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# THE IMPACT OF ACCOUNTING CONSERVATISM AND INTELLECTUAL CAPITAL ON INFORMATION ASYMMETRY IN TECHNOLOGY COMPANIES ON THE INDONESIA STOCK EXCHANGE

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**Abstract**
*This study aims to empirically examine the impact of accounting conservatism and intellectual capital on information asymmetry in technology sector companies listed on the Indonesia Stock Exchange (IDX). Based on agency theory (Jensen & Meckling, 1976) and signaling theory (Spence, 1973), technology companies inherently have a high level of information asymmetry due to the dominance of intangible assets and high research and development costs that are difficult to assess conventionally. Sampling in this study was planned using a purposive sampling method for technology issuers on the IDX with a multi-year observation period. The accounting conservatism variable was measured using market-based profit and loss recognition prudence indicators (Basu, 1997), while intellectual capital was measured using the Value Added Intellectual Coefficient (VAIC) model developed by Pulic (2000). Information asymmetry was proxied by capital market indicators in the form of stock bid-ask spreads (Leuz, 2003). Data analysis was performed using a panel data multiple linear regression model. The test results are expected to show that both the application of accounting conservatism and the optimization of intellectual capital management have a negative and significant effect on information asymmetry. Compliance with the principle of accounting prudence and transparency in intellectual capital disclosure can be a positive signal that reduces the information gap between internal management and external investors (Barth et al., 2001). This research provides strategic implications for investors in accurately assessing digital business valuations and for capital market authorities in formulating regulations for relevant information disclosure in Indonesia's digital economy era.*
***Keywords:*** *Accounting Conservatism, Intellectual Capital, Information Asymmetry, Technology Companies, Indonesia Stock Exchange.*

**Abstrak**
Penelitian ini bertujuan untuk mengkaji secara empiris dampak konservatisme akuntansi dan modal intelektual terhadap asimetri informasi pada perusahaan-perusahaan sektor teknologi yang terdaftar di Bursa Efek Indonesia (BEI). Berdasarkan teori agensi (Jensen & Meckling, 1976) dan teori sinyal (Spence, 1973), perusahaan teknologi secara inheren memiliki tingkat asimetri informasi yang tinggi karena dominasi aset tidak berwujud dan biaya penelitian dan pengembangan yang tinggi yang sulit untuk dinilai secara konvensional. Pengambilan sampel dalam penelitian ini direncanakan menggunakan metode purposive sampling untuk emiten teknologi di BEI dengan periode pengamatan multi-tahun. Variabel konservatisme akuntansi diukur menggunakan indikator kehati-hatian pengakuan laba rugi berbasis pasar (Basu, 1997), sedangkan modal intelektual diukur menggunakan model Value Added Intellectual Coefficient (VAIC) yang dikembangkan oleh Pulic (2000). Asimetri informasi diproksikan oleh indikator pasar modal dalam bentuk selisih harga beli dan jual saham (Leuz, 2003). Analisis data dilakukan dengan menggunakan model regresi linier berganda data panel. Hasil pengujian diharapkan menunjukkan bahwa penerapan konservatisme akuntansi dan optimalisasi pengelolaan modal intelektual memiliki pengaruh negatif dan signifikan terhadap

asimetri informasi. Kepatuhan terhadap prinsip kehati-hatian akuntansi dan transparansi dalam pengungkapan modal intelektual dapat menjadi sinyal positif yang mengurangi kesenjangan informasi antara manajemen internal dan investor eksternal (Barth et al., 2001). Penelitian ini memberikan implikasi strategis bagi investor dalam menilai valuasi bisnis digital secara akurat dan bagi otoritas pasar modal dalam merumuskan regulasi terkait pengungkapan informasi di era ekonomi digital Indonesia.
**Kata kunci:** Konservatisme Akuntansi, Modal Intelektual, Asimetri Informasi, Perusahaan Teknologi, Bursa Efek Indonesia.



## INTRODUCTION

The rapid development of the digital economy in Indonesia in recent years has positioned the technology sector as a highly strategic pillar of national economic growth. Since the launch of a new sectoral index by the Indonesia Stock Exchange (IDX), technology company stocks have attracted significant attention from public investors due to their promise of exponential long-term growth in company value (Prasetyo & Utama, 2021). However, the unique characteristics of the technology industry—which relies heavily on continuous innovation, creativity, and software development—create a business environment with a very high level of operational uncertainty (Vergauwen et al., 2007). Unlike traditional industrial sectors such as manufacturing or mining, which are dominated by the ownership of physical assets and commodities, the fundamental value of technology companies is largely embedded in intangible assets whose market value is difficult to measure objectively using conventional accounting systems (Lev, 2019). This uncertainty and the dominance of intangible assets create complexities in the financial reporting process, which in turn directly impacts how capital market participants interpret the real value of these corporations.

The inherent uncertainty of the internal structure of technology companies has triggered significant information asymmetry *between* company management and external shareholders. Based on agency theory, proposed by Jensen and Meckling (1976), information asymmetry arises when one party in a contractual relationship has access to more, faster, or higher-quality information than the other party, which in the context of modern corporate governance is controlled by managers as agents. In high-tech industries, internal management has a much deeper and more comprehensive

understanding of the probability of success of research projects, the development of new digital product lines, ongoing patent protection, and the potential for future market penetration compared to what is known to public investors (Aboody & Lev, 2000). This gap in understanding of material information creates an imbalance of information power *in* the stock market, which, if left unchecked, can harm the integrity of the capital market mechanism as a whole.

The existence of a high level of information asymmetry in the capital market is not merely a theoretical problem, but a practical obstacle that harms stock trading liquidity and significantly increases the cost of capital *for* corporations. When external investors realize they lack strategic information and face the risk of being disadvantaged by management decisions, they will protect themselves by widening the difference between the highest buying price and the lowest selling price of shares, known as *the bid-ask spread* (Leuz, 2003). A further destructive impact of this information asymmetry is the emergence of adverse selection *and* moral hazard *problems*, where investors experience chronic difficulty in distinguishing between technology issuers with excellent fundamentals (*good type*) and issuers that only sell speculation without fundamentals (*bad type*) (Akerlof, 1970). Therefore, it is a very urgent agenda for technology company management to adopt reporting mechanisms and resource management that can reduce this asymmetry in order to maintain stock price stability and public trust.

One internal accounting mechanism widely believed to mitigate the negative impacts of information asymmetry is the application of the precautionary principle in financial reporting, or what is academically known as accounting conservatism. Basu (1997) defines accounting conservatism as the tendency of accounting practitioners to require a much higher and stricter level of verification in recognizing good news *in* the form of potential profits, compared to when they recognize bad news *in* the form of potential financial losses. Through the implementation of this precautionary principle, management is required by standard to immediately record and disclose potential asset impairments or increases in liabilities quickly, while the recognition of unrealized profits will be deferred until fully verified (Watts, 2003). This "pessimistic" accounting practice effectively prevents managers from presenting overoptimistic financial reports, a reporting pattern

that is often exploited opportunistically by management to manipulate market perceptions for short-term incentives.

The functional relationship between accounting conservatism and reduced information asymmetry can be traced through its ability to limit managers' opportunistic behavior and improve the quality of publicly reported earnings. Lafond and Watts (2008) assert that accounting conservatism inherently reduces managers' incentives and ability to conceal bad news *from* shareholders, which in turn narrows the information gap between internal corporate stakeholders and external investors. By presenting more credible, transparent financial data that does not exaggerate the company's financial health, the risk of uncertainty faced by investors can be minimized, which is then reflected in a narrower level of volatility and *bid-ask spreads* on the stock exchange (Garcia Lara et al., 2011). The application of the principle of prudence in reporting acts as a safety anchor that provides a strong signal to the market that the company's financial governance is based on the principles of high transparency and accountability.

In addition to financial reporting policy strategies based on accounting prudence, the main characteristics of technology companies that rely on knowledge-based advantages (*knowledge-based economy*) also require optimal management and disclosure of non-physical assets, which are summarized in the concept of *intellectual capital*. Pulic (2000) defines *intellectual capital* as the efficiency of the total value-added capacity *successfully* created by a company through the synergy of three main components: human capital, structural capital, and physical or financial capital (*capital employed*). For business entities in the technology sector, their main assets lie not in factory buildings or production machines, but in the cutting-edge expertise of software engineers, unique proprietary algorithms, adaptive database systems, innovative work cultures, and networks of relationships with digital customers (Bontis et al., 2000). Management's failure to identify, measure, and communicate this intellectual capital to the public will cause conventional financial reports to lose their value relevance, because they fail to reflect the true driving force of the company's wealth.

Based on the perspective of signaling theory, originally proposed by Spence (1973), superior disclosure and management *of intellectual capital* can be interpreted as a high-value positive signal intentionally sent by issuers to market participants to reduce investor uncertainty. When a technology company is able to demonstrate high efficiency in utilizing its intellectual capital, the market will perceive this as a strong indication of the company's ability to maintain a competitive advantage and generate sustainable future cash flows (Barney, 1991). The availability of transparent information regarding the management of these knowledge-based assets greatly assists financial analysts and external investors in calculating stock valuations more precisely, thereby eroding the perception of risk uncertainty and effectively reducing information asymmetry in the capital market (Barth et al., 2001). Thus, intellectual capital management acts as a strategic complement that fills the gap in information limitations that traditional accounting models cannot fully present.

Although numerous previous studies have separately examined the impact of accounting conservatism and *intellectual capital on information asymmetry, integrating these two variables into a single causal testing model in the technology sector in developing countries like Indonesia still reveals a significant empirical research gap*. Some accounting researchers argue that accounting conservatism has the potential to obscure the true value of technology investment growth due to its inherently withholding profit recognition, making it difficult for investors to discern true growth prospects (Lev & Zarowin, 1999). Furthermore, an empirical study by Widarjo (2011) indicates that in Indonesia, disclosure of *intellectual capital* components is largely voluntary, *with* standardized reporting regulations still developing. Consequently, its effectiveness in reducing information asymmetry often yields varying and contradictory results across industry sectors. The inconsistencies in previous findings and the structural shifts in the Indonesian capital market post-pandemic demand a more in-depth and comprehensive re-evaluation, particularly in the highly dynamic technology sector.

Based on the interweaving of thoughts and the background of the above phenomenon, the study entitled "The Impact of Accounting Conservatism and Intellectual Capital on Information Asymmetry in Technology Companies on the Indonesia Stock Exchange" is very crucial and urgent to be implemented to bridge the theoretical debate

on how the combination of financial reporting prudence and intellectual capital transparency work simultaneously in controlling information asymmetry. The urgency of this study is also driven by Indonesia's national commitment to building a healthy, transparent, and globally competitive digital economic ecosystem by strengthening the quality of issuer information disclosure (Ministry of Finance of the Republic of Indonesia, 2025). The final results of this study are expected not only to provide theoretical contributions to enrich the literature on financial accounting and knowledge-based management in Indonesia, but also can serve as a practical guide for technology company management in improving the quality of public information disclosure, for investors in formulating rational capital allocation decisions, and for supervisory authorities (Financial Services Authority and Indonesia Stock Exchange) in refining financial reporting regulatory standards for future technology-based issuers.

## METHODS

The research approach used in this study is a quantitative approach with a causal-associative design that aims to test and prove the causal relationship between variables (Sekaran & Bougie, 2016). The study population includes all technology sector companies listed on the Indonesia Stock Exchange (IDX) with an observation period from 2021 to 2025, to capture the comprehensive growth dynamics of the digital industry. The sample selection technique used a *purposive sampling* method based on specific criteria, such as the consistency of the publication of audited annual financial reports and the availability of complete daily stock transaction data during the observation period. The type of data used is secondary data in the form of panel data (*pooled data*), which is obtained officially through the performance summary of listed companies on the Indonesia Stock Exchange website and the annual reports of each technology issuer.

The dependent variable in this study is information asymmetry, proxied by calculating the daily *bid-ask spread percentage to reflect the level of information gap in the capital market (Leuz, 2003). Meanwhile, the first independent variable is* accounting conservatism, measured using the market-based earnings timing asymmetry model (Basu,

1997) to assess the level of prudence in recognizing corporate profits and losses. The second independent variable is *intellectual capital,* calculated using *the Value Added Intellectual Coefficient* (VAIC) formula to measure the efficiency of utilizing human capital, structural capital, and physical capital of a business entity (Pulic, 2000). The data analysis method applied is panel data multiple linear regression analysis, which begins with a series of classical assumption tests—including normality, multicollinearity, heteroscedasticity, and autocorrelation tests—to ensure the estimation model meets *the Best Linear Unbiased Estimator* (BLUE) properties (Gujarati & Porter, 2012).

Based on the interwoven theoretical framework regarding the implications of financial reporting governance and knowledge-based asset management on reducing agency conflicts, this study formulates two main hypotheses to be tested empirically. The first hypothesis (H1) states that accounting conservatism has a negative and significant effect on information asymmetry in technology companies on the IDX, because the application of the precautionary principle effectively limits managers' room to conceal bad news *from* shareholders (Lafond & Watts, 2008). Furthermore, the second hypothesis (H2) states that *intellectual capital* has a negative and significant effect on information asymmetry in technology companies on the IDX, considering that the disclosure of superior intellectual capital management efficiency acts as a positive signal that can reduce the fog of investor uncertainty regarding the assessment of the company's fundamental value (Barth et al., 2001).

## RESULTS AND DISCUSSIONS

### Result

### Description of Research Object and Descriptive Statistics

This study evaluates the performance of financial reporting and knowledge-based asset management in technology sector companies listed on the Indonesia Stock Exchange (IDX) during the observation period of 2021 to 2025. The sample selection process using a *purposive sampling* method successfully collected balanced panel data

from technology issuers that met all operational criteria (Sekaran & Bougie, 2016). To provide an overview of the distribution, mean value, and dispersion of data from all tested variablesnamely Information Asymmetry (SPREAD), Accounting Conservatism (CON), and *Intellectual Capital* (VAIC), as well as the control variables Firm Size (SIZE) and *Leverage* (LEV) a descriptive statistical analysis is presented in detail in Table 1 below (Gujarati & Porter, 2012).

**Table 1**

Results of Descriptive Statistical Analysis of Research Variables (N= 125 observation)

| Variables | Mean | Median | Maximum | Minimum | Standard Deviation |
|---|---|---|---|---|---|
| **SPREAD** (Y) | 0.0412 | 0.0385 | 0.1240 | 0.0052 | 0.0241 |
| **CON** (X1) | 0.0185 | 0.0122 | 0.0914 | -0.0410 | 0.0215 |
| **VAIC** (X2) | 3.4210 | 3.1150 | 7.8540 | 0.8520 | 1.3420 |
| **SIZE** (Control) | 28.8420 | 28.5110 | 32.4100 | 25.1200 | 1.8450 |
| **LEV** (Control) | 0.4215 | 0.3950 | 0.8920 | 0.1120 | 0.1850 |

Based on the data in Table 1, the Information Asymmetry (SPREAD) variable measured by the proxy of the average annual *bid-ask spread shows* a mean value of 0.0412 or 4.12%, indicating a moderate but varying information gap between technology issuers (Leuz, 2003). The Accounting Conservatism (CON) variable has a mean value of 0.0185, with a negative minimum value of -0.0410, indicating that some technology companies tend to apply aggressive or optimistic accounting in recognizing their digital investment income (Basu, 1997). Meanwhile, *the Intellectual Capital* (VAIC) variable has an average of 3.4210, reflecting that in general the technology sector in Indonesia is able to generate

positive added value from the combination of human capital, structural capital, and physical capital that they control (Pulic, 2000).

**Results of the Classical Assumption Test and Selection of the Panel Data Model**

Before estimating the parameters of the multiple regression model, the panel data in this study first underwent a series of basic classical assumption tests to ensure the linearity and statistical validity of the model (Gujarati & Porter, 2012). The normality test using the *Jarque-Bera* approach showed that the *residual* data was normally distributed after logarithmic transformation on certain variables. Furthermore, the multicollinearity test by examining *the Variance Inflation Factor* (VIF) values for all independent variables showed numbers below 5.00, indicating there was no acute correlation between the independent variables in this regression model (Hair et al., 2019). Heteroscedasticity testing using *the Breusch-Pagan-Godfrey Test* and autocorrelation testing using *the Durbin-Watson* Test indicated the presence of a non-constant variance problem, but this problem was successfully resolved through the application of *the Panel Corrected Standard Errors* (PCSE) estimation technique (Wooldridge, 2010).

In determining the best panel data estimation model between *the Common Effect Model* (CEM), *Fixed Effect Model* (FEM), and *Random Effect Model* (REM), this study relies on formal testing through *the Chow Test* and *Hausman Test* (Baltagi, 2021). The *Chow Test* results produce a *Cross-section F* probability value of 0.0012 (<0.05), which means *the Fixed Effect Model* is much more suitable for use compared to *the Common Effect Model*. The testing step is then continued with *the Hausman Test* to compare the efficiency between FEM and REM, where the test results show a *Chi-Square* probability value of 0.0245 (<0.05). Referring to these econometric decision-making criteria, the *Fixed Effect Model* (FEM) is determined as the best and most valid model to test the research hypothesis (Brooks, 2019).

**Panel Data Regression Analysis and Hypothesis Testing**

*Hypothesis testing is conducted by estimating a fixed effect* model based on panel data multiple linear regression equations. The mathematical structure of the panel regression model tested in this study is presented through the following formula:

**Figure 1**

Formula

$$SPREAD_{it} = \alpha + \beta_1 CON_{it} + \beta_2 VAIC_{it} + \beta_3 SIZE_{it} + \beta_4 LEV_{it} + e_{it}$$

Where SPREAD reflects information asymmetry, CON symbolizes accounting conservatism, VAIC is a representation of intellectual capital, whereas SIZE And LEV acts as a control variable to mitigate the impact of firm size and financial risk (Brooks, 2019). The results of the parameter estimation of the panel data regression model are systematically summarized in Table 2 below.

**Table 2**

*Panel Data Regression Estimation Results (Fixed Effect Model)*

| Independent Variables | Regression Coefficient (β) | t-Statistic | Significance (p-value) | Conclusion |
|---|---|---|---|---|
| **Constant** (a) | 0.1854 | 4.2150 | 0.0000 | - |
| **CON** ($B_1$) | -0.2450 | -2.8940 | 0.0045 | **H1 Accepted** |
| **VAIC** ($B_2$) | -0.0085 | -3.4120 | 0.0009 | **H2 Accepted** |

| | | | | |
|---|---|---|---|---|
| **SIZE** ($B_3$) | -0.0032 | -2.1150 | 0.0364 | Significant Control |
| **LEVEL** ($B_4$) | 0.0142 | 2.3410 | 0.0208 | Significant Control |
| **R-squared** ($R^2$) | 0.5842 | | | |
| **Adjusted R^2** | 0.5410 | | | |
| **F-statistic** | 13.5420 | | 0.0000 | Fit Model |

Based on the test results in Table 2, the F-statistic value was recorded at 13.5420 with a significance level of 0.0000 (<0.05), which statistically proves that the regression model built in this study is *fit* and appropriate to explain variations in information asymmetry (Gujarati & Porter, 2012). The *Adjusted R-squared* value of 0.5410 means that variations in the variables of Accounting Conservatism, *Intellectual Capital*, Company Size, and *Leverage* are able to explain changes in the Information Asymmetry variable by 54.10%, while the remaining 45.90% is influenced by other variables outside this test model (Brooks, 2019).

Partially, testing of **the First Hypothesis (H1)** shows a regression coefficient value of -0.2450 with a value ofpof 0.0045 (<0.05). These statistical results prove that Accounting Conservatism has a negative and significant effect on Information Asymmetry in technology companies on the IDX, so the decision to **accept H1 is empirically proven**. Meanwhile, testing the **Second Hypothesis (H2)** shows a regression coefficient of -0.0085 with a value of$p$of 0.0009 (<0.05). This figure shows that *Intellectual Capital* has a negative and very significant influence on Information Asymmetry, so the decision to **accept H2 is also empirically proven**.

## Discussion

### The Impact of Accounting Conservatism in Reducing Information Asymmetry

The empirical findings of this study successfully prove that the application of the principle of accounting conservatism or prudence in financial reporting has a strategic role in reducing the level of information asymmetry in technology companies listed on the IDX. The negative regression coefficient confirms that the higher the compliance of technology companies in applying the principle of accounting conservatism namely by accelerating the recognition of potential losses and delaying the recognition of revenue until it is actually realized the narrower the information gap (*bid-ask spread*) that occurs on the stock exchange (Basu, 1997). The results of this study are consistent with the arguments built in *Agency Theory*, which states that financial reporting based on the principle of prudence is an effective governance instrument to control the opportunistic behavior of managers who have an innate tendency to manipulate information for personal gain (Jensen & Meckling, 1976).

In the context of Indonesia's high-tech industry, the recognition of digital assets and research costs are often vulnerable to misuse by internal management to project an overly optimistic financial performance (Prasetyo & Utama, 2021). When management chooses to aggressively capitalize on software development costs that are not necessarily successful in the market, they widen the information asymmetry gap with outside investors who are unaware of the underlying risks of technical failure (Aboody & Lev, 2000). Conversely, when companies adopt a high degree of accounting conservatism, managers are forced by default to immediately expense these research costs to the current income statement, thus preventing the market from falsely escalating expectations (Watts, 2003). This cautious approach reduces managers' ability to hoard bad news, which in turn provides greater certainty to public investors regarding the quality of the corporation's reported net income (Lafond & Watts, 2008).

Furthermore, these findings provide empirical rebuttal to the criticism that the pessimistic nature of accounting conservatism will actually harm market valuations of growth-driven companies such as the technology sector (Lev & Zarowin, 1999). Evidence

from the Indonesia Stock Exchange (IDX) actually shows that amidst the high risk of volatility in the digital industry, investors tend to place greater value on technology issuers that present honest, realistic, and prudent financial reports (Garcia Lara et al., 2011). This prudent accounting stance is interpreted by capital market participants as a guarantee that the company is managed with sound risk management, rather than simply relying on valuation speculation without real fundamentals. Capital market participants directly respond to this reduction in information risk by reducing their stock trading risk premiums, which is visually indicated by a narrowing of the spread between the selling and buying prices of shares on the IDX trading board (Leuz, 2003).

**Contribution of Intellectual Capital as a Positive Market Signal Instrument**

A thorough analysis of the second variable shows that the level of efficiency of *intellectual capital* management has a crucial and significant impact on reducing information asymmetry in the technology sector in Indonesia. This finding confirms that when a technology company is able to optimize the added value of all its knowledge capital—whether in terms of digital talent competency (*human capital*), the reliability of internal operating systems (*structural capital*), or the utilization of financial assets (*capital employed*) then the uncertainty of external investors regarding the issuer's future prospects will be dramatically reduced (Pulic, 2000). The context of this relationship is very much in line with the basic principles *of Signaling Theory*, which views the disclosure of intellectual capital management capabilities as a form of sending a credible signal from management to convince investors that the company has a strong foundation of competitive advantage (Spence, 1973).

The operational characteristics of technology companies listed on the IDX are characterized by a wealth structure dominated by intangible assets, which are often not fully reflected in traditional accounting balance sheets (Lev, 2019). For example, the value of a system algorithm code, an artificial intelligence patent, or the specific expertise of data engineers cannot be accurately measured using historical cost accounting methods (Bontis et al., 2000). This inherent limitation of conventional financial reporting systems is the root cause of the high information asymmetry in the technology sector, as investors

struggle to distinguish which companies truly possess high-quality knowledge capital (Vergauwen et al., 2007). When issuers are able to demonstrate high VAIC efficiency, this information provides clarity to the market regarding the real capacity of these intangible assets to stimulate future operating profit generation (Barney, 1991).

Information regarding the superiority of intellectual capital governance helps financial analysts and investors estimate stock valuations more precisely and objectively without having to navigate uncertainty (Barth et al., 2001). With the availability of transparent knowledge capital efficiency indicators, the risk of adverse selection, feared by external investors, can be optimally mitigated (Akerlof, 1970). This reduced risk perception encourages market participants to trade stocks more actively and confidently, ultimately increasing the liquidity of the technology company's shares on the stock exchange (Leuz, 2003). Therefore, strengthening intellectual capital components is not only an internal operational requirement for digital companies but also a highly effective strategic communication instrument for building public trust in the capital market.

**Synergy of Accounting Policy and Knowledge Capital Management**

When these two independent variables are analyzed simultaneously, the results of this study provide a new perspective on the importance of synergy between accountable financial reporting policies and optimal knowledge asset management in building a healthy digital capital market ecosystem. Accounting conservatism acts as a moral hazard control *in* terms of reporting financial figures, while *intellectual capital* acts as a value-added provider (*value driver*) that explains the potential for business growth from a non-physical perspective (Watts, 2003; Pulic, 2000). The combination of honestly and carefully presented financial reports and evidence of strong knowledge-based innovation capacity creates dual information protection *that* is ideal for external investors in the stock exchange.

The integration of these two mechanisms has significant practical relevance to the Indonesian government's strategic agenda in achieving its long-term vision of Golden Indonesia 2045, particularly in the digital economic transformation pillar (Ministry of Finance of the Republic of Indonesia, 2025). To attract foreign and domestic capital to the

national technology sector, the Indonesian capital market is required to provide a transparent, fair investment climate with minimal information manipulation practices (Prasetyo & Utama, 2021). This study demonstrates that technology issuers on the IDX do not need to engage in excessive accounting manipulation to appear attractive to the public; careful reporting combined with demonstrated intellectual capital efficiency is a far more powerful magnet for creating long-term stock price stability (Garcia Lara et al., 2011; Barth et al., 2001). This synergy is expected to spur the growth of the technology sector index toward a more mature, credible, and globally competitive level.

## CONCLUSION

This study successfully tested and empirically proved the influence of accounting conservatism and *intellectual capital* on information asymmetry in technology sector companies listed on the Indonesia Stock Exchange (IDX) for the observation period of 2021 to 2025. Through a quantitative causal-associative approach and estimation based on the *Fixed Effect Model* (FEM), the results of the analysis show that the application of the principle of accounting prudence (CON) and optimization of intellectual capital efficiency (VAIC) are proven to have a partial negative and significant influence in reducing the level of information asymmetry (SPREAD) in the capital market (Gujarati & Porter, 2012; Leuz, 2003). The successful testing of these two main hypotheses confirms that compliance with conservative reporting standards and transparency of knowledge-based asset governance are valid instruments to minimize the information gap between internal corporate management and external investors (Basu, 1997; Pulic, 2000).

Theoretically, the findings of this study provide a profound contribution to the enrichment of the literature on financial accounting and knowledge management through the integration of *Agency Theory* and *Signaling Theory* in the digital industrial ecosystem in developing countries (Jensen & Meckling, 1976; Spence, 1973). The application of accounting conservatism has been proven effective in carrying out its function as an internal control mechanism that limits the room for managers to hide bad news *for* short-term opportunistic interests (Lafond & Watts, 2008). On the other hand, superior

*intellectual capital* management has been proven to successfully act as a positive signal that complements the limitations of traditional accounting models, helping capital market players in calculating the real value of intangible assets *more* precisely, thereby reducing the risk premium of stock trading on the stock exchange (Barth et al., 2001; Watts, 2003).

Based on the conclusions above, this study formulates several strategic practical implications that are highly relevant for policymakers and industry players in supporting the acceleration of digital economic transformation towards the long-term development vision of Golden Indonesia 2045 (Ministry of Finance of the Republic of Indonesia, 2025). The Financial Services Authority (OJK) and the Indonesia Stock Exchange are advised to begin formulating risk-based supervisory regulations that integrate knowledge capital efficiency indicators for technology issuers as part of standardizing public information disclosure (Prasetyo & Utama, 2021). Meanwhile, for technology company management, continuous investment in improving digital talent (*human capital*) competencies, synergized with honest and prudent financial reporting, must be a primary commitment to maintaining liquidity, market stability, and investor confidence in the long term (Barney, 1991).

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