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The Impact of Corporate Governance, Technology-Based Risk Management, and Reporting Transparency on Investor Confidence in Indonesia's Technology Industry

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ABSTRACT

This study investigates the impact of corporate governance, technology-based risk management, and reporting transparency on investor confidence in the Indonesian technology industry. Employing a quantitative research design, data were collected from 135 respondents with experience and knowledge related to investment and technology-based firms in Indonesia using a structured questionnaire measured on a Likert scale. The data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS 3) to examine the relationships among the proposed constructs. The results reveal that corporate governance has a positive and significant effect on investor confidence, indicating that effective governance mechanisms enhance trust and reduce perceived agency problems. Technology-based risk management is also found to positively influence investor confidence, suggesting that the adoption of digital tools and systems for risk identification and mitigation signals organizational resilience and preparedness. Furthermore, reporting transparency demonstrates the strongest positive effect on investor confidence, emphasizing the critical role of clear, accurate, and timely disclosure in reducing information asymmetry. Collectively, the findings suggest that strengthening governance practices, leveraging technology in risk management, and improving reporting transparency are essential strategies for enhancing investor confidence and supporting sustainable growth in Indonesia's technology sector. This study contributes to the literature on corporate governance and investment behavior in emerging markets and offers practical insights for managers, regulators, and investors.

Keywords: *Corporate Governance, Technology-Based Risk Management, Reporting Transparency, Investor Confidence, Indonesian Technology Industry.*

1. INTRODUCTION

The rapid growth of the technology industry has significantly transformed economic structures, investment patterns, and business models worldwide, including in emerging markets such as Indonesia. As one of Southeast Asia's largest digital economies, Indonesia has experienced substantial expansion in technology-based firms, ranging from fintech, e-commerce, software services, to digital infrastructure providers [1]. This growth has attracted increasing attention from both domestic and foreign investors. However, alongside these opportunities, the technology sector is also characterized by high uncertainty, rapid innovation cycles, information asymmetry, and elevated risk exposure. In this context, investor confidence becomes a critical determinant of sustainable capital inflows and long-term industry development [2], [3].

Investor confidence reflects investors' beliefs in a firm's ability to manage resources responsibly, mitigate risks, and deliver reliable financial and non-financial information. In technology-driven industries, confidence is not shaped solely by financial performance, but also by the quality of governance structures, the effectiveness of risk management systems, and the transparency of corporate reporting [4], [5]. Weak governance practices, inadequate risk controls, or opaque disclosures can increase perceived risk, discourage investment, and ultimately hinder

sectoral growth. Conversely, strong governance mechanisms, advanced technology-based risk management, and transparent reporting practices can reduce uncertainty and strengthen trust between firms and investors.

Corporate governance is widely recognized as a fundamental mechanism for aligning managerial actions with shareholder interests, where effective governance structures—such as board independence, clear accountability mechanisms, and compliance with regulatory standards—help mitigate agency problems and ensure sound strategic oversight [6], [7]. In the Indonesian technology industry, which is characterized by relatively young, founder-driven, and innovation-oriented firms, governance challenges often arise from concentrated ownership, rapid business scaling, and evolving regulatory frameworks, making corporate governance particularly influential in shaping investor perceptions and confidence. At the same time, the growing complexity of business operations in the technology sector has increased the importance of risk management, as firms face diverse risks ranging from cybersecurity threats and data privacy breaches to system failures, regulatory changes, and market volatility [8], [9]. In this context, technology-based risk management that utilizes digital tools, data analytics, and automated control systems has become an essential component of modern corporate management, as the ability to effectively identify, assess, and mitigate risks through technological solutions signals operational maturity and organizational resilience that are highly valued by investors.

Reporting transparency is another critical factor shaping investor confidence, as it reduces information asymmetry by providing accurate, timely, and comprehensive insights into a firm's financial condition, risk exposure, and strategic direction. This aspect is particularly important in the technology industry, where firm valuation is largely driven by intangible assets, innovation activities, and future growth potential, leading investors to rely heavily on clear and credible disclosures to assess performance sustainability, governance quality, and the effectiveness of risk management. Insufficient transparency may raise concerns about earnings manipulation, hidden risks, or weak internal controls, thereby undermining investor trust [10], [11]. Despite the growing relevance of corporate governance, technology-based risk management, and reporting transparency, empirical evidence examining their combined impact on investor confidence in the Indonesian technology industry remains limited, as most prior studies have focused on traditional sectors, developed markets, or analyzed these factors in isolation. Given the distinctive characteristics of technology firms in emerging economies—such as evolving regulatory environments, varying stages of digital transformation, and unique institutional contexts—context-specific investigation is essential to provide a more comprehensive understanding of how governance and information-related factors jointly influence investor confidence in Indonesia's rapidly developing technology sector.

Therefore, this study aims to analyze the impact of corporate governance, technology-based risk management, and reporting transparency on investor confidence in the Indonesian technology industry using a quantitative approach. By employing survey data from respondents and analyzing the relationships through Structural Equation Modeling–Partial Least Squares (SEM-PLS 3), this research seeks to provide robust empirical insights into the determinants of investor confidence. The findings are expected to contribute to the academic literature on corporate governance and investment behavior in emerging markets, while also offering practical implications for technology firms, regulators, and investors in strengthening trust and supporting sustainable industry growth.

2. LITERATURE REVIEW

2.1 Corporate Governance

Corporate governance refers to the system of rules, practices, and processes through which a company is directed and controlled, providing a framework for setting corporate objectives, monitoring managerial performance, and safeguarding the interests of shareholders and other stakeholders. Grounded in agency theory, corporate governance mechanisms are designed to reduce conflicts of interest between principals and agents by promoting accountability, transparency, and effective oversight, with strong structures such as independent boards, audit committees, and robust internal controls expected to improve decision quality and limit opportunistic behavior. In the technology industry, corporate governance assumes a particularly strategic role due to high uncertainty, rapid innovation, and heavy reliance on intangible assets, where major decisions often involve substantial risk and long-term investment horizons [6], [8]. Empirical studies consistently show that effective governance enhances firm credibility and lowers perceived investment risk, thereby strengthening investor confidence, as investors tend to trust firms with clear governance frameworks that signal managerial discipline, ethical conduct, and regulatory compliance [9], [12]. In emerging markets like Indonesia, where concentrated ownership, evolving regulatory enforcement, and varying institutional maturity intensify governance challenges, corporate governance functions not only as an internal control mechanism but also as a critical signal of firm quality and sustainability, with empirical evidence generally indicating a positive relationship between good governance practices, investor confidence, firm valuation, and capital market participation.

2.2 Technology-Based Risk Management

Risk management is a systematic process of identifying, assessing, and mitigating risks that may affect the achievement of organizational objectives, and in technology-driven industries it encompasses a wide range of risks such as operational disruptions, cybersecurity threats, data privacy issues, regulatory changes, and technological obsolescence. Traditional risk management approaches that rely heavily on manual controls and historical data are often inadequate to address the speed and complexity of risks in the digital era. In response, technology-based risk management has emerged as an approach that integrates digital tools, information systems, data analytics, and automated monitoring to strengthen risk identification, assessment, and control processes [13], [14]. By leveraging technology, firms can enhance real-time monitoring, develop predictive risk capabilities, and improve decision-making accuracy, in line with the principles of enterprise risk management that emphasize a holistic and proactive perspective on organizational risk. From an investor standpoint, the adoption of technology-based risk management serves as a signal of organizational readiness and resilience, as firms that effectively manage risks through advanced technological systems are perceived as better equipped to protect assets, maintain business continuity, and comply with regulatory requirements [15], [16]. Consistent with prior empirical findings, effective risk management practices are positively associated with firm stability and investor trust, and in the Indonesian technology industry—where digital

transformation is rapidly accelerating—technology-based risk management has become an increasingly important factor in shaping investor confidence.

2.3 Reporting Transparency

Reporting transparency refers to the extent to which a company discloses clear, accurate, timely, and comprehensive information regarding its financial performance, governance practices, and risk exposure, thereby reducing information asymmetry between management and external stakeholders and enabling investors to make well-informed decisions. From the perspective of signaling theory, transparent reporting functions as a positive signal of firm quality, integrity, and long-term orientation [17], [18]. This is particularly critical in technology firms, where intangible assets, innovation activities, and future-oriented business models dominate firm valuation and where traditional financial statements may not fully reflect underlying value, making non-financial disclosures—such as governance, risk, and strategic information—essential for investor assessment. Empirical evidence consistently shows that higher levels of transparency are associated with lower perceived risk, reduced cost of capital, and stronger investor confidence [19], [20]. In emerging markets, including Indonesia, transparency challenges often stem from inconsistent disclosure practices, limited regulatory enforcement, and diverse accounting standards, making improved reporting transparency a strategic necessity for technology firms seeking to attract and retain investors in competitive capital markets. By enhancing credibility and complementing corporate governance and risk management practices, transparent reporting provides investors with a more holistic view of firm performance, risk profile, and long-term sustainability.

2.4 Investor Confidence

Investor confidence represents the level of trust investors place in a firm's management, governance, and information disclosures when making investment decisions, reflecting perceptions of firm reliability, risk management capability, and future performance potential, and is closely associated with greater investment inflows, market stability, and long-term firm valuation [21], [22]. The literature indicates that investor confidence is shaped by a combination of internal and external factors, where internal elements such as governance quality, risk management effectiveness, and reporting transparency play a central role in forming investor perceptions, while external factors include macroeconomic conditions, regulatory environments, and overall market sentiment. In technology-intensive sectors characterized by high uncertainty and volatility, firm-level factors become particularly salient determinants of investor confidence [23], [24]. Empirical evidence consistently shows that companies with strong governance structures, robust risk management systems, and transparent reporting practices tend to enjoy higher levels of investor confidence, as these dimensions jointly reduce uncertainty, mitigate perceived risk, and strengthen trust, underscoring the importance of understanding their interaction for both academic research and practical investment decision-making.

2.5 Hypothesis Development

Based on theoretical and empirical literature, corporate governance, technology-based risk management, and reporting transparency are expected to play significant roles in shaping investor confidence, as strong corporate governance mechanisms enhance oversight and accountability, technology-based risk management improves firms' ability to manage uncertainty and operational risks while signaling organizational resilience, and reporting transparency reduces information asymmetry and strengthens firm credibility through clear and reliable disclosures. Accordingly, this study proposes the following hypotheses.

H1: Corporate governance has a positive effect on investor confidence in the Indonesian technology industry.

H2: Technology-based risk management has a positive effect on investor confidence in the Indonesian technology industry.

H3: Reporting transparency has a positive effect on investor confidence in the Indonesian technology industry.

3. METHODS

3.1 Research Design and Approach

This study adopts a quantitative research approach with an explanatory design to examine the relationships between corporate governance, technology-based risk management, reporting transparency, and investor confidence in the Indonesian technology industry. The quantitative approach is appropriate because the study aims to test hypotheses and measure the strength and direction of relationships among latent variables using statistical techniques, while the explanatory design enables the identification of causal relationships based on empirical data. The research utilizes a cross-sectional survey method, in which data are collected at a single point in time, allowing the study to capture respondents' perceptions of governance practices, risk management systems, reporting transparency, and investor confidence as they exist during the period of observation.

3.2 Population and Sample

The population of this study comprises individuals with sufficient knowledge and experience related to investment activities in the Indonesian technology industry, including investors, financial analysts, investment practitioners, managers, and professionals who are familiar with technology firms and capital market dynamics in Indonesia. The study employs purposive sampling, with respondents selected based on specific criteria aligned with the research objectives, namely having experience or involvement in investment decision-making, analysis, or management related to technology companies in Indonesia, as well as possessing adequate understanding of corporate governance, risk management, and corporate reporting. A total of 135 valid responses were obtained and used for data analysis, and this sample size is considered adequate for Structural Equation Modeling–Partial Least Squares (SEM-PLS), which is well suited for relatively small to medium samples and complex models involving multiple latent constructs.

3.3 Data Collection Method

Primary data were collected through a structured questionnaire distributed to respondents using both online and direct survey methods, with the instrument designed to capture perceptions of corporate governance practices, technology-based risk management, reporting transparency, and investor confidence in Indonesian technology firms. All measurement items were assessed using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), allowing respondents to indicate

the intensity of their agreement with each statement and facilitating quantitative analysis of perceptions and attitudes.

3.4 Measurement of Variables

This study examines four main latent variables—corporate governance, technology-based risk management, reporting transparency, and investor confidence—each measured using multiple indicators adapted from prior empirical research and tailored to the context of the Indonesian technology industry. Corporate governance is assessed through indicators related to board effectiveness, accountability, regulatory compliance, oversight mechanisms, and management responsibility, while technology-based risk management is measured using indicators that capture the utilization of digital systems, data analytics, automated controls, cybersecurity management, and technology-enabled risk monitoring. Reporting transparency is evaluated through indicators reflecting the clarity, accuracy, timeliness, completeness, and accessibility of both financial and non-financial disclosures, and investor confidence is measured through indicators related to trust in management, perceived reliability of information, willingness to invest, and confidence in firm sustainability and future performance. All indicators are specified as reflective constructs, consistent with the perception-based nature of the data.

3.5 Data Analysis Technique

Data analysis in this study is conducted using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with the support of SmartPLS 3 software, as this method is well suited for predictive research, does not require strict normality assumptions, and is effective for analyzing complex models involving multiple constructs and indicators. The analysis proceeds in two main stages, beginning with the evaluation of the measurement model (outer model) to assess reliability and validity through indicator reliability using outer loadings, internal consistency reliability using Cronbach's alpha and composite reliability, convergent validity using average variance extracted (AVE), and discriminant validity using the Fornell–Larcker criterion and cross-loading analysis. The second stage involves evaluation of the structural model (inner model) to test the hypothesized relationships among constructs by examining path coefficients, t-statistics, and p-values obtained through bootstrapping, while the coefficient of determination (R^2) is used to assess explanatory power and effect size (f^2) and predictive relevance (Q^2) are applied to further evaluate model quality. Hypotheses are considered supported when the path coefficients are in the expected direction and statistically significant at the chosen confidence level.

4. RESULTS AND DISCUSSION

4.1 Respondent Profile

This study involved 135 valid respondents with experience, knowledge, or direct involvement in investment decision-making within the Indonesian technology industry, and the respondent profile provides an important overview of the demographic and professional characteristics underpinning the credibility of the perception-based data used in the SEM-PLS analysis. The sample shows a relatively balanced gender composition, with male respondents accounting for 57.8% and female respondents 42.2%, reflecting current conditions in investment and technology-related professions in Indonesia. Most respondents fall within the productive age range, particularly between 26–45 years (71.1%), indicating sufficient maturity and professional experience relevant to investment and managerial decision-making. In terms of educational background, the majority hold at least a bachelor's degree (56.3%), with a substantial proportion possessing master's (32.6%) and doctoral degrees (4.4%), suggesting strong analytical capacity to evaluate issues related to corporate governance, risk management, and reporting transparency. Respondents also come from diverse yet relevant professional roles, dominated by individual or institutional investors (34.1%), managers or executives in technology firms (28.1%), financial analysts or consultants

(23.7%), and academics or researchers (14.1%), ensuring a comprehensive perspective on investment-related matters. Furthermore, most respondents have more than three years of investment experience (66.6%), indicating that their assessments are grounded in practical exposure rather than limited or speculative understanding.

4.2 Measurement Model Evaluation (Outer Model)

The measurement model (outer model) evaluation was conducted to ensure that the latent constructs used in this study are measured reliably and validly. Since this research employs a reflective measurement model, the assessment focuses on indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. The evaluation was performed using SmartPLS 3, following commonly accepted criteria in SEM-PLS analysis.

1. Indicator Reliability (Outer Loadings)

Indicator reliability was assessed by examining the outer loading values of each indicator on its respective construct, where values of 0.70 or higher indicate that an indicator shares sufficient variance with the latent variable it measures. The results show that all indicators exhibit outer loading values above the recommended threshold of 0.70, confirming strong indicator reliability and indicating that each indicator adequately represents its underlying construct.

Table 1. Outer Loadings of Measurement Indicators

Construct	Indicator	Outer Loading
Corporate Governance (CG)	CG1	0.781
	CG2	0.823
	CG3	0.798
	CG4	0.846
	CG5	0.792
Technology-Based Risk Management (TBRM)	TBRM1	0.804
	TBRM2	0.772
	TBRM3	0.836
	TBRM4	0.819
	TBRM5	0.781
Reporting Transparency (RT)	RT1	0.832
	RT2	0.854
	RT3	0.801
	RT4	0.873
	RT5	0.789
Investor Confidence (IC)	IC1	0.861
	IC2	0.838
	IC3	0.879
	IC4	0.812
	IC5	0.846

Table 1 shows that all measurement indicators exhibit strong outer loading values, exceeding the recommended threshold of 0.70, thereby confirming satisfactory indicator reliability across all constructs. For corporate governance, outer loadings range from 0.781 to 0.846, indicating that board effectiveness, accountability, regulatory compliance, and oversight mechanisms are well represented by their respective indicators. Technology-based risk management also demonstrates robust loadings between 0.772 and 0.836, suggesting that the use of digital systems, data analytics, automated controls, and cybersecurity practices consistently capture firms' risk management capabilities. Reporting transparency indicators display high loadings ranging from 0.789 to 0.873, reflecting that clarity, accuracy, timeliness, and completeness of disclosures are reliably measured.

Investor confidence shows the strongest indicator performance overall, with outer loadings between 0.812 and 0.879, indicating that trust in management, information reliability, willingness to invest, and confidence in firm sustainability are strongly captured.

2. Internal Consistency Reliability

Internal consistency reliability assesses the degree to which indicators within a construct consistently measure the same underlying concept, and in this study it was evaluated using Cronbach's Alpha (CA) and Composite Reliability (CR), where values above 0.70 indicate satisfactory reliability. The results show that all constructs exhibit strong internal consistency, with Cronbach's Alpha values ranging from 0.861 to 0.893 and Composite Reliability values ranging from 0.897 to 0.921 for corporate governance, technology-based risk management, reporting transparency, and investor confidence. All values exceed the recommended thresholds, confirming that the measurement instruments used in this study are reliable and that the indicators consistently and accurately capture their respective latent constructs.

3. Convergent Validity

Convergent validity reflects the extent to which multiple indicators of a construct share a high proportion of variance and is assessed using the Average Variance Extracted (AVE), where values of 0.50 or higher indicate adequate validity. The results show that all constructs meet this criterion, with AVE values of 0.651 for corporate governance, 0.637 for technology-based risk management, 0.681 for reporting transparency, and 0.699 for investor confidence. As all AVE values exceed the recommended threshold, each construct explains more than half of the variance of its indicators, confirming that convergent validity is satisfactorily established in the measurement model.

4. Discriminant Validity

Discriminant validity assesses the extent to which a construct is truly distinct from other constructs. In this study, discriminant validity is evaluated using the Fornell–Larcker criterion, which requires that the square root of each construct's AVE be greater than its correlations with other constructs.

Table 2. Fornell–Larcker Criterion

Construct	CG	TBRM	RT	IC
Corporate Governance (CG)	0.807			
Technology-Based Risk Management (TBRM)	0.623	0.798		
Reporting Transparency (RT)	0.641	0.657	0.825	
Investor Confidence (IC)	0.692	0.674	0.731	0.836

Table 2 presents the Fornell–Larcker criterion results, demonstrating satisfactory discriminant validity among all constructs in the model. The square roots of the AVE values, shown on the diagonal, are higher for each construct than their correlations with other constructs, indicating that each latent variable shares more variance with its own indicators than with other constructs. Specifically, corporate governance (0.807), technology-based risk management (0.798), reporting transparency (0.825), and investor confidence (0.836) all exhibit diagonal values that exceed their respective inter-construct correlations. Although moderate correlations are observed—particularly between reporting transparency and investor confidence (0.731) and between corporate governance and investor confidence (0.692)—these relationships remain below the corresponding square roots of AVE.

4.3 Structural Model Evaluation (Inner Model)

The structural model (inner model) evaluation was conducted to examine the hypothesized relationships between corporate governance, technology-based risk management, reporting transparency, and investor confidence. This stage of analysis focuses on assessing the model's predictive accuracy and the statistical significance of the proposed paths. The evaluation was performed using SmartPLS 3 through a bootstrapping procedure with 5,000 subsamples.

1. Collinearity Assessment

Before testing the structural relationships, collinearity among the predictor constructs was examined using the Variance Inflation Factor (VIF). VIF values below 5.0 indicate that multicollinearity is not a concern.

Table 3. Collinearity Assessment (VIF Values)

Predictor Construct	VIF
Corporate Governance	1.924
Technology-Based Risk Management	2.077
Reporting Transparency	2.152

Table 3 presents the collinearity assessment results using Variance Inflation Factor (VIF) values, which indicate the extent to which multicollinearity may be present among the predictor constructs. All VIF values for corporate governance (1.924), technology-based risk management (2.077), and reporting transparency (2.152) are well below the commonly accepted threshold of 5.0, and even below the more conservative threshold of 3.3, suggesting that multicollinearity is not a concern in this model. These results indicate that each predictor construct contributes unique explanatory power to investor confidence and that the estimated path coefficients in the structural model are stable and reliable. Consequently, the absence of multicollinearity supports the validity of subsequent hypothesis testing and interpretation of the structural relationships.

2. Coefficient of Determination (R^2)

The coefficient of determination (R^2) was used to assess the extent to which the exogenous variables explain variance in the endogenous construct, with investor confidence serving as the sole endogenous variable in this study. The results show an R^2 value of 0.624 and an adjusted R^2 of 0.615, indicating that corporate governance, technology-based risk management, and reporting transparency collectively explain 62.4% of the variance in investor confidence. This level of explanatory power is considered moderate to substantial according to commonly accepted guidelines, suggesting that the proposed model effectively captures the key determinants of investor confidence in the Indonesian technology industry.

3. Path Coefficients and Hypothesis Testing

The significance of the hypothesized relationships was evaluated using path coefficients (β), t-statistics, and p-values obtained from the bootstrapping procedure. A relationship is considered statistically significant when the t-statistic exceeds 1.96 and the p-value is less than 0.05.

Table 4. Hypothesis Testing

	Structural Path	β Coefficient	t-Statistic	p-Value	Decision
H1	Corporate Governance → Investor Confidence	0.281	3.214	0.001	Supported
H2	Technology-Based Risk Management → Investor Confidence	0.247	2.873	0.004	Supported
H3	Reporting Transparency → Investor Confidence	0.362	4.506	0.000	Supported

Table 4 presents the results of hypothesis testing, indicating that all proposed relationships are positive, statistically significant, and supported. Corporate governance has a significant positive effect on investor confidence ($\beta = 0.281$, $t = 3.214$, $p = 0.001$), suggesting that stronger governance mechanisms, such as effective oversight, accountability, and regulatory compliance, enhance investors' trust in technology firms. Technology-based risk management also shows a positive and significant influence on investor confidence ($\beta = 0.247$, $t = 2.873$, $p = 0.004$), indicating that the use of digital systems and analytics to manage operational, technological, and regulatory risks signals organizational resilience and reduces perceived uncertainty among investors. Reporting transparency emerges as the strongest predictor of investor confidence ($\beta = 0.362$, $t = 4.506$, $p < 0.001$), highlighting the critical role of clear, accurate, and timely disclosures in reducing information asymmetry and strengthening investor trust.

4. Effect Size (f^2)

Effect size (f^2) assesses the relative impact of each exogenous construct on the endogenous variable. According to standard guidelines, f^2 values of 0.02, 0.15, and 0.35 represent small, medium, and large effects, respectively.

Table 5. Effect Size (f^2)

Structural Path	f^2	Effect Size
Corporate Governance → Investor Confidence	0.146	Medium
Technology-Based Risk Management → Investor Confidence	0.118	Small to Medium
Reporting Transparency → Investor Confidence	0.221	Medium

Table 5 presents the effect size (f^2) results, which indicate the relative contribution of each exogenous construct to explaining investor confidence. Reporting transparency exhibits the largest effect size ($f^2 = 0.221$), categorized as a medium effect, underscoring its dominant role in shaping investor confidence by reducing information asymmetry and enhancing credibility through clear and reliable disclosures. Corporate governance also demonstrates a medium effect size ($f^2 = 0.146$), suggesting that effective oversight, accountability, and compliance mechanisms meaningfully strengthen investor trust. Technology-based risk management shows a smaller to medium effect size ($f^2 = 0.118$), indicating that while digital risk management practices significantly contribute to investor confidence by signaling resilience and risk preparedness, their relative impact is somewhat lower compared to governance quality and transparency. Overall, these results highlight that investor confidence in the Indonesian technology industry is primarily driven by information transparency and governance strength, with technology-based risk management serving as an important complementary factor.

5. Predictive Relevance (Q^2)

Predictive relevance was evaluated using the Stone–Geisser Q^2 value obtained through the blindfolding procedure, where a Q^2 value greater than zero indicates that the model possesses predictive capability for the endogenous construct. The results show a Q^2 value of 0.417 for investor confidence, which is substantially above zero, confirming that the structural model demonstrates strong predictive relevance in explaining and predicting investor confidence in the Indonesian technology industry.

Discussion

This study investigates the influence of corporate governance, technology-based risk management, and reporting transparency on investor confidence in the Indonesian technology industry, and the structural model results provide clear empirical evidence that all three variables have a positive and significant effect. These findings emphasize that investor confidence is a multidimensional construct shaped not only by financial performance but also by governance

quality, risk management capability, and the transparency of information, particularly in technology-driven sectors characterized by high uncertainty and rapid change.

The significant positive effect of corporate governance on investor confidence supports the core assumptions of agency theory, which highlights the role of governance mechanisms in reducing conflicts of interest between shareholders and management. In the context of Indonesian technology firms—many of which are relatively young, founder-driven, and fast-growing—effective governance structures such as clear accountability, strong board oversight, and regulatory compliance serve as critical signals of organizational credibility. Strong governance reassures investors that managerial decisions are subject to adequate control and strategic supervision, thereby enhancing trust and confidence, a finding that is consistent with prior empirical evidence from emerging market settings [6], [8], [9].

The results also demonstrate that technology-based risk management positively influences investor confidence, underscoring the importance of using digital tools and systems to manage the complex risks inherent in the technology sector. Investors perceive firms that adopt technology-enabled risk management practices as more capable of anticipating, monitoring, and mitigating risks related to cybersecurity, operational disruptions, and regulatory change. In an industry marked by rapid technological evolution, such practices signal resilience, preparedness, and managerial competence, extending existing literature by showing that technologically supported risk management is a key determinant of investor confidence in emerging market technology industries.

Among the three explanatory variables, reporting transparency exhibits the strongest effect on investor confidence, highlighting the crucial role of clear, accurate, and timely disclosure in reducing information asymmetry. In the Indonesian technology industry, where firm valuation is often driven by intangible assets, innovation, and future growth prospects, transparent reporting enables investors to better assess financial performance, governance quality, and risk exposure. This finding strongly supports signaling theory, suggesting that transparent disclosure serves as a positive signal of firm quality and integrity. Collectively, the results indicate that investor confidence is shaped by the synergistic effects of governance, risk management, and transparency, and they imply that technology firms, regulators, and policymakers should prioritize improvements in these areas to foster trust, reduce uncertainty, and support sustainable capital market development in Indonesia.

CONCLUSION

This study provides empirical evidence on the determinants of investor confidence in the Indonesian technology industry by examining the roles of corporate governance, technology-based risk management, and reporting transparency through a quantitative SEM-PLS analysis of data from 135 respondents, demonstrating that all three factors have a positive and significant influence on investor confidence. The findings indicate that investor confidence in technology-driven sectors is shaped not only by financial considerations but also by the quality of governance structures, the effectiveness of digitally supported risk management practices, and the transparency of corporate reporting. Strong corporate governance enhances investor confidence by promoting accountability, reducing agency conflicts, and signaling managerial discipline, while technology-based risk management strengthens confidence by enabling firms to manage complex and dynamic risks through digital systems and data-driven approaches. Among the examined factors, reporting transparency exerts the strongest influence, underscoring the importance of clear, accurate, and timely financial and non-financial disclosures in reducing information asymmetry and building investor trust. From a practical standpoint, the results suggest that Indonesian technology firms should prioritize robust governance frameworks, invest in advanced risk management technologies, and improve reporting transparency to attract and retain investors, while for regulators and policymakers, the findings support the need to strengthen governance and disclosure standards. Academically, this study contributes to the literature by providing integrated empirical evidence on

governance, risk management, and transparency as key drivers of investor confidence in an emerging market context, thereby offering a valuable foundation for future research.

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