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# The Influence of Environmental, Social and Governance Disclosure Concepts on the Success of Sustainable Business in Companies Listed on the Indonesian Stock Exchange in 2023 with the Implementation of Enterprise Resource Planning System as a Moderating Variable

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## ABSTRACT

**The purpose** of this research is to examine and analyze the influence of environmental disclosure, social disclosure and governance disclosure on sustainable business as proxied by Net Profit Margin (NPM) in companies listed on the Indonesia Stock Exchange in 2023 and moderated by Enterprise Resource Planning (ERP).
**This type** of research is quantitative descriptive which uses secondary data with testing tools in the form of SPSS version 29, and the sample used was 51 companies with purposive sampling technique as the sample selection technique.
**The results** of hypothesis testing show that environmental disclosure has a significant positive effect on sustainable business, while social disclosure has a significant negative effect and governance disclosure has a negative but not significant effect on sustainable business. Overall, this interaction is moderated by ERP. Apart from that, ERP has positive effect also been proven to be able to have a direct influence on sustainable business.

***Keywords:*** Environmental Disclosure, Social Disclosure, Governance Disclosure, Sustainable Business, Net Profit Margin, Enterprise Resource Planning System

## INTRODUCTION

In line with business transformation in the current era of digitalization, economic development in Indonesia as one of the countries affected by the global challenges of the Covid19 pandemic has shown positive figures. The Indonesian Central Statistics Agency recorded Indonesia's economic development in the fourth quarter of 2023, experiencing growth of 5.16% greater than the previous quarter. This figure brings Indonesia to 40th place as the country with the best economic growth in the world (www.bps.go.id). This of course cannot be separated from the role of Indonesian business companies in encouraging the recovery of national economic development.
Not only do they play a role in national economic development, companies are also required to play a role in efforts to improve Environmental, Social and Governance (ESG) disclosure issues as a form of social responsibility. ESG is a framework where

companies pay attention to environmental, social and corporate governance aspects in carrying out business responsibly so that they can create a sustainable business. ESG performance achieved by the company can be seen through the sustainability report communicated by the company. Awareness of the importance of ESG issues is also increasing among investors and the general public, along with increasing environmental damage, social and economic problems, such as poverty, labor exploitation, and discrimination that are directly caused by company activities. Researchers also found another thing that is an interesting trend in sustainable business practices, namely related to the fact that the implementation of ESG disclosure can influence the decisions of the Millennial and Gen Z generations in choosing a place to work, making investments, as well as influencing their buying interest in certain goods or services. offered by the company. Based on research conducted by the Deloitte Global 2023 Millennial and Gen Z Survey, 62% of Gen Z respondents stated that they want to work for a company that is aligned with the values of environmental sustainability and social responsibility.

Sustainability reports have emerged as a form of social responsibility and a means for companies to communicate company performance in financial and non-financial aspects to stakeholders (Artamelia, Surbakti & Julianto, 2021:876). In practice, ESG disclosure standards in sustainability reports are based on the Global Reporting Initiative (GRI) G4 which was accepted and published by GRI in 2013, as a company guide for compiling sustainability reports by presenting information related to environmental, social and governance issues. From the observations made by researchers, researchers found gaps as obstacles to technology implementation which are an important concern regarding the implementation of information systems in sustainable business practices in Indonesia. One of them is the condition where many company management are still hampered in choosing a suitable information system for managing data related to ESG disclosure, especially for small and medium scale companies.

In this study, researchers tried to explore one of the information systems that is often implemented by companies in sustainable business practices, namely Enterprise Resource Planning (ERP). ERP plays a role in presenting information on the company's internal and external activities. ERP helps companies collect data periodically to evaluate company performance both in financial and non-financial aspects. ERP also plays a role in centralizing data, simplifying the data collection process, and providing a high level of data accuracy regarding the company's sustainability performance. In line with the results of research conducted by Dumitru et al., (2023:488) which stated that ERP implementation can help companies provide accurate information so that it can encourage a company's sustainability performance. The same research results were also presented by Cheng (2020:2) who stated that technological intelligence's ability to read and manage ESG-related information has a positive impact on a company's sustainability performance. In this study, researchers determined ERP as a variable that moderates the influence of ESG disclosure on the company's sustainable business success efforts.

## LITERATURE REVIEW

### Stakeholder Theory

Stakeholder theory was first developed by Freeman (1984) who stated that stakeholders are a group or individuals who have an interest in the activities, results of an organization and to whom the organization is oriented to achieve company goals. Based on the explanation above, in this research the researcher links the transparency of the ESG disclosure concept with stakeholder theory, because ESG disclosure in practice can be used as an answer to demands from stakeholders. From the ESG disclosure provided by the company, stakeholders can find out what the company is doing in its efforts to protect the environment, fulfill economic and governance aspects in order to achieve their sustainable business, so that stakeholders' trust in the company can also increase.

**Legitimacy Theory**

Legitimacy theory was first put forward by Dowling & Pfeffer (1975), who stated that legitimacy can be said to be a benefit or potential source for companies to be able to maintain the company's sustainability in the long term. Legitimacy theory is based on the idea of a social agreement between corporations and society. Based on the views of Indah & Deviyati (2022:12), legitimacy provides an overview of environmental disclosure efforts that companies voluntarily undertake to gain recognition from the surrounding community. Researchers use legitimacy theory as one of the theoretical foundations for this research, because in its business processes the company is expected to reduce the legitimacy gap by disclosing corporate social responsibility information transparently. One of them is by implementing the ESG disclosure concept contained in the sustainability report which is reported periodically by the company.

**Signalling Theory**

Arkelof (1970) expressed his opinion that "signalling theory" is related to the asymmetric information obtained by the buyer in the transaction process and the parties involved in it have different levels of information from each other. Then this theory was implemented in terms of company performance and the results showed that "if the company has a higher cost of signaling bad news compared to existing good news, then the company will be considered sending signals that are not credible" (Wati, 2020: 11). This encourages companies to disclose positive information to provide good signals (good news) about their company's performance. The existence of this statement strengthens the view that information disclosure such as ESG disclosure can also be seen as a good signal according to the expectations of interested parties, which can influence decision making. Research conducted by Nugroho & Hersugondo (2022:241) shows positive results regarding the role of ESG disclosure in the company's sustainable business.

**Dynamic Capability Theory**

According to Teece et al., (1997) dynamic capability is an organization's ability to integrate, build and reorganize its internal and external competencies in order to face rapid environmental changes. Dynamic capability is a company's ability to provide a quick response in adapting business activities to changes in environmental conditions that can be predicted or not, one of which is the implementation of information system technology. Companies should participate in efforts to maintain a sustainable environment, as a form of corporate social responsibility which is a benchmark for sustainable business.

**Sustainable Business**

Referring to the book Business Sustainability: Concepts, Strategies and Implementation, it is explained that sustainability is the ability of a company to achieve business goals and increase long-term value for its owners (shareholders), then integrate economic, environmental and social into its business strategy (Sudirman, 2022 :8). Another opinion was expressed by Biby, Asbar & Jufridar (2023:17), Yudawisastra (2021:18) in his research also states that sustainable business is a company's ability to achieve its vision and mission in increasing long-term value for shareholders, by implementing quality environmental, social and governance values in its business strategy. In research by Krisyadi & Elleen (2020:12) which states that sustainable business has three measurement indicators, and these indicators are related to environmental, social and corporate governance conditions. Therefore, researchers are of the opinion that companies must be able to implement the ESG disclosure concept as well as possible in order to increase views and positive responses from stakeholders.

**Environmental Disclosure**

The term "Environmental, Social, Governance" began to appear coined by the United Nations Principles of Responsible Investment in corporate environmental responsibility reports. ESG is a non-financial indicator that covers aspects of social sustainability capabilities and corporate governance Kocmanova et al., (2020:114). The company not only has an orientation to be financially responsible to its stakeholders, but also has a responsibility for the impact of environmental damage around the company. ESG disclosure is a new measurement which is a disclosure of a company's voluntary assistance and is usually formed in a Corporate Social Responsibility (CSR) report, sustainability report or stand-alone annual report (Cek & Eyupoglu, 2020:1167). ESG disclosure is considered to increase a sense of trust in the company and build a positive image and create a competitive advantage for the company (Igbinovia & Agbadua, 2023: 151) & (Suttipun, 2021:10).

In this research, the measurement guideline related to environmental, social and governance disclosure used is GRI-G4, which covers 34 aspects of environmental disclosure, 21 aspects ofsocial disclosure and 21 aspects of governance disclosure. Dummy variables are used in measurements with GRI G-4, namely each category disclosed in the environmental disclosure information in the research instrument is given a value of 1, and vice versa if the information category is not disclosed in the annual report it will be given a score of 0. The formula for measuring environmental, social dan governance disclosure based on GRI G-4 is as follows:

$$\textbf{Environmental Disclosure Index} = \frac{\textbf{Number of environmental disclosure}}{\textbf{Number of items by GRI}}$$

$$\textbf{Social Disclosure Index} = \frac{\textbf{Number of social disclosure}}{\textbf{Number of items by GRI}}$$

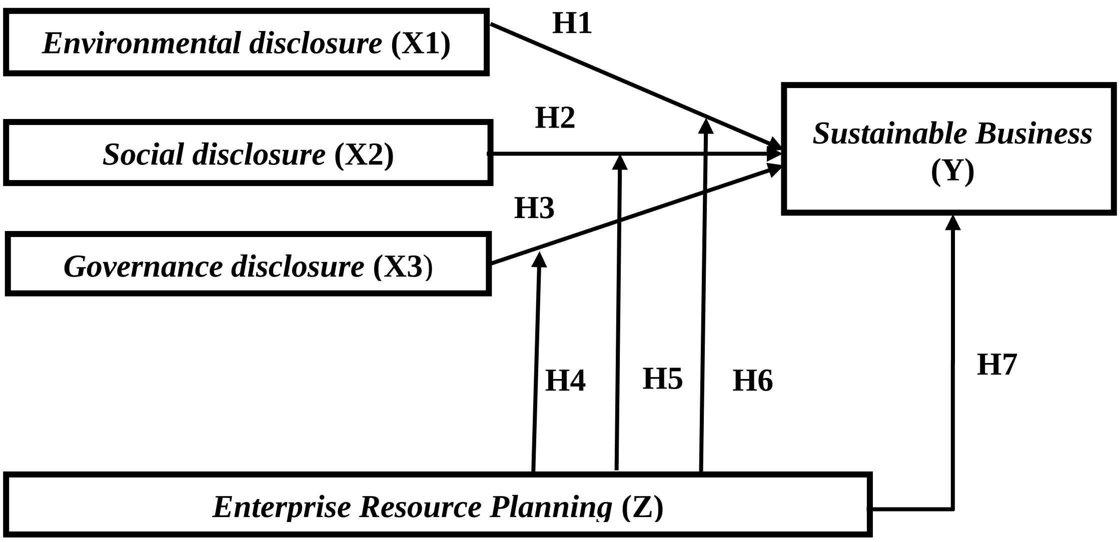
$$\textbf{Governance Disclosure Index} = \frac{\textbf{Number of governance disclosure}}{\textbf{Number of items by GRI}}$$

**Enterprise Resource Planning System (ERP)**

To face the various challenges that exist in the current era of rapid change, companies need to utilize technology as a supporting tool in their efforts to succeed in their sustainable business. One technology that is widely used in company business processes is ERP. ERP has a complete set of modules that are well suited to company needs regarding environmental, social and governance information. ERP is able to provide information regarding the amount of expenditure to fulfill the company's CSR needs, the company's updated organizational structure, the number of new employee recruitments, employee retention rates, total workforce (grouped by age, gender, education), the amount of employee salaries and benefits, consumer complaints related to environmental impact, customer service for the products offered, customer relations, production of goods or services (based on type, quantity and raw materials), as well as all data on the company's raw material suppliers. All of this information covers the company's needs for company data related to ESG disclosure which can be presented in real time in the ERP through human resource, marketing, subscription, field service and finance modules.

## RESEARCH FRAMEWORK & HYPOTHESIS

**Research Framework**




**Hypothesis**

The in this research is:

1. H1: Environmental disclosure partially has a positive effect on the sustainable business success of companies listed on the Indonesia Stock Exchange in 2023.
2. H2: Social disclosure partially has a positive effect on the sustainable business success of companies listed on the Indonesia Stock Exchange in 2023.
3. H3: Governance disclosure partially has a positive effect on the sustainable business success of companies listed on the Indonesia Stock Exchange in 2023.
4. H4: ERP can moderate the relationship between environmental disclosure variables and the sustainable business success of companies listed on the Indonesia Stock Exchange in 2023.
5. H5: ERP can moderate the relationship between social disclosure variables and the sustainable business success of companies listed on the Indonesia Stock Exchange in 2023.
6. H6: ERP can moderate the relationship between governance disclosure variables and the sustainable business success of companies listed on the Indonesia Stock Exchange in 2023.
7. H7: ERP has a partial effect on the sustainable business success of companies listed on the Indonesia Stock Exchange in 2023.

## MATERIALS & METHODS

The design used in this research is quantitative descriptive research. Quantitative research is a research design that presents data in the form of numbers to explain the results or findings of the research. This research also uses experimental methods to test the causal relationship between the independent variable and the dependent variable. Experimental methods in research are also used to see the influence of the dependent variable on the independent variable. In this research, the population used is public companies (Tbk) listed on the Indonesia Stock Exchange which have submitted their company sustainability reports for the 2023 period and have been evaluated by the Morningstar Sustainalytics institution, and have submitted their annual reports for the 2023 period. Researchers try to collect data through the official website of the Indonesian Stock Exchange, and obtained 78 companies which were then used as the research population. The sample selection technique used was purposive sampling, with the following criteria:

**Table 1. Number of Research Samples Based on Criteria**

| No | Explanation | Number of Companies |
|---|---|---|
| 1 | Companies that have published annual sustainability and sustainability reports for the period 2023, and have gone through the evaluation stage by the Morningstar Sustainalytic agency | 78 |
| 2 | Companies that do not implement ERP | (21) |
| 3 | Number of years studied | 57 |
| 4 | Total Observations | 1 |
| 5 | Number of years studied | **57** |

**Source: Results of data collection by the author, 2024**

In this research, researchers collected secondary data in the form of annual reports and sustainability reports for the period 2023 from companies used as the population and research sample. Researchers analyze and calculate the profitability generated by the company in 2023, through the company's ability to generate net profit margin (NPM) value at the end of the current year period. Then the researcher will calculate the environmental, social and governance disclosures disclosed by each company, by referring to the calculation formula and GRI G-4 calculation indicators which the researcher explained in the previous chapter. From these calculations, the researcher produced tabulated data which was then carried out with descriptive statistical calculations, then the data was used in the further testing process. After that, the researcher carried out a testing stage on the collected data using a test tool in the form of the Statistical Package for the Social Sciences (SSPSS) 29 version.

## STATISTICAL ANALYSIS

### Reliability Test

This research uses the Cronbach's Alpha test to measure the reliability of measuring instruments. Cronbach's Alpha is a benchmark used to describe the correlation or relationship between the scale created and all existing variable scales. The instrument used in this variable is said to be reliable if it has a Cronbach's Alpha > 0.60 (Sugiono, 2018:220).

### Descriptive Statistical Analysis

Researchers use descriptive statistics to describe the sample data profile before carrying out analytical techniques to test hypotheses.

### Classical Assumption Test

1. **Test Data Normality.** In this study, normality testing was carried out using the Kolmogorov Smirnov test. Data can be said to be normally distributed if the value of Asymp.sig (2-tailed))> 0.05.
2. **Multicollinearity Test.** In this research, a multicollinearity test will be carried out by looking at the inflation factor (VIF) value in the regression model and comparing the individual coefficient of determination (r2) with the simultaneous determination value (R2). Testing whether there are symptoms of multicollinearity is done by looking at the VIF (Variance Inflation Factor) and tolerance values. If the VIF value is below 10.00 and the tolerance value is more than 0.10 then it can be concluded that the regression model does not have a multicollinearity problem.
3. **Heteroscedasticity Test**. The test methods for heteroscedasticity used in this research is to carry out the Glejser test. The Glajser test is carried out by regressing the independent variables on their residual absolute values (ABS_RES). If the significance value between the independent variable and the absolute residual is more than 0.05 then there is no heteroscedasticity problem.

### Hypothesis Test

1. **Multiple Linear Regression Test.** Researchers used multiple linear regression analysis to determine the magnitude of the relationship between the 3 independent variables environmental disclosure (X1), social disclosure (X2), governance disclosure (X3) with 1 dependent variable sustainable business (Y).
2. **Partial test (t test).** In this research, the data produced includes data on environmental disclosure, social disclosure, governance disclosure, sustainable business and ERP variables. Then the data processing output obtained will be used to determine the maximum, minimum, mean and standard deviation values of each variable.
3. **Moderated regression analysis (MRA).** The moderating variable used in this research is a type of pseudo-moderating variable, because the ERP variable which is a variable (Z) also acts as a predictor variable that directly influences sustainable business (Y). Researchers implemented Moderated Regression Analysis (MRA) to determine the relationship between environmental disclosure, social disclosure and governance disclosure on sustainable business, with ERP as a moderating variable.

## RESULT

### Reliability Test Results

Researchers used the Cronbach's Aplha test to prove the reliability of the data from the variables used in this research. Based on the results of the Cronbach's Aplha test that has been carried out, the researcher states that all the data in this study is consistent, with the resulting Cronbach's Aplha value being 0.98 > 0.60.

**Table 2. Cronbach's Alpha Reliability Test Results**

| Cronbach's Alpha | N of Items |
|---|---|
| 0.986 | 6 |

**Source: Author's data processing output, with SPSS version 29**

### Results of Descriptive Statistical Analysis

The descriptive test results show:

a. The lowest environmental disclosure value is 0.29, which means that there are companies that only disclose 10 environmental index items out of 34 items that should be disclosed. The maximum environmental disclosure value is 1.0, which illustrates that there are companies that are able to disclose all 34 environmental index items. Furthermore, the average value of environmental disclosure is 0.94 with an average deviation of 0.16.

b. The lowest social disclosure value is 0.16, which explains that there are companies that only disclose 3 social index items out of 19 items that should be disclosed. The maximum social disclosure value is 1.0, which illustrates that there are companies that are able to disclose all 19 social index items. Furthermore, the average value of social disclosure is 0.92 with an average deviation of 0.16.

c. The lowest governance disclosure value is 0.14, which explains that there are companies that only disclose 3 governance index items out of 21 items that should be disclosed. The maximum value of governance disclosure is 1.0, which illustrates that there are companies that are able to disclose 21 items from the governance index as a whole. Furthermore, the average value of governance disclosure is 0.92 with an average deviation of 0.16.

d. The minimum value, maximum value and average value for ERP implementation as a whole are the same, namely 1. These results indicate that all sample companies used have implemented ERP to provide ESG disclosure information in sustainable business practices.

**Table 3. Descriptive Statistical Analysis Test Results**

| | N | Range | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|---|
| | | Statistic | Statistic | Statistic | Statistic | Statistic |
| Environmental Disclosure (X1) | 57 | 0.82 | 0.29 | 1 | 0.9496 | 0.16204 |
| Social Disclosure (X2) | 57 | 0.84 | 0.16 | 1 | 0.924 | 0.1695 |
| Governance Disclosure (X3) | 57 | 0.86 | 0.14 | 1 | 0.9372 | 0.17937 |
| Sustainable Business (Y) | 57 | 138.83 | 0.02 | 138.85 | 27.5646 | 30.28083 |
| Enterprise Resource Planning (Z) | 57 | 0 | 1 | 1 | 1 | 0 |
| Valid N (listwise) | 57 | | | | | |

**Source: Author's data processing output, with SPSS version 29**

## Classical Assumption Test Results

### 1. Data Normality Test Results

It can be seen in Table 4 that the Kolmogorov Smirnov significance value is 0.062 > 0.05, so the researcher states that the overall data for each variable used in this research is normally distributed.

**Table 4. Data Normality Test Results**

| | | | Unstandardized Residual |
|---|---|---|---|
| N | | | 57 |
| Normal Parameters | Mean | | 0 |
| | Std. Deviation | | 27.85838933 |
| Most Extreme Differences | Absolute | | 0.114 |
| | Positive | | 0.114 |
| | Negative | | -0.111 |
| Test Statistic | | | 0.114 |
| Asymp. Sig. (2-tailed) | | | 0.062 |
| Monte Carlo Sig. (2-tailed) | Sig. | | 0.062 |
| | 99% Confidence Interval | Lower Bound | 0.056 |
| | | Upper Bound | 0.068 |

**Source: Author's data processing output, with SPSS version 29**

### 2. Multicollinearity Test Results

Researchers conducted a multicollinearity test to test whether there was a correlation between the independent variables in the regression model. Multicollinearity means that there is a perfect linear relationship between some or all of the variables that explain the regression model. A good regression model should have no correlation between independent variables. If the independent variables are correlated with each other, then the variables are not orthogonal. Below the researcher presents the results obtained in the multicollinearity test:

a. The tolerance value of the environmental disclosure variable is 0.249 > 0.10, with a VIF value of 4.021 < 10. The test results prove that there are no symptoms of multicollinearity in the regression model formed by the independent variables.
b. The tolerance value of the social disclosure variable is 0.305 > 0.10, with a VIF value of 3.278 < 10. The test results prove that there are no symptoms of multicollinearity in the regression model formed by the independent variables.
c. The tolerance value of the governance disclosure variable is 0.267 > 0.10, with a VIF value of 4.021 < 10. The test results prove that there are no symptoms of multicollinearity in the regression model formed by the independent variables.

**Table 5. Multicollinearity test results**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 26.316 | 23.24 | | 1.132 | 0.263 | | |
| | Environmental Disclosure (X1) | 121.144 | 47.356 | 0.648 | 2.558 | 0.013 | 0.249 | 4.021 |
| | Social Disclosure (X2) | -109.795 | 40.874 | -0.615 | -2.686 | 0.01 | 0.305 | 3.278 |
| | Governance Disclosure (X3) | -13.168 | 41.267 | -0.078 | -0.319 | 0.751 | 0.267 | 3.742 |

**Source: Author's data processing output, with SPSS version 29**

### 3. Heteroscedasticity Test Results

Based on the results of the heteroscedasticity test in Table 6, it shows that the significance value of environmental disclosure is 0.284 > 0.05, the significance value of social disclosure is -3.009 > 0.05, and the significance value of governance disclosure is 1.936 > 0.05. Based on this value, it can be stated that the data is in accordance with the decision making requirements of the Glejser test, namely that there is no heteroscedasticity in the existing regression model.

**Table 6. Heteroscedasticity Test Results**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 20.647 | 2.373 | | 8.702 | 0 |
| | Environmental Disclosure (X1) | 18.971 | 17.51 | 0.322 | 1.083 | 0.284 |
| | Social Disclosure (X2) | -57.32 | 18.497 | -0.982 | -3.099 | 0.003 |
| | Governance Disclosure (X3) | 31.158 | 16.094 | 0.614 | 1.936 | 0.058 |

**Source: Author's data processing output, with SPSS version 29**

## Hypothesis Test Results

### 1. Multiple Linear Regression Test Results

Based on the results of the multiple linear regression test in Table 7 it can be stated that:

a. The β1 value (regression coefficient value X1) is 121.144, which indicates that the environmental disclosure variable has a positive influence on the sustainable business variable (Y). Based on this, it can be interpreted that every increase of 1 in the value of the environmental disclosure variable will have an effect on increasing the value of the sustainable business variable by 121.144. The opposite relationship can occur if the value of the environmental disclosure variable decreases by 1 score, then the value of the sustainable business variable is also predicted to decrease by 121.144.

b. The value of β2 (regression coefficient value Based on this, it can be interpreted that every increase of 1 in the value of the social disclosure variable will have the effect of decreasing the value of the sustainable business variable by 109.798. The opposite relationship can occur if the value of the social disclosure variable decreases by 1 score, then the value of the sustainable business variable is predicted to increase by 109.789.

c. The value of β3 (regression coefficient value Based on this, it can be interpreted that every increase of 1 in the value of the governance disclosure variable will have the effect of decreasing the value of the sustainable business variable by 13.168. The opposite relationship can occur if the value of the governance disclosure variable decreases by 1, then the value of the sustainable business variable is predicted to increase by 13.168.

**Table 7. Multiple Linear Regression Test Results**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 26.316 | 23.24 | | 1.132 | 0.263 |
| | Environmental Disclosure (X1) | 121.144 | 47.356 | 0.648 | 2.558 | 0.013 |
| | Social Disclosure (X2) | -109.795 | 40.874 | -0.615 | -2.686 | 0.01 |
| | Governance Disclosure (X3) | -13.168 | 41.267 | -0.078 | -0.319 | 0.751 |

**Source: Author's data processing output, with SPSS version 29**

## 2. Partial Test Results t

**Table 8. Partial Test Results t**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 26.316 | 23.24 | | 1.132 | 0.263 |
| | Environmental Disclosure (X1) | 121.144 | 47.356 | 0.648 | 2.558 | 0.013 |
| | Social Disclosure (X2) | -109.795 | 40.874 | -0.615 | -2.686 | 0.01 |
| | Governance Disclosure (X3) | -13.168 | 41.267 | -0.078 | -0.319 | 0.751 |

**Source: Author's data processing output, with SPSS version 29**

The following is the researcher's explanation regarding the results of the partial t test table 8:

a. The standard coefficient for the influence of environmental disclosure on sustainable business is 0.648, with a t-count value of 2.558 > t-table of 2.005 and a significance value of 0.01 < 0.05. Therefore, the researcher stated that the environmental disclosure variable (X1) was partially proven to have a significant positive effect on the sustainable business variable (Y). **Hypothesis 1 is accepted.**

b. The standard coefficient for the influence of social disclosure on sustainable business is -0.615, with a calculated t-value of -2.686 < t-table of 2.005 and a significance value of 0.01 < 0.05. Therefore, the researcher stated that the social disclosure variable (X2) was partially proven to have a significant negative effect on the sustainable business variable (Y). **Hypothesis 2 is rejected.**

c. The standard coefficient for the influence of governance disclosure on sustainable business is -0.078, with a t-count value of -0.139 < t-table of 2.005 and a significance value of 0.751 > 0.05. Therefore, the researcher stated that the governance disclosure variable (X3) was partially proven to have a negative but not significant effect on the sustainable business variable (Y). **Hypothesis 3 is rejected.**

## 3. Moderated Regression Analysis (MRA) Test Results

**Table 9. Moderated Regression Analysis (MRA) Test Results**

| Model | | Unstandardized Coefficients | | Standardized Coefficien | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 26.219 | 23.19 | | 1.131 | 0.263 |
| | EnDiZ | 121.051 | 47.253 | 0.649 | 2.562 | 0.013 |
| | ScDiZ | -109.553 | 40.785 | -0.615 | -2.686 | 0.01 |
| | GvDiZ | -13.128 | 41.177 | -0.078 | -0.319 | 0.751 |

**Source: Author's data processing output, with SPSS version 29**

a. It is known that the regression coefficient value of the interaction between the environmental disclosure variable (X1) and the enterprise resource planning variable (Z) is 121,051 with a significance value of 0.01 < 0.05. Thus, the researcher states that the enterprise resource planning (Z) variable has been significantly proven to be able to moderate (strengthen) the influence of the environmental disclosure variable (X1) on sustainable business (Y). **Hypothesis 4 is accepted.**
b. It is known that the regression coefficient value of the interaction between the social disclosure variable (X2) and the enterprise resource planning variable (Z) is -109.553 with a significance value of 0.001 < 0.05. So the researchers stated that the enterprise resource planning (Z) variable was significantly proven to be able to moderate (weaken) the influence of the social disclosure variable (X2) on sustainable business (Y). **Hypothesis 5 is accepted.**
c. It is known that the regression coefficient value of the interaction between the governance disclosure variable (X3) and the enterprise resource planning variable (Z) is -13,128 with a significance value of 0.751 > 0.05. So the researchers stated that the enterprise resource planning (Z) variable was proven to be able to moderate the influence of the governance disclosure variable (X3) on sustainable business (Y) but was not significant. **Hypothesis 6 is accepted**.
d. By comparing the regression equation above, it can be seen that $\beta1 \neq 0$ (significant), $\beta2 \neq 0$ (significant), $\beta3 \neq 0$ (significant). So the researcher states that the enterprise resource planning variable is a pseudo moderating variable, which not only moderates the relationship between environmental disclosure (X1), social disclosure (X2) and governance disclosure (X3) variables on the sustainable business variable (Y), but can also have a direct effect towards the sustainable business variable (Y). **Hypothesis 7 is accepted**

## DISCUSSION

### 1. The Influence of the Environmental Disclosure Concept (X1) on the Success of Sustainable Business (Y)

Based on the results of hypothesis testing, it can be seen that environmental disclosure has a positive and significant effect on the success of sustainable business, which is proxied through the company's net profit margin performance. These results are supported by the existence of stakeholder theory which explains how companies must be oriented towards the interests, hopes and fulfill the demands of the stakeholders themselves. Apart from that, the research results are also supported by legitimacy theory, in which companies must try to avoid legitimacy gaps by running business based on applicable norms and values through their contribution in implementing environmental disclosure. Stakeholders can assess how concerned and responsible the company is for the environment through the sustainability reports submitted by the company. Increasing stakeholder trust can expand opportunities for investment activities and attract public interest in carrying out transactions on products or services offered by companies, especially now that the public tends to show interest in products produced by companies that have a good reputation for environmental responsibility compared to other companies. This can affect the company's ability to increase the company's economic value and financial performance, in order to realize sustainable business success. The results of this research are in line with research by Hajiheydari et al., (2022:10), Saygili (2022:525), Saini & Singhania (2019:22), Jeanice & Kim (2023:1646) in their research results stated that companies that implemented environmental disclosure positively and significantly experienced increased profitability performance as proxied by ROA, ROE and NPM.

**2. The Influence of the Concept of Social Disclosure (X2) on Success Sustainable Business (Y)**

Based on the results of the hypothesis test, it can be seen that social disclosure has a negative and significant effect on the success of sustainable business, which is proxied through the company's net profit margin performance. In addition, disclosure of social performance will have an impact on stakeholder perceptions regarding the company's commitment to caring for the human resources around it. By communicating good performance aspects of social disclosure, companies are able to influence the public's positive views and attract investors' interest in investing in the company. ng sustainable.

The practice of disclosing social performance can also have a negative impact on net profit margin performance. The more social performance information the company conveys, the greater the opportunity for stakeholders to see the size of the company's social performance. Low social performance and large corporate social risks are considered negative signals by stakeholders and can reduce public trust. Companies will be deemed to have no interest in contributing to social care. A decline in sales can occur due to low public interest in buying products, goods and services offered by the company, as their response to the lack of social performance expressed by the company. The results in this research are supported by research by Ruan & Liu (2021:11) & El Khoury et al., (2023:9) which states that social disclosure has a negative effect on company financial performance.

**3. The Influence of the Governance Disclosure Concept (X3) on the Success of Sustainable Business (Y)**

Based on the results of the hypothesis test, it can be seen that governance disclosure has a negative but not significant effect on the success of sustainable business which is proxied through the company's net profit margin performance. The results of this research are strengthened by previous research which was used to strengthen the hypothesis of 3 researchers, namely the research results of Shaikh (2021:232), Ruan & Liu (2021:11) & Marheni et al., (2024:55) which stated that governance disclosure has an effect negative and significant to company profitability. The results of testing hypothesis 3 in this research are also strengthened stakeholder theory and signaling theory, which states that governance disclosure can be a means of communication that reflects the company's positive signals through the company's commitment to stakeholders.

Governance disclosure as a part of CSR is also used as a step and company effort to meet transparency demands from stakeholders. Stakeholders' trust in the company will increase with governance disclosure, and will also have an impact on increasing profitability in an effort to succeed in the company's sustainable business. In practice, some information related to the performance of aspects of corporate governance that is not optimal can actually be a negative signal for stakeholders. Poor governance performance will decrease stakeholder trust, resulting in reduced investment interest in the company. Companies with suboptimal corporate governance are considered to not have a clear business direction and lack integrity, because they do not have strict supervision in terms of regulations, whether bound by law or not. This condition will increase stakeholder skepticism regarding the risk of financial loss due to collusion, corruption and nepotism carried out by company management

**4. The Role of Enterprise Resource Planning (Z) in Moderating the Influence of Social Disclosure Variables (X2) on the Success of Sustainable Business (Y)**

Based on the results of the hypothesis test, it can be seen that the enterprise resource planning (Z) variable is proven to be able to strengthen the influence of the environmental disclosure variable (X1) on sustainable business (Y). These results are supported by the existence of a signaling theory which describes the positive signals conveyed by the company through ERP implementation as a competitive advantage that the company has. The quality of the resulting data is used to support the presentation of an integrated ESG disclosure concept. ERP implementation can also encourage energy efficiency with environmentally friendly technology and reduce inefficient operational costs, so that in this case ERP can strengthen the relationship between environmental disclosure and the success of a company's sustainable business.

This can be beneficial for companies that implement ERP, because the company will have a competitive advantage which is a positive signal for stakeholders. The company's response to providing environmental disclosure data through ERP is also supported by statements in dynamic capability theory. This theory describes a company's ability to integrate, build and reorganize the company's internal and external competencies, in order to face rapid environmental changes (Teece et al., 1997). The results of testing hypothesis 4 in this research are supported by the research of Anaya & Qutaishat (2022:854-861), Silalahi (2022:272) & Erleli (2022:74) in their research also stating that ERP has a positive impact on the fulfillment of information related to the environment, social and governance in realizing sustainable business.

### 5. The Role of Enterprise Resource Planning (Z) in Moderating the Influence of the Governance Disclosure Variable (X3) on the Success of Sustainable Business (Y)

Based on the results of the hypothesis test, it can be seen that the enterprise resource planning (Z) variable is proven to be able to moderate the influence of the social disclosure variable (X2) on sustainable business (Y). The moderating effect caused by ERP is to significantly weaken the influence of the social disclosure concept (X2) applied by the company on sustainable business (Y). This means that the existence of ERP is not able to strengthen the role of social performance information conveyed by companies in efforts to realize sustainable business. The results of research conducted by Li et al., (2023:1209-1220), Zhou et al., (2022:4) which states that the implementation of technology can effectively detect data related to environmental, social, employee and community problems. in sustainable business processes. Saha et al., (2020:1315) also stated that ERP is able to moderate ESG performance in realizing sustainable business. The proof of H5 in this research is different from the description in stakeholder theory which is associated with ERP implementation. ERP as an information technology system is considered to be able to influence the formation of the company's strategic relationships with stakeholders, assisting internal company parties in collecting and informing social performance to stakeholders, which can then increase the sustainability of a company's business. Through ERP implementation, management and stakeholders can easily carry out regular analyzes of business risks and the company's internal conditions.

### 6. The Influence of Implementing Enterprise Resource Planning (Z) on the Success of Sustainable Business

Based on the results of the hypothesis test, it can be seen that the enterprise resource planning variable (Z) is able to moderate the influence of the governance disclosure variable (X2) on sustainable business (Y). In this research, the moderating effect caused by ERP as a digital technology based on information systems is to weaken the relationship between governance disclosure and the company's sustainable business.

This means that the existence of ERP is not able to improve the quality of governance performance information delivered by the company in an effort to realize a sustainable business.

The test results are not in line with the description in signaling theory, which explains that companies try to provide signals in the form of positive information that can be useful for stakeholders (Spence, 1973). ERP implementation is the company's effort to answer stakeholders' demands to move quickly to align business processes that are increasingly developing, especially in the current era of digitalization. ERP can help employees and companies to obtain, manage, share and organize large amounts of data, connect all company activities, information and can help achieve sustainability (Sislian & Jaegler, 2020:7), (Gupta et al., 2020:7) , (Gesso & Lodhi, 2024:1318) & (Winovsky, 2023:641). Then Eughnia & Lavinia (2022:488) also stated that ERP intelligence capabilities as technology in reading and managing ESG-related information have a positive impact on the company's sustainability performance.

### 7. The Influence of Implementing Enterprise Resource Planning (Z) on the Success of Sustainable Business

Based on the results of calculations using the moderation equation, it shows that enterprise resource planning (Z) is proven to act as a predictor variable which also has a partial direct effect on sustainable business (Y). These results are strengthened by the understanding of dynamic capability theory presented by Teece et al., (1997). Dynamic capability is an organization's ability to integrate, build and reorganize its internal and external competencies in order to face rapid environmental changes. Through the implementation of ERP as part of information technology, companies directly demonstrate their ability to provide quick responses to changes in environmental conditions that can be predicted or not.

The results of this research are in line with research by Eugenia & Lavinia (2022:488) which states that ERP intelligence capabilities as technology in reading and managing ESG-related information have a positive impact on the company's sustainability performance. This means that good quality ESG disclosure information will indicate the success of the company's sustainable business. In their research, Tarigan et al., (2021:133-148), Anaya & Qutaishat (2022:854-861), Silalahi (2022:272) & Erleli (2022:74), Saygili, Arslan & Birkan (2022:7) also stated that the implementation of an ERP system has proven to have a positive effect on sustainable business efforts.

## CONCLUSION

Based on the discussion of the test results that have been carried out, the researchers draw several conclusions obtained in this research, namely as follows:

1. **Hypothesis 1 is accepted**: Environmental disclosure has a significant positive effect on the success of sustainable business.
2. **Hypothesis 2 is rejected**: Social disclosure has a significant negative effect on the success of sustainable business.
3. **Hypothesis 3 is rejected**: Governance disclosure has a negative but not significant effect on the success of sustainable business.
4. **Hypothesis 4 is accepted**: Enterprise resource planning significantly strengthens the influence of the relationship between environmental disclosure variables on the success of sustainable business.
5. **Hypothesis 5 is accepted**: Enterprise resource planning significantly weakens the influence of the relationship between social disclosure variables on the success of sustainable business.
6. **Hypothesis 6 is accepted**: Enterprise resource planning does not significantly weaken the influence of the relationship

between governance disclosure variables but is not significant on the success of sustainable business.

7. **Hypothesis 7 is accepted**: Enterprise resource planning has been partially proven to have a direct influence on the success of sustainable business.

## LIMINATIONS & RECOMMENDATION

The researcher is aware that there are limitations or obstacles that the researcher found in the process of preparing the proposal until the research process was carried out. This research is limited to data related to the type of ERP used by the company. Based on this, if the researcher is able to group the sample companies according to the type of ERP system used, then the researcher can present a more in-depth discussion regarding what type of ERP system is most suitable for implementation in sustainable business practices in Indonesia, regarding its role in presenting company ESG disclosure data. Apart from that, this research is also limited to selecting independent variables in building relationships with dependent variables, so researchers cannot provide an overview of the influence of other external factors that can influence the success of a company's sustainable business.

The findings, obstacles and limitations in this research were used as evaluation material by the researcher, which the researcher then conveyed in the form of suggestions as follows:

1. The researcher hopes that future researchers can produce better research developments and innovations, in terms of the use of theory, determining research independent variables, determining measurement indicators, research concepts, as well as identifying existing samples and research methods.
2. Researchers highlight things that have an impact on the success or failure of implementing an ERP system in a company's sustainable business practices. Some of these are the company's capabilities in technical aspects (eg implementation strategy, type of ERP used, system configuration, level of customization and implementation costs), and human resource aspects (eg training, skills development and change management). Some of these things should be corrected by the company so that system implementation can run optimally in supporting the success of sustainable business. Companies must also consider the right type of ERP, and utilize all ERP functions thoroughly so that the company can get the maximum benefits from ERP.

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