

# Cosmetic company commitment to the international organization for standardization (ISO) as a private authority regime

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## ABSTRACT

*This research discusses the ISO private authority regime with a focus on the ISO 14001 series issues regarding the environmental management system at the cosmetics company The Body Shop. The aim of this research is to determine the commitment of The Body Shop through policies as a form of company compliance with the international private regime and its contribution achievements. This research analysis uses concepts International Private Regime and Institutional Theory with descriptive methods of qualitative data analysis collected through documentation study techniques. The results of this research found that the ISO 14001 standard is an international private regime that regulates management systems environment is not a standard of technical performance in companies. In this way, The Body Shop's commitment to ISO 14001 is proven through the existence of a circular economy policy, reducing greenhouse gas emissions towards net zero carbon, to policies related to company design and product raw materials used in order to minimize environmental impacts. This shows that The Body Shop has a high commitment to implementing ISO 14001 standards in its business activities green corporate.*

### Keywords:

*ISO 14001; international private regime; the body shop*

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## INTRODUCTION

At the end of the 20th century, the study of international relations was characterized by the emergence of non-state actors whose roles were increasingly needed to complement the role of states in promoting global cooperation. Existing non-governmental organizations, transnational multilateral institutions, advocacy associations, and market-based private authorities are important actors in global civil society. Likewise in the development of the international system which is not only dominated by public institutional actors, but also the existence of private authorities in global governance. Private authorities as market-based non-state actors can play a role in establishing private regimes or can take an important role in developing regimes as hybrid organizations (Clap, 1998). An international regime is

defined as a set of rules containing norms, principles, regulations and decision making procedure (Krasner, 1983). Meanwhile, according to Cutler (2009) the international private regime is the integration of formal and informal institutions which are sources for governance in economic matters, but there is no single authoritative criterion that can indicate the existence of an international private regime.

The idea of an international private regime initially emerged as a result of a shift in traditional conceptions of legitimacy and authority. This shift is supported by the emergence of various non-state actors who are closely related to the phenomenon of globalization who can take on authoritative roles and functions in the dynamics of the international system. These new non-state actors are global market power authorities, private market institutions which within their authority are involved in creating international standards, human rights and environmental organizations, transnational religious movements and can even be carried out by mafias in certain cases. These actors can openly move and have authority if they receive support or legitimacy from the state to be involved in the international arena. Starting from the emergence of new actors belonging to private institutions who have authority with the claim that their presence is recognized by the public, they can determine policies and form norms and rules. By creating standards and limits for action, offering safety, guaranteeing contracts and guaranteeing world order (Hall, 2002). This shows that currently the state is not the only actor who has the main source of authority in the domestic and global arena that occurred around the beginning of the twenty-first century.

Private authority in books *The Emergence of Private Authority in Global Governance* provides a new view that the concept of private authority is not always related to international political economy alone. However, according to Korbin, Pauly and Sassen, the dimensions of private authority are actors with types of authority in the market, moral authority, and illicit authority (Hall, 2002). Analysis related to regimes in private authority is an analytical effort to answer the emptiness of conventional approaches to international organizations, because they are often state-centered. So Claire Cutler, Virginia Haufler and Tony Porter define the international private regime as a complex integration of formal and non-formal institutions which is the source of governance for economic problems as a whole (Hall, 2002).

The formation of the international private regime was due to the limitations of the state or public institutions in regulating several problems. Remembering how to overcome or respond to specific problems is necessary expertise or adequate expertise, sufficient technical capacity, availability of economic resources and the need for internal control in realizing better governance. According to Clap (1998) this is done by the state not because the state is unable to provide these functions, but rather the state chooses to do so, regardless of the capacity to regulate them. Meanwhile, according to Susan Strange, the emergence of a private authority regime is also inseparable from the decline in state effectiveness in certain fields that cannot be provided adequately, so that the trend of the need for a private authority regime, especially in the market sector, is increasingly gaining significance amidst the massive pace of technological change (Strange, 1996). So there is another reason for the state to consider some problems beyond the state's capacity, so that the state gives authority to private authorities in the market sector to form the regime.

International private regime can be formed through negotiations between companies in an industrial sector with a particular issue focus that seeks to collect and combine various national and international business associations. In an association, rules and procedures can then be produced to resolve conflicts between associations and between associations and other participants (Hall, 2002). It can be understood that international private regime is an important form of cooperation between various institutionalized business associations by

establishing rules and procedures as a regime. These rules apply broadly both to regulate members of the association and can also regulate several cases of non-members of the association. This international regime can be born and operate by involving interaction and cooperation with various countries. According to Cutler in studying international private regime aimed at measuring the dependence of private actors on public actors in an international regime (Hall, 2002).

Existence the reality of the international private regime is a form of private authority that is institutionally developed, institutionalized and well coordinated between actors and whose existence must be legitimized by the state as a global governance system. In many cases the concept of private international regimes is used to analyze internet regulations, the international mineral industry, the regulation of production standards in industry, used by the insurance industry, and rating agencies. However, the concept of a private international regime can provide changes to the activities of transnational companies, business associations and other organizations that can further structure commercial activities starting from controlling market access, market share to being able to regulate the entire transaction process. This concept can ideologically help reveal the existence of personal interests in the political order and legal regime in order to increase corporate accountability.

The involvement of private authorities in the international system by trying to form governance structures can facilitate business competition in the liberal economic system in the international world. The existence of an international private authority has three functions, namely setting standards, enforcing rules, and providing services (Börzel & Risse, 2005) with the initial two functions being a provider of regulations and the third as a provider of public goods. Often the most popular function of private international authorities is in setting standards and rules. In making the rules, there are national representatives in international conferences to the structure, where the standards in them are developed by the international bureaucracy and then several national and local bodies are given significant leeway and flexibility in their implementation because the standards are voluntary and with a non-coercive mechanism.

International Organization for Standardization (ISO) as one of the market-based private authorities that can exert significant influence on global policy areas. Since its founding in 1947, ISO has been developed as a private authority that regulates technical barriers in trade through the standards it creates. Although not an intergovernmental regime stipulated in international agreements, ISO is recognized as an international private regime that provides a platform for articulating national commercial interests (Lim & Prakash, 2018). According to Murphy & Yates (2009) ISO is a global effort towards standardizing industrial practices and processes that can help reduce acquisition costs, information, contract costs and technical barriers in trade. So it is not surprising that ISO is said to be the global private regime that has the most prominent influence on trade between countries.

ISO has a function in establishing standards and rules that reflect international technical consensus with the aim of developing and promoting international standards regarding ownership, industry and commerce throughout the world as a solution to the challenges of global competition. To date, there are 24,597 standards covering all areas such as products, services, processes, technology, information, management and manufacturing which were formed based on market trends, consumer voices and government policies in world countries (ISO, 2022a). Based on the ISO report on its official website, it is stated that the most popular ISO standards adopted by companies and organizations are standards related to management systems, namely how companies manage interrelated parts of their business operations to achieve certain goals. Among them are the ISO 9001:2015 standard regarding quality management systems (QMS), the ISO/IEC 27001: 2013 standard regarding

security management systems information, and the ISO 14001:2015 standard on environmental management systems (EMS) (ISO, 2022b).

Meanwhile, more specifically according to Fonseca (2015) the two series of ISO standards that have had a big impact throughout the world are the ISO 9001 and ISO 14001 series. Especially ISO 14001 regarding environmental management systems has been well received throughout the world with the acceptance of the concept of environmental performance. Better and more sustainable conditions can be achieved if there is systematic identification and management through improving environmental performance and complying with applicable laws. ISO 14001 standards and rules have a relevant contribution to environmental sustainability which has a driving force in creating value to support sustainable development (Sebhatu & Enquist, 2007). In line with this argument, there is significant value from ISO 14001, apart from fulfilling legal requirements and improving environmental performance, it can also increase management commitment and stakeholder involvement in environmental issues which also has an impact on improving public image (ISO, 2013) and influence positive impact on financial performance (Tarí et al., 2012).

Literature about ISO 14001 has been widely discussed in previous research starting from the implementation of the ISO 14001 standard by companies which is carried out symbolically and substantially (Aravind & Christmann, 2011; Testa et al., 2018), as well as the impact of adopting ISO 14001 in operational and economic terms. as well as environmental consequences (Arocena et al., 2021; Boiral et al., 2018). Apart from that, previous research has also discussed many factors that encourage companies to implement ISO 14001 through policies originating from the company's internal motivation which is oriented towards financial performance and export goals (Baek, 2017; Liston-Heyes & Heyes, 2021), as well as external pressure with demands from government, civil society, and non-governmental organizations (Delmas & Montes-Sancho, 2011).

One of the multinational companies that is ISO 14001 certified is The Body Shop as a company in the cosmetics sector that pays attention to environmental issues. This is the concern of the author in this research which discusses ISO 14001 certification through a case study of The Body Shop company. The uniqueness of The Body Shop is that it is a cosmetics company that has a passion for supporting environmental and social evolution which makes it a commitment and value that it adheres to in carrying out its business activities, to the point where ISO 14001 certification is proof. Empirical studies about The Body Shop as an ISO 14001 certified company are widely discussed from a marketing perspective, considering that The Body Shop is a pioneer company that uses green marketing as a strategy to attract consumers and investors (Aisya & Febriana, 2023; Chalimatuz et al., 2017; Lestari & Fitriani, 2021; Sitorus et al., 2023). Meanwhile, this research examines it from a different perspective, namely by focusing on examining The Body Shop's commitment as an ISO 14001 certified cosmetics company regarding the Environmental Management System (EMS) in carrying out its business activities which will be explained using an analytical tools international private regime and institutional theory.

Institutional theory is based on the premise that running a company's business is not only a rational economic decision, but is also influenced by external norms, values and traditions (Chu et al., 2018). Institutional theory emphasizes that social influence comes from social norms that shape the actions of organizations and companies so that they adopt these initiatives to gain legitimacy or acceptance from society. According to DiMaggio & Powell (1983) there are three forms of pressure in institutional theory that influence corporate decision making, including coercive pressure, mimetic pressure and normative pressure. First, coercive pressure comes from institutions within the company that have power over the company, such as government agencies or customers who force the company

to take certain actions (Chu et al., 2018). Second, mimetic pressure comes from conditions of uncertainty that require companies to follow similar things to other companies to get on the path to success (Chu et al., 2018; Krell et al., 2016). Then third, normative pressure as a form of norm promotion by institutions within the company to identify and comply with norms (Krell et al., 2016). However, normative pressure cannot influence a company in a coercive way, but compliance with norms is caused by the motivation of decision makers to identify with their business.

A further definition of normative pressure in institutional theory is pressure that comes from norms that have been set by association institutions such as professions or industries. One example of an institution that exerts normative pressure is ISO as an international private regime institution which has the authority to form norms and standards, but cannot impose sanctions on companies that do not comply (Krell et al., 2016). However, company compliance with ISO norms and obtaining ISO certification is due to the company's commitment to the belief that compliance with these norms can have a positive impact on creating a sustainable company. Through the explanation of institutional theory, the author uses this to analyze The Body Shop's commitment to implementing the ISO 14001 standard as the company's basis for determining its policies.

## METHOD

This research uses a qualitative descriptive research method, through this method facts related to the research problem are collected and then combined to form a pattern of meaningful relationships which are then generalized as a conclusion (Mas'ood, 1990). Then Ikbar (2014) in his book defines descriptive research as research that attempts to systematically describe and describe the facts and characteristics of the object or phenomenon being studied accurately. In this research the author describes and explains through data and facts with a focus on research questions to analyze The Body Shop's commitment as an ISO 14001 certified cosmetics company. The data in this research was obtained and collected using documentation study techniques carried out by collecting archives, books, news, documents reports, official websites, journals and others related to research in good form offline not online.

## RESULT AND DISCUSSION

### ISO as a Private Authority Regime in the Market Sector

ISO (*International Organization for Standardization*) is the largest international standards-setting body consisting of representatives of various national standards organizations. This organization was inaugurated on February 23, 1947 with 67 technical committees that have a specific subject focus. The inauguration of ISO in 1947 was the result of discussions by 65 delegates from 25 countries who gathered to discuss international standardization issues in London in 1946. ISO is a non-governmental and independent organization with the main mission of establishing international standards to support global trade and create economic growth. Which is inclusive and fair, encourages innovation, and promotes health and safety in order to achieve a sustainable future. The aim of the formation of ISO is to develop and promote international standards regarding ownership, industry and commerce throughout the world as a solution to global challenges formulated by ISO experts from various knowledge. Headquartered in Geneva, Switzerland and has a membership of 64 national bodies from various countries represented by one authorized body representing countries to join ISO (ISO, 2019).

In its membership, ISO has three categories of members, including (1) Member Body or as a full member who has the right to vote in the technical committee and can have a say

in determining the policies taken by ISO, consisting of 119 member countries including Indonesia which is represented by BSN (National Standards Body). These full members can influence the development and strategy of ISO standards, and can sell and adopt standards in ISO nationally; (2) Correspondent Members as state bodies that do not yet have complete national standards so that those included in this second category of membership do not have the right to participate in determining policies and techniques adopted by ISO. Currently there are 40 correspondent member countries. These corresponding members can observe the development of ISO standards and strategies by attending as observers at technical meetings discussing ISO policies; and (3) Subscriber Member or customer members are intended for countries that have very small economies, including the 4 countries that are subscriber member (Standarku.com, 2021). Members of these customers in ISO developments can follow but do not have the right to participate in ISO policy technical meetings.

The ISO private regime is formed based on voluntary standards with non-coercive mechanisms for member countries. The standards issued by ISO provide requirements, specifications, guidelines or characteristics for establishing, monitoring, maintaining, implementing and improving institutional or company management systems. ISO also ensures that organizations follow industry best practices in improving manufacturing and other services by paying attention to the needs of stakeholders from the government, private sector, corporate industry and consumers. ISO standards were formed with three general functions to help create compatible products, identify product and service safety problems, and share the best ideas and solutions in technological and management knowledge (ISO, 2019).

In its development, ISO as a private authority regime continues to grow by expanding its standards to meet customer requirements by looking at market trend factors, consumer voices and government policies in world countries. To date, there are 24,597 standards created by ISO based on proposals from member countries covering all areas such as products, services, processes, technology, information, management and manufacturing. The flow of standard formation in ISO is developed through 4 main principles, namely, First, if there is a market need by responding to industry and consumer demand. Both were developed based on the opinions of experts from around the world included in the technical committee. The third was developed through a discussion process from stakeholder experts such as industry representatives, consumer associations, academics, NGOs and also the government. The four were formed by prioritizing the principle of consensus from all stakeholders involved for consideration. ISO standards are created by experts or experts from industry, government, consumer organizations, academics, non-governmental organizations, and others who are nominated by ISO members to represent their country's voice in arguing for the development of standards facilitated by ISO.

One of the most popular ISO standards adopted by countries and companies is ISO 14001 concerning environmental management systems (EMS) which was published by ISO to guarantee and ensure that companies can control the balance of the surrounding environment (Standarku.com, 2021). ISO 14001 became one of the international standards for environmental management systems which was formed in September 1996 (Bansal & Bogner, 2002). The ISO 14001 standard was born as a tool that facilitates and helps organizations and companies in identifying and controlling the resulting environmental impacts. The ISO 14001 standard series is part of the ISO 14000 standard which existed four years earlier, namely since 1992. ISO 14001 focuses on the management process of company policy regarding the environment, but it does not include performance standards (Bansal & Bogner, 2002).

As a process-oriented standard, ISO 14001 does not specify specific standards for achieving specific environmental goals that must be achieved by companies. However, the formation of the ISO 14001 standard is intended to assist companies in formulating and implementing systems as an effort to minimize negative impacts on the environment by managing them systematically (Arocena et al., 2022). So this standard was formed with the aim of improving the company's environmental performance, which can be done starting from selecting efficient use of resources to minimize the impact of hazardous waste. At the same time, this standard will also be a competitive advantage for companies in improving the image and trust of both stakeholders and consumers (ISO, 2015). The ISO 14001 standard was formed to regulate an environmental management system that is used to control environmental problems holistically. Starting from the operational level, companies must consider environmental problems such as air pollution produced by the company in the production system, water and waste problems produced by the company that must be managed, and land contamination problems that the company can minimize (ISO, 2015). This is done in environmental management efforts and controlling adverse impacts on the environment, including efforts to mitigate and adapt to climate change as well as efficient use of resources.

ISO 14001 is an international standard that can be seen as an international regime. In this standard, principles, norms, rules and decision-making procedures have been established that can be adopted and applied by companies in the context of environmental management. The environmental management system in ISO 14001 is related to audits and evaluations of environmental performance that have been carried out by companies. The ISO 14001 standard can be obtained by companies through certification bodies. Companies that are ISO 14001 certified are awarded based on an assessment of the company's program which leads to and is in accordance with the environmental standards contained in ISO. The certification of a company with ISO 14001 indicates a commitment to environmental protection. ISO 14001 adoption certification for companies is given by an auditor agency as a third party which shows that there is a credible commitment from the company to environmental protection issues, and thus can help improve the company's image.

ISO 14001 is one of the standard series that is widely accepted and adopted by various companies and has received more attention, considering that the ISO 14001 series is one of the requirements for companies that want to compete in the global market (Clap, 1998). The ISO 14001 standard regarding environmental management allows companies to set their own environmental goals and be able to work in their own ways in an effort to achieve the goals that have been formulated. Like other ISO standards, ISO 14001 is also voluntary, which means there is no coercion from central authorities who act to provide rewards for adoption or sanctions for companies if they fail to comply with the ISO standard (Arocena et al., 2022). It can only reduce public trust in the company's commitment and compliance with ISO standards. This is a consequence of the lack of legitimacy of legal mechanisms in the international private regime.

The formation of ISO 14001 is considered an important step for organizations that decide to have environmental management standards rather than performance standards. So it can shift the general assumption that ISO is not only an organization that regulates technical standards towards an organization that regulates flexible standards whose relevance to public policy is significant (Clap, 1998). According to ISO, this shift is a good step in opening up greater opportunities to be implemented globally, because focusing on standards on environmental management systems will only require companies to meet the performance standards set by their respective companies. However, it cannot be denied that this standard has also received a lot of criticism related to the ISO 14001 series which only

focuses on environmental management and is not performance-based, so that in this standard there is no requirement for companies to specifically reduce hazardous waste and there is no requirement for companies to report the amount of hazardous waste produced, the emission levels that must be achieved, as well as the absence of provisions for the use of more environmentally friendly technology transfer in companies in developing countries (Clap, 1998).

However, this policy should be a separate responsibility for the company to prove its commitment as an ISO 14001 certified company. As is the case with The Body Shop, which is a multinational company in the cosmetics sector that has obtained ISO 14001 certification which continues to strive to realize its commitment in matters of protection. Environment through company policies which will be discussed in more detail in the next sub-chapter.

### **Alignment of the Body Shop Values with ISO 14001**

The Body Shop as a cosmetics company founded in March 1976 is known as an original, natural and ethical brand. He labeled it as "original" to The Body Shop because it has integrity and commitment that can be trusted. Then experience the ingredients used in The Body Shop products. Meanwhile, what is meant by ethics is because The Body Shop offers products that can provide benefits with natural beauty (Putri, 2017). The Body Shop was officially founded by Dame Anita Lucia Roddick in 1976, marked by the opening of the first shop in the backyard of the founder's house in Brighton, England. Since the founding of The Body Shop as a beauty shop that carries natural nuances both in the composition of its products and the design of its outlets. Apart from that, in running his business Roddick uses refillable product containers as an effort to reduce plastic waste in cosmetic products (Pettinger, 2019).

The Body Shop business experienced positive development, as evidenced by the fact that two years after the company was started, the first franchise store was successfully established in 1978, which was opened overseas, namely in Brussels, Belgium. In 1982 The Body Shop also targeted the company to establish two stores every month. Thanks to the positive response from consumers, to date the development of The Body Shop has been very rapid, spread across 80 countries with a total of 2,500 retail locations, both owned and owned franchise (The Body Shop UK, 2021). Through the slogan owned by The Body Shop "we believe business can be both profitable and responsible" brought this company into the center of considerable attention in the 1990s because of the pro-environmental and social stance it had taken (Bansal & Bogner, 2002). Various campaigns and promotions carried out by The Body Shop in order to fight for social and environmental issues have also made this company a major pioneer in creating social audits which function in maintaining company values. One of them is community *trade* created by The Body Shop as a concept to encourage the formation of local communities in areas around the company's supply chain operations (Putri, 2017).

The Body Shop's form of concern is manifested in its five pillars value or values and is the company's commitment to running a cosmetics business with natural, original and ethical brands (Sari et al., 2015). The first pillar is Against Animal Testing which is The Body Shop's firm commitment to rejecting experiments on its cosmetic products conducted on animals with the opinion that animals should not be used as material for testing cosmetic products. Apart from that, The Body Shop also urges all raw material suppliers throughout the world not to do animal testing with the initiation of a petition collection which was successfully collected by The Body Shop totaling four million signatures which had implications for the passing of regulations prohibiting testing of cosmetic products on animals throughout Europe in 2004. This resulted in The Body Shop company receiving two awards, namely *Humane Cosmetic Standard from British Union for Abolition of Vivisection*

(BUAV) and also received an award *Good Business Award from Royal Society for the Prevention of Cruelty to Animals* (RSPCA). Next is the second pillar Activate Self Esteem as one of the values of The Body Shop which tries to redefine the true meaning of beauty, not as created by the cosmetics industry which creates beauty parameters based on capitalist definitions. The Body Shop has a philosophy that the true definition of beauty is not only having an attractive appearance, but also having a good heart and feelings. This philosophy means that all women are beautiful and unique so that it can provide comfort for consumers of The Body Shop and respect for consumers.

Defend of Human Rights is also the third pillar of The Body Shop's commitment with the aim of protecting human rights. The Body Shop embodies this value by helping carry out campaigns, including those related to the dangers of HIV/AIDS and its prevention which have been carried out since 1993, assisting with threats of domestic violence which the company has carried out since 1994, as well as helping victims human *trafficking* and campaigning to support victims and those at risk of becoming victims. Then the fourth pillar of The Body Shop is committed to Protect Our Planet, which is the basis for The Body Shop as an MNC to respond to the issue of climate change due to global warming. Through this value, The Body Shop seeks to reduce the impact of global warming by saving energy, using plastic bottles and shopping bags made from recyclable materials. One of them is carried out by The Body Shop Indonesia through a program *Bring Back Our Bottle*. The fifth pillar is Support Community Fair Trade as The Body Shop's value in empowering marginalized communities in various countries by implementing a fair trading system and determining prices independently. Some examples of communities formed by The Body Shop consist of various small-scale farmers in India, Mexico, Brazil, Peru and others who are the main suppliers of raw materials for The Body Shop.

Through the philosophy that business can be a force for good, The Body Shop continues to improve its work ethic to benefit people and the planet by supporting efforts to minimize environmental impacts. For The Body Shop, planetary health is very important in preserving life, which is done by taking a role in conserving resources and biodiversity, as well as practicing environmentally friendly initiatives to preserve the earth. This is done by The Body Shop in all company activities and processes which always consider environmental aspects and impacts starting from paying attention to the company's energy usage, materials used in production, how to run company facilities that are environmentally friendly, as well as ensuring The Body Shop's entire supply chain all over the world are pro towards environmental protection ([The Body Shop UK, 2021](#)).

Based on this, it is not surprising that The Body Shop cosmetics company was certified to ISO 14001 regarding environmental management systems in 2001. Obtaining ISO 14001 certification for The Body Shop serves as a signal that requires the company to openly demonstrate the quality of the company's internal procedures in a credible way. Shows commitment to environmental protection ([Arocena et al., 2022](#)). The environmental management system in ISO 14001 requires The Body Shop to comply with the international regime and environmental laws applicable in the country where it operates as well as formulate policies for continuous environmental improvement and minimize pollution and even prevent it, which is formulated in the company's environmental objectives. So the credibility of ISO 14001 certification at The Body Shop is based on commitment proven through the implementation of policies that have been formulated by The Body Shop.

### **The Body Shop's Commitment to ISO 14001 as a Private Authority Regime**

The Body Shop as an ISO 14001 certified multinational company implementing policies that pay attention to environmental protection can contribute more to the international diffusion of green behavior. This is because The Body Shop can require its entire supply chain in various countries to participate in adopting environmental practices as one of the conditions for establishing business relationships that can create positive externalization of ISO 14001 at a broader level. This policy is a form of The Body Shop's acceptance of ISO 14001 and is committed to complying with it as an international norm that has positive feedback on company performance.

The Body Shop continues to increase its commitment to environmental issues through various policies set by the company with efforts to implement them, including: Firstly, there is a circular economy policy which is the only sustainable economic policy as opposed to the global economy “take, make, waste” which is not in favor of protecting the planet. So the circular economy is intended by The Body Shop as a constant cycle of use where waste and pollution do not exist because products and materials are saved and nature is regenerated. A circular economy is intended as a separation between economic activities from the consumption of natural resources so that The Body Shop's business orientation continues to improve sustainability game towards a waste-free, circular economy. One of the circular economy policies is implemented by The Body Shop in designing stores *Activist Maker Workshop* by using materials that can be recycled and broken down at the end of their life (The Body Shop UK, 2021).

Second, The Body Shop's policy on reducing emissions which is being pursued in order to control the company's impact on the environment. The Body Shop has demands from *Science-Based Targets Initiative* in achieving greenhouse gas emissions towards net zero carbon both emissions produced by the company directly and indirectly resulting from running The Body Shop business. Third, The Body Shop's environmental management policy which regulates the company website as a form of reducing the environmental impact caused by the company. At each store and company location, The Body Shop has installed automatic energy meter readers in an effort to determine the energy produced in each company process. So, based on the energy report produced by the company, it can be used as a reference for The Body Shop to help identify which parts need to minimize energy use in an effort to avoid energy waste. The Body Shop head office in Littlehampton, England also installed an electric car charging point. The store design focuses on The Body Shop's attention to using sustainable materials that can be recycled wherever possible. Minimizing the use of plastic by using certified wood and paper Forest Stewardship Council (FSC), as well as other materials that are felt to be easily broken down. Apart from that, in 2021, the launch of refill points for The Body Shop products in more than 450 stores in 34 countries where The Body Shop trades.

Fourth, in terms of products, The Body Shop shows its commitment to making high quality products that have a low environmental impact. This commitment is carried out by ensuring that the source of raw materials comes from nature and must be transparently reported to ensure its environmental impact. Among them, there are six important raw materials in the supply chain that have been certified as materials based on good practice standards: (1) The Palm Oil used is 100% derived from certified sustainable sources Roundtable on Sustainable Palm Oil (RSPO) and comes from small farmer credit; (2) Mica 95.2% of members Responsible Mica Initiative; (3) Paper 67.8% FSC certified; (4) Certified 2.8% ethanol Bonsucro; (5) Cotton 59.9% certified organic based Global Organic Textile Standard.

Apart from the raw materials for The Body Shop products, product packaging is also an important concern in efforts to reduce the environmental impact and help reduce the plastic waste produced. The Body Shop does this by reducing plastic packaging and changing to more recyclable packaging. And The Body Shop uses a product refill system which by 2021 will have 450 refill stations available in most of The Body Shop stores which has succeeded in preventing more than 120 thousand plastic bottles from circulating. The Body Shop's product packaging, in order to achieve zero carbon and prevent plastic waste, is made 100% from materials that can be recycled, composted and reused, such as glass and metal which have a high recycling rate. And around 50% of certain products such as shampoo, conditioner, body butter containers come from plastic post-consumer recycled (PCR) which has a smaller carbon footprint than pure plastic. So using The Body Shop product packaging can reduce the amount of waste, because it is less likely to become waste.

Based on the policy of The Body Shop as a cosmetics company that protects the environment, it shows the company's commitment to implementing ISO 14001 standards in its business activities. The Body Shop has taken various concrete policies and actions as explained by the author in the previous sub-chapter as a form of the company's alignment with environmental problems. Furthermore, The Body Shop each year also shows the positive achievements obtained by the company in proving compliance with ISO 14001. This includes achieving targets net zero emission The Body Shop started by reducing direct and indirect greenhouse gas emissions in business activities. The Body Shop's 2021 greenhouse gas emissions data report shows a decline from the previous year, as shown in the image below:

**Table 1.** Data on the body shop's direct & indirect greenhouse gas emissions 2020-2021

<b>Direct Greenhouse Gas Emissions</b>	<b>2020</b>	<b>2021</b>
Total Emissions (tonnes of CO2 equivalent)	1182	1046
<b>Indirect Greenhouse Gas Emissions</b>	<b>2020</b>	<b>2021</b>
Total Emissions by market (tonnes of CO2 equivalent)	4091	3919
Total Emissions by location (tonnes of CO2 equivalent)	7175	6776

Source: [The Body Shop UK \(2021\)](#)

The data above shows that there has been a decrease in greenhouse gas emissions produced by The Body Shop in 2020 and 2021. The Body Shop's total direct greenhouse gas emissions globally in 2021 fell by 136 tonnes of CO2 equivalent from the previous year. The total reduction in indirect greenhouse gas emissions by The Body Shop was also achieved in 2021 based on market-based total emissions decreasing by 172 tons of CO2 equivalent and total emissions based on location also decreasing by around 399 tons of CO2 equivalent ([The Body Shop UK, 2021](#)).

The Body Shop's energy consumption also shows a good trend in 2021 with an increase in the use of renewable energy and a decrease in non-renewable energy consumption which continues to be strived towards zero in all countries that have renewable energy alternatives. The following is The Body Shop's energy consumption report data:

**Table 2.** Direct energy consumption data for The Body Shop 2020-2021

<b>Energy Consumption</b>	<b>2020</b>	<b>2021</b>
Total Renewable Energy Consumption (MWh)	5631	7589
Total Non-Renewable Energy Consumption (MWh)	3770	2852
Percentage of Total Renewable Energy Consumption (%)	60%	73%

Source: [The Body Shop UK \(2021\)](#)

The Body Shop's energy consumption in 2021 experienced an increase in the amount of renewable energy used by 1,958 MWh by utilizing renewable energy originating from wind, sun, biomass, renewable electricity, hydroelectric power, geothermal and so on. Efforts to reduce non-renewable energy consumption in 2021 were also carried out by around 918 MWh from the previous year which came from electricity, nuclear fuel, coal, oil, natural gas and others whose use continues to be minimized in all countries where renewable energy alternatives are available (The Body Shop UK, 2021). So if the availability of renewable energy in the country where The Body Shop operates is a priority.

Apart from that, in order to reduce its environmental footprint, The Body Shop also makes improvements every year by recycling product packaging as a step to reduce the environmental impact due to waste produced from products. The use of packaging made of glass and metal as a substitute for plastic has been carried out since 2020 on the grounds that this packaging is significantly easier for The Body Shop to recycle every year. The following data shows the total safety materials produced with data on the percentage of materials that have been recycled in 2020 and 2021.

**Table 3.** Data on non-plastic packaging recycled by The Body Shop 2020-2021

Packaging Materials	Total Weight (tons)		Percentage of Recycled/Certified Materials (%)	
	2020	2021	2020	2021
Wood/Paper Fiber	1944	1441	100%	100%
Aluminum/Steel Metal	116	389	There isn't any	20%
Glass	1850	2214	21,5%	36%

Source: The Body Shop UK (2021)

Meanwhile, it is inevitable that the use of plastic packaging is also used in The Body Shop products with post-consumer recycled (PCR) plastic which can be recycled. The use of plastic is increasingly showing an increasing percentage in 2021. Efforts are being made to achieve 100% recyclable, compostable and reusable plastic packaging, which is The Body Shop's target by 2030 as an effort to manage waste originating from product waste. In the table below, data is presented showing the improvement in the percentage of plastic packaging recycling conditions carried out by The Body Shop each year.

**Table 4.** Data on plastic packaging recycled by The Body Shop 2020-2021

Plastic Packaging Type	2018	2019	2020	2021
Percentage of Recycled Plastic Packaging	89%	89%	80%	77,5%
Percentage of Compostable Plastic Packaging	0%	0%	0%	0%
Recycled Content in Plastic Packaging	8%	8%	28%	47%
<b>Total Weight of Plastic Packaging (tons)</b>	<b>3824</b>	<b>3643</b>	<b>3253</b>	<b>3620</b>

Source: The Body Shop UK (2021)

Through some of the data above, it shows that there have been positive changes made by The Body Shop by paying attention to the ISO 14001 standard as an international private authority regime. The implementation of The Body Shop's policies which seek to minimize the negative environmental impact of its business activities has implications for the positive achievement of reducing greenhouse gas emissions. This achievement is of course inseparable from the existence of policies to reduce direct emissions either from the use of cleaner technology, namely by increasing the use of renewable energy. Meanwhile, The Body Shop is also trying to reduce total indirect greenhouse gas emissions in its supply chain by managing waste and reducing the use of plastic packaging for every The Body Shop product with more environmentally friendly alternatives.

## CONCLUSION

ISO (*International Organization for Standardization*) is a private authority in the market sector whose aim is to develop and promote international standards regarding ownership, industry and commerce throughout the world as a solution to global challenges. The ISO 14001 series on Environmental Management Systems (EMS) is one of the international private regimes to guarantee and ensure that companies must be able to control the balance of the surrounding environment which was formed in September 1996. In reviewing the level of company compliance with the ISO 14001 standard through institutional theory, namely on normative pressure which can influence corporate decision making and the concept of international private regimes. So in this research, The Body Shop's compliance is based on the company's commitment which is proven through the implementation of policies that have been formulated.

The Body Shop became one of the cosmetic companies that was certified to ISO 14001 in 2001. So it is not surprising that The Body Shop strives for all its business activities in accordance with ISO 14001 standards to show the company's high commitment. Among The Body Shop's policies that are adapted to ISO 14001 standards is the circulation economy, which is an improvement-oriented business sustainability game towards a waste-free, circular economy. Reducing emissions is also one of The Body Shop's policies in order to try to control the company's impact on the environment which continues to be carried out, until 2021 shows The Body Shop's positive achievements with a decrease from the previous year towards the target net zero emission. Apart from that, The Body Shop also has a policy in managing shop design by using sustainable materials that can be recycled such as certified wood and paper Forest Stewardship Council (FSC), as well as other materials that are felt to be easily broken down. Product quality is of course the main focus of The Body Shop while still considering the resulting environmental impact. This commitment is carried out by ensuring that the source of raw materials comes from nature and must be transparently reported to ensure its environmental impact. As well as ensuring that every The Body Shop product packaging can be recycled, composted or reused.

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