. This practice is important for retaining talent by offering the option of equity participation. In the study by Urtado and Machado (2023), similar results were found: some startups prioritize the adoption of equity, stock options, or vesting, especially considering the company's development stage, with traction and scale being the stages in which this practice is more commonly structured. It is notable that E6 is a startup in the validation stage and already has a vesting contract, whereas E3 and E9 are at more advanced stages.

The attraction and promotion of diversity and inclusion was another aspect examined, closely related to ESG practices within organizations. E1 stated that it is very attentive to this aspect and usually conducts an employee education process aimed at sharing the company's perspective on diversity.

E2 follows the Global Compact's diversity pillar and offers inclusively targeted positions, as well as holding team sessions to discuss diversity. E8 mentioned that around 40% of the team is made up of people from the LGBTQIAP+ community, although these were more organic hires rather than the result of dedicated postings.

In some of the startups interviewed, it was noted that the practice of attracting and promoting diversity is not among the priorities. This contrasts with data from ABStartups' 2022 Startup Map, in which 96.1% of analyzed startups stated that they support diversity. In practice, however, only 27% reported some action related to diversity in recruitment processes.

4.3 Technology & Intellectual Property Pillar

The Technology & Intellectual Property pillar addresses the protection of innovation within startups and the assurance of sustainability (IBGC, 2019). It examines practices such as trademark and patent filings, the presence of confidentiality terms, policies to protect intellectual property created within the firm, and adherence to the guidelines of Brazil's General Data Protection Law (LGPD). Table 6 presents the results on the types of property-protection practices adopted.

Table 6
Main Intellectual Property Practices Adopted by the Startups

Interview	Trademark	Patent	IP Terms	Contracts (NDA, LGPD, etc.)	Data/Privacy Management Processes
E1	Yes	In progress	-	-	-
E2	Yes	-	-	-	-
E3	Yes	In progres	In employee contracts	-	-
E4	In progres	In progres	In contracts with third parties	-	Data-management process
E5	In progres	-	-	-	-
E6	Yes	-	-	NDA contracts with employees	Terms of use in the product and an LGPD clause in contracts
E7	Yes	-	-	-	Privacy policy and LGPD-related processes
E8	Yes	-	In employee contracts	-	LGPD audit and information security
E9	Yes	Under review	In employee contracts	NDA contracts	LGPD clause in contracts

Source: *Research data.*

Intellectual property can be understood as the various rights resulting from human intellect, comprising copyright, industrial property, and sui generis protections (Jungmann, 2010). Registering trademarks and patents is recommended for technology-based firms such as startups, as it seeks to secure returns on the efforts and expenditures involved in creating a given invention, provide greater legal certainty, and support proof and licensing of the invention (INPI, 2021).

As shown in Table 6, the study evaluated whether participating startups filed trademarks and patents. All interviewees stated that they have an active trademark or patent, or a filing in progress with Brazil's National Institute of Industrial Property (INPI). E4 mentioned that registration of the brand and a software patent has been in process since 2021, whereas E5 attempted to register its brand three times without success.

In E9's case, although trademarks and patents are active, some have lapsed due to continuous product advances, and the firm is making new filings; it is also planning international patenting in the European Union owing to a partnership with investors from Sweden. E1 reported that brand registration began to be handled by a third-party firm after the startup participated in an acceleration program.

Compared with ABStartups' Mapping of the Brazilian Startup Ecosystem (2022), which reports that around 23.5% of startups hold patent registrations, it is noteworthy that all interviewed startups stated they have active registrations or filings underway with INPI.

In the case study by Urtado and Machado (2023), startups held patents for company products, particularly those at more advanced development stages; the firm at the ideation stage indicated that brand registration was the priority. In the IBGC study Corporate Governance in Startups and Scale-ups: Practices and Perceptions (2019), 73% of respondents reported adopting some form of intellectual-property protection.

E2 noted that one of its IP-protection practices is IP assignment agreements with employees to safeguard what is produced within the company. The interviewee also mentioned a rule barring employees from working in the same segment for six years, although, in practice, this is not monitored. E8 stated that regular employees have contractual clauses addressing ownership issues, with even greater emphasis on contracts with non-permanent, project-based personnel.

The study also evaluated whether startups use confidentiality agreements with individuals involved in the company - either on a permanent or project basis. E9 reported that everyone working at the startup and the holding company signs a Non-Disclosure Agreement (NDA) to maintain confidentiality. E6 mentioned that company personnel with employment contracts sign NDAs and that the firm retains an external legal team to manage these matters.

Compliance with the guidelines of the General Data Protection Law (LGPD), Law No. 13,709 of August 2018, was likewise examined, given its relevance to data processing and information protection within startups. E4 reported that the CEO serves as the Data Protection Officer (DPO) and that the company maintains a documented data-management process - something required by clients because the startup operates in public-sector education and handles student data.

For E8, LGPD compliance is even more critical because the startup works directly with business intelligence (BI). The company conducts recurring audits of LGPD processes and information security, alternating focus by year to ensure more continuous oversight. These audits are performed by an external firm and cover both technical aspects of information security and legal aspects of data processing.

A case study by Azevedo, Lima, Lopes, and Rosini (2022) examined LGPD compliance in a dental-services startup. Although the firm had a data-protection policy, the authors noted that not all policy points were actually implemented, particularly because adapting certain processes to the law proved difficult.

In relation to the present study, it is noteworthy that startups claiming similar policies and processes, such as E8, carry out continuous monitoring, especially because clients frequently demand such measures. It bears emphasizing that society should demand the effective implementation of the LGPD by the services it uses. Moreover, companies should invest in adapting processes to current legislation, including by hiring specialized consultants and conducting regular audits.

4.4 Processes & Accountability Pillar

The Processes & Accountability pillar examines organizational structures and the foundations required to ensure sustainable, scalable growth (IBGC, 2019). It considers practices such as performance measurement and disclosure, cash control, creation of processes and policies, contract formalization, strategic planning, audits, and internal controls.

The so-called internal controls are processes defined by a company’s senior management to provide reasonable assurance regarding the achievement of operational objectives, the reliability of reporting, and compliance practices (COSO, 2023). These controls include defining organizational processes and policies; conducting quality controls; testing products and implementing security practices; risk analysis; team training; among others.

In IBGC’s *Corporate Governance in Startups and Scale-ups: Practices and Perceptions* (2019), the implementation of internal controls was the second most adopted CG practice among the startups studied: approximately 77% reported adopting it to ensure more accurate information.

E5 and E4 reported conducting assessments and tests as an internal quality-control mechanism to correct potential product issues. E2 provides LGPD and data-management training for the team, conducts cloud audits, and defines security processes.

Another practice discussed in interviews was the conduct of audits. E5 stated that the company does not perform audits in a structured, documented manner, while E3 reported biweekly product audits. Overall, the responses suggest that the interviewed startups do not conduct formal audits of the type common in larger companies. The other firms reported no audits, consistent with Aland (2022), who found that startups frequently do not recognize the need for audits prior to investment offerings such as crowdfunding.

Strategic planning was also examined; IBGC suggests it be adopted in the traction stage as a means of disseminating culture and strategic direction (IBGC, 2019). E8, for example, prepares short-, medium-, and long-term plans.

The study also assessed risk management, which seeks to identify current and potential risks, evaluate them, and define treatment criteria to preserve and create value for the firm (Silveira, 2021). E1 stated that risk mapping and treatment are handled within strategic planning.

Other respondents reported similar approaches, performing such analysis within strategic planning or more organically, without a formally documented policy. E2 reported that the policy began to be developed in 2023 but still requires better coordination.

E8 raised an important point: although it lacks a risk-management policy for business administration per se, it maintains information-security policies. It currently has a risk-monitoring policy and an incident-response policy with communication plans and team training. Both are formalized, management-approved policies reviewed every six months. Notably, these practices are driven by client demands regarding information security in contracted products.

Interviews also asked about the creation of processes and internal policies. E1 emphasized the founders' concern with the company's processes and their social impact. E9 expressed a similar concern, but with policies that are more verbalized than documented. E8 reported having several documented processes, including data management and access management.

Lima et al. (2023) found that, from an investment-decision perspective, accountability is highly relevant as a criterion that complements startup evaluation. Silveira (2021) likewise argued that fostering an environment of trust, together with transparency and reporting, is a goal of CG and is necessary for stability and investment.

Reporting and the accurate measurement of financial results are among the most important aspects of accountability. According to Losada (2020), one of a startup's major pain points is the lack of financial controls and informality in financial practices. Among interviewees, performance measurement and cash control are conducted, but the scope of disclosure varies.

E1 reported that financial control was not carried out initially, but that, through acceleration programs, the founders learned to manage it by analyzing cash inflows and outflows; results are disclosed internally to the team and to accelerators as a form of reporting. In E6's case, reporting was also performed for an acceleration program.

E8 stated that it uses a BI system to compute results in real time. E5 does something similar, analyzing financial results in an integrated way in the company's own system. The remaining startups disclose results only internally to management and selected employees.

Urtado and Machado (2023) underscored the importance of reporting for startups seeking external investment, a finding echoed by Nascimento et al. (2020), who emphasized that reporting is one of the main obligations demanded by accelerators.

The research also verified whether contracts are formalized within startups for suppliers, clients, and employees. In IBGC's (2019) study on CG in startups and scale-ups, 92% of participating startups reported formalizing client contracts.

E5 stated that it takes precautions to archive contracts digitally in the cloud to avoid information-loss risk. E8 highlighted a distinct feature in some client contracts: in certain cases, IP is assigned to the client because the product is customized; in other cases, the company retains ownership, particularly when products involve AI.

Nascimento et al. (2020) also found that compliance with labor law is among the requirements assessed by accelerators during the acceleration process. In the present study, most respondents use employment contracts and include terms such as IP assignment or NDA, as reported in the previous Technology & Intellectual Property pillar. Because some interviewees provide services to the public sector (e.g., E3 and E4), they operate under public-procurement contracts (bidding), which include stricter clauses to comply with current legislation.

4.5 Fundraising

Fundraising is crucial for startup growth and development; one of the main reasons startups fail is the inability to raise sufficient capital (CBInsights, 2021). Attention to ESG is also a growing trend among startups, as many investment funds consider sustainable and responsible practices when investing (ABStartups, 2022). Fundraising can take different forms. Figure 1 shows the most frequent types of investment among Brazilian startups:

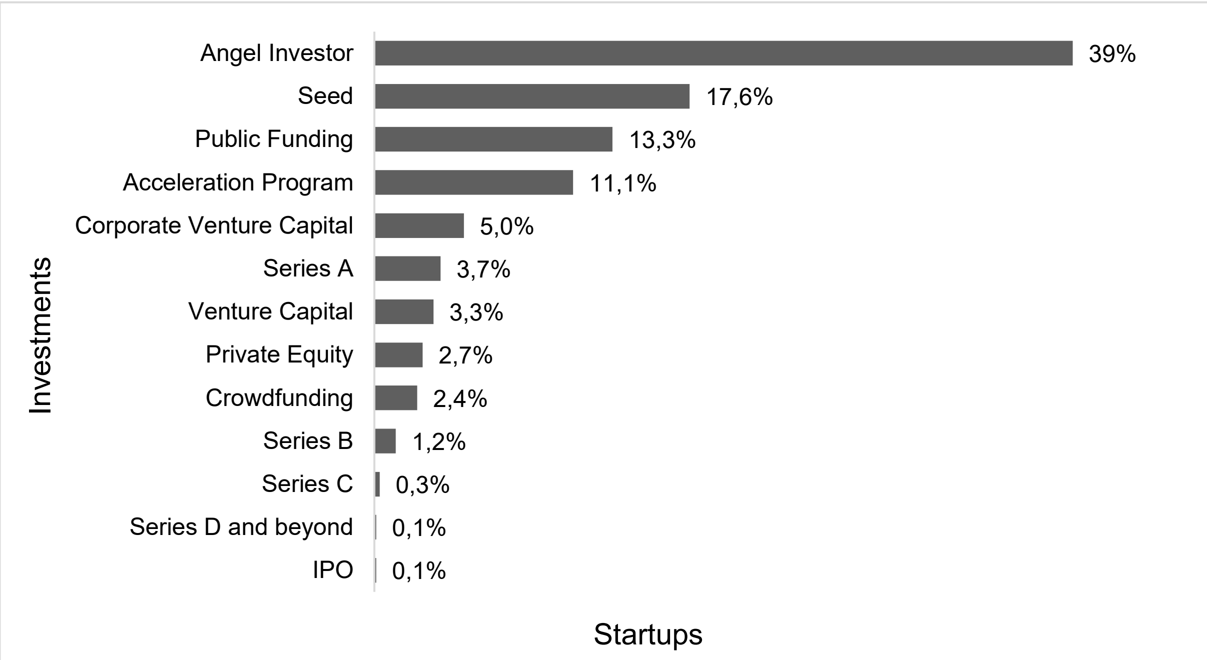

Figure 1 *Types of investment among startups in Brazil*
Sorce: *ABStartups, Startup Map 2022.*

During the study, we verified whether participating startups had already received any type of investment. Table 7 summarizes the principal investment types received by the interviewed startups.

Tabela 7
Investment Types Received by the Interviewed Startups

Interview	Investments Received
E1	Public funding calls (grants)
E2	UNICEF Innovation Financing
E7	Equity from an accelerator
E9	Open raise on the Captable platform

Source: *Research data.*

Many responses were related to acceleration programs or public-sector funding, consistent with ABStartups' mapping of the main investment types in Brazil. E1 reported that all calls to which they applied requested information related to governance, especially regarding the social impact generated by the startup.

In E9's case, the restructuring to create the holding company and begin structuring a board resulted from requirements set by the firm leading the raise on Captable.

E2 reported an intention to raise capital via the transfer of some company shares and acknowledged that the adoption of governance practices may pose barriers, which is why the topic is receiving greater attention internally. E6 noted that some calls asked, at the application stage, about NDAs and shareholder agreements, although no proof was requested.

According to ABStartups' Startup Map 2022, among startups that raised investment, 13.5% stated that they included governance factors such as ethics and transparency in their operations. Losada (2020) argued that it is important for startups to have at least a basic CG structure when deciding to raise external capital, and even prior to that need, recommending advance preparation.

Accordingly, clarity about rights and obligations, transparency, and reporting help foster a higher-trust environment among the parties involved. Common reasons why venture capital funds decide not to invest include internal problems among founders and team members, reaffirming the importance of governance practices that emphasize transparent information and healthy relationships among stakeholders (Losada, 2020).

Our findings are consistent with Popoola (2022), who argued that adopting CG practices can facilitate access to capital, and with Nascimento et al. (2020), who found that investors and accelerators consider practices such as shareholders' agreements and IP protection. However, these factors are not requested in all cases; requirements vary by investment type and startup maturity.

4.6 Perceptions of Corporate Governance

Interviews explored respondents' perceptions of corporate governance to understand its importance for the startups and the challenges they face. At E1, governance is discussed among the partners; at E8, partners and the administrative/finance area are most involved, with deeper discussion occurring during semiannual strategic planning. E8 also noted that the tech area is most focused on this topic, given compliance with data-governance rules.

E5 reported that, after a mentorship process in 2018, the company underwent a restructuring centered on governance, which raised the topic's profile. When asked about the main governance challenges, interviewees mentioned:

I. Having sufficient time to implement governance practices.
II. Ensuring the team understands and follows governance requirements.
III. Enabling operations to function without partners' constant involvement and increasing team autonomy in processes.
IV. Documenting processes and monitoring indicators more effectively.
V. Providing employees with greater clarity about roles and responsibilities.

When asked how governance could support company development, E2 highlighted the intention to raise capital and the need for greater robustness in governance. E6 emphasized that the entire company needs to understand governance and its importance, as well as the importance of ESG, so that these elements are internalized in the company's culture.

For E7, adopting governance practices is one of the firm's greatest pain points, as it requires understanding processes, roles and responsibilities, and risks; it is also salient in strategic planning. E8 offered a notable observation: good practices are seen as a way to access larger corporate clients, but implementation must be carefully managed so as not to stifle innovation, even though governance is an important legal and financial safeguard.

E3, a *GovTech*, noted that compliance with the Public Procurement Law (Law 14,133) is required for contracts with public administration, which entails meeting a series of ESG, compliance, and corporate governance requirements.

In IBGC's (2019) Corporate Governance in Startups and Scale-ups, participating startups assigned a score of 9 out of 10 to the importance of governance for achieving their future plans. The study also identified the roles most often dealing with the topic within firms; consistent with our findings, founders and partners were cited as the principal champions.

4.7 Perceptions of the Ecosystem

Interviews also covered respondents' views of the Northeastern startup ecosystem, the focus of the present study. E1 described the challenge as present from the outset of their decision to innovate, particularly as a women-founded startup. The interviewee noted that accents can be a barrier in many places and that people frequently question whether a Northeastern state is truly responsible for certain work.

According to ABStartups (2022), about 20.5% of Northeastern startups were founded by women, while 73.4% have male founders. E1 observed that many opportunities are emerging within the Northeastern ecosystem, but selection panels for calls often remain homogeneous, composed of men, white, and from the South/Southeast, which may hinder access for startups led by more diverse founders.

E2 mentioned noticing a more subtle xenophobia in some enterprise-market calls: though not overt, differences in treatment persist. E3 argued that many Northeastern companies choose to consume products from the South or Southeast; thus, the Northeastern ecosystem needs greater unity to strengthen itself and better seize opportunities within the region.

5 Conclusion

This study aimed to analyze the adoption of corporate-governance practices by Northeastern startups through interviews with founders and executives. It also compared the results with prior work, the academic literature, and other research on the startup ecosystem.

The findings indicate that, within the Strategy & Society pillar, participating startups adopt some recommended practices. The articles of association were the only practice adopted by all firms, as they are legally required to operate in Brazil. However, shareholders' agreements and conflict-resolution mechanisms were less common, especially because not all interviewed startups had more than one partner and because such practices are not mandatory.

Most firms reported using a code of ethics and conduct, but it is not always formalized and signed by employees. Regarding ESG, firms do not follow all fronts; rather, they direct efforts to the front(s) most synergistic with their business model.

The People & Resources pillar showed the lowest overall adoption of governance practices, reflecting the structure and stage of the startups analyzed. E9 adopted the most practices, but it is part of a holding that controls several other companies and has a structure designed to handle greater legal complexity.

Practices such as maintaining an advisory board and offering stock-option policies are typically observed in larger companies and at more advanced stages. Diversity and inclusion practices were mentioned infrequently and were not a priority, underscoring the importance of devoting greater attention to this topic across different organizational structures, sizes, and stages. This result runs counter to what was reported regarding ESG implementation.

As for Technology & Intellectual Property, brand and patent registration, IP protection, and LGPD compliance were reported as adopted practices. Given that these are technology-based firms, protecting IP and handling data appropriately are important and strategic, especially from the client's perspective. Moreover, LGPD-related practices must comply with current legislation, reaffirming the need for internal-process reviews and continuous monitoring to ensure actual legal coherence.

Within Processes & Accountability, the measurement of financial results appears to be followed by all analyzed startups, often taught and, in some cases, required by acceleration programs. Contract formalization is likewise followed by all companies, especially employee contracts that must comply with labor law, sometimes including NDAs as a protective measure.

Practices such as creating processes and policies, risk management, strategic planning, and internal controls are adopted by some of the companies and largely depend on organizational structure and perceived managerial needs. In many cases, these practices are adopted more informally and within the limits imposed by operations.

The study set out to identify the challenges startups face in implementing CG practices. Time emerged as the primary challenge, startups must focus on scaling operations and acquiring clients. Team understanding of the topic is also a challenge, often requiring partners and directors to closely monitor company operations. Investment in more formalized processes appears capable of alleviating some difficulties, providing clearer direction for value creation and operational scalability.

The study also explored whether adopting governance practices affects fundraising. Governance was found to be a requirement among investors in startups, accelerators, investment funds, and fundraising platforms. Practices such as the measurement of financial results and accountability were among those most observed by investors. Several interviewed startups also stated that they view governance as an important aspect to consider in preparation for future raises.

Thus, while it is not possible to affirm that all governance practices directly affect development, fundraising, or financial results, they do contribute to greater organization and structuring. Adopting governance practices may help startups comply with Brazilian legislation and meet client and investor requirements.

From a fundraising perspective, governance, particularly the measurement of financial results, accountability, and resolution of internal issues, complements investor analysis. These practices should be considered by startups planning to raise external capital.

Interviews also probed perceptions of the ecosystem and revealed prejudices and barriers to accessing opportunities due to being located in the Northeast. Gender disparities in founding teams were also evident.

The results are relevant for understanding how Northeastern startups adopt CG practices. The study advances prior work by taking a broader view of Northeastern startups, considering the main CG practices, their impact on fundraising, and firms' perceptions of governance. The findings can inform future studies, guide startups interested in adopting such practices, and aid ecosystem actors seeking to promote development initiatives, as well as investors interested in understanding the practices most commonly adopted by Northeastern startups.

However, the research has limitations: (I) as a qualitative, interview-based study, responses may be subject to bias; (II) some governance practices are legally mandated, making adoption compulsory and reducing variability in the data; (III) although results were compared with other studies, there is a scarcity of comparable research, limiting deeper comparative analysis; and (IV) with the research instruments used, it was not possible to establish any relationship between CG and a startup's being from the Northeast.

Future studies should compare startups across different Brazilian regions to assess how differences in regional ecosystems affect the adoption of governance practices. Further empirical research or a systematic literature review could examine whether there is a relationship between adopted CG practices and being a startup in Brazil's Northeast. In addition, because interview-based qualitative research can be subject to response bias, we suggest empirical studies analyzing the relationship between the adoption of CG practices and startups' financial performance.

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