

# Effect of ISO 9001, ISO 45001 and ISO 14000 toward Financial Performance of Indonesian Manufacturing

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## ABSTRACT

The purpose of this study was to analyze the influence of ISO 9001 quality management system, ISO 45001 safety management system and ISO 14001 on financial performance of manufacturing industries. This research method is a quantitative method with data processing tools using the SmartPLS version 3.0 program. The research data were obtained from an online electronic questionnaire distributed online using a snowball sampling system. The respondents of this study were 220 financial manager of manufacturing company. The results of data analysis show that ISO 9001, ISO 45001 and ISO 14001 influence financial performance performance. The novelty of this study is the first ISO 9001, ISO 45001 and ISO 14001 research model with on Financial performance.

**Keywords:** ISO 9001, ISO 45001, ISO 14001, Financial Performance.

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## INTRODUCTION

The implementation of the Quality Management System (QMS) seeks to improve the quality and customer satisfaction both internal and external to an organization. One form of implementation of a quality management system that is well known in the world is ISO 9001. ISO 9001 standard has been implemented in various parts of the world. Many companies in Indonesia have implemented a quality management system by certifying 9001. These organizations are trying to implement all the requirements contained in the international quality management standard to obtain ISO 9001 certification (Syahrullah, Febriani, & Hulwani, 2018). ISO is a non-governmental organization, its ability to set standards that often-become law through national approvals or standards makes it more influential than most other NGOs. This standard is a means to achieve quality objectives which are expected to be able to answer the challenges of globalization where the final goal is to achieve organizational effectiveness and efficiency (Juana, Sudibya, & Sintaasih, 2016). The role of ISO standards is to formulate tasks and systems to achieve uniformity of service according to customer specifications. Various managerial issues related to ISO certification have been widely discussed in various literatures. However, very little research has examined the effect of ISO certification on consumer perceptions of service providers. In the past, ISO 9001 was applied by various industries, especially manufacturing. The manufacturing industry implements an ISO 9001 quality management system to assure customers that the products they produce are guaranteed quality from the start of the process to the final process within the organization. The manufacturing industry also ensures that all processes are carried out according to

international quality management standards. So that the resulting product can meet the needs of demand on an international scale. Along with the development of the industrial world, currently ISO 9001 is not only implemented in the manufacturing industry, but is also implemented in the service sector, such as: hospitals, educational institutions, delivery and others. Even today, there are several non-profit organizations implementing the ISO 9001 quality management system, including: Health Service, Social Service and other government institutions. This organization considers that the application of ISO 9001 can improve the performance of the organization's services to customers, in this case the general public, so that it is expected that public satisfaction with the services provided will increase. Currently, it is a transition period for changing the old version of the ISO 9001 standard 2008 (ISO 9001: 2008) to the new standard version 2015 (ISO 9001: 2015). The ISO international standardization body has published the 2015 version of the ISO 9001 Standard to update the old standard ISO 9001 version 2008. ISO 9001: 2015 requirements have been published since 2015 and organizations that are still applying the old ISO 9001: 2008 standard are given the opportunity no later than 3 years after 2015 to use those old standards. This year (September) is the deadline for changes to the ISO 9001: 2015 standard. This shows that organizations must be ready to face the latest challenges in implementing this new version of quality management systems (Syahrullah et al., 2018). ISO 9001 is a quality management system based on Total Quality Management (TQM) principles. This system is very popular because of its detailed and systematic application Santosa, Widhiawati, (2013). The term ISO or International Organization for Standardization is familiar in the world of

quality management systems. ISO itself has the meaning, namely coordination of international work standards, publication of international harmonization standards, and promotion of the use of international standards [Suardi, \(2001\)](#). Whereas [Dale, \(2007\)](#) argues that the ISO quality management system has a beneficial effect on process results, decreases the error rate and improves management control. ISO 9001: 2015 further regulates the criteria for quality management systems and starts to penetrate into risk management where organizations are asked to adopt risk management principles such as risk and opportunities, risk avoidance, risk mitigation, and risk acceptance. [Afuadrizaldi, \(2016\)](#). According to [Wulandari, Putri, \(2017\)](#) ISO 9001 is a quality management standard that helps a company or organization to work efficiently and increase customer satisfaction. According to [Umam, \(2013\)](#), although the implementation of the quality management system used has been recognized internationally, there are several factors that can cause the implementation of ISO 9001 to not run smoothly. The factor that often occurs is because the performance is not efficient.

One of the problems of environmental damage is caused by externalities in economic activities. Externalities are conditions where the welfare of an individual / group does not only depend on its activities but is also influenced by the activities of other individuals / groups. Negative externalities in the natural and social environment as a result of industrial activities can lead to market failure which in turn has an impact on the economy ([Tietenberg and Lewis, 2011](#)). Therefore, it is necessary to apply an environmental management system to ensure the sustainability of the industry. The ISO 14001 system is part of the sustainable development ladder through the process of handling waste, pollution control, recycling, waste minimization, pollution prevention, clean production ([Hamner, 1996](#)). The International Organization for Standardization has developed an international standard on the environment, namely the Environmental Management System. (SML) ISO 14001 which has been adopted by various industries in the world. ISO 14001 EMS consists of five main elements, namely: 1) environmental policy; 2) environmental planning; 3) implementation and operation; 4) inspection and corrective actions; and 5) management assessment ([National Standardization Agency, 2011](#)). Furthermore, the overall objective of implementing ISO 14001 EMS as an international standard is to support environmental protection and pollution prevention in balance with socio-economic needs. The economic benefits that can be obtained from EMS ISO 14001 include improving overall environmental performance, producing a framework for pollution prevention, increasing efficiency and potential cost savings, and enhancing the company's image. The ISO 14001 Environmental Management System (EMS ISO 14001) was published by the International Organization for Standardization (ISO) in 1996 in Geneva, Switzerland. This system is believed to be able to help create an integrated mechanism in improving environmental performance on an ongoing basis that is applied to daily production activities ([Kitazawa and Sarkis, 2000](#)). The problem that exists is that not all companies are willing and able to implement EMS ISO 14001. Apart from being voluntary, several studies have revealed that ISO 14001 EMS certification requires large costs depending on the characteristics and facilities of each company which includes investment costs and routine audit fees. ([Bansal and Bogner, 2002](#)). In 2015, more than 300,000 companies

in the world were certified as EMS ISO 14001. The high participation in implementing EMS ISO 14001 is believed to be because ISO 14001 EMS provides benefits including: cost and resource efficiency, expanding market opportunities, increasing company reputation and profits, reducing coercive from the government, avoiding conflict and increasing stakeholder satisfaction ([McGuire et al., 1988](#); [Klassen and McLaughlin, 1996](#); [Delmas, 2001](#); [Konar and Cohen, 2001](#); [Prajogo et al., 2012](#); [Ullah et al., 2014](#); [Aprilasani, 2017](#)). The research that has been done regarding the effect of EMS ISO 14001 on improving environmental performance has been carried out, including: reduction of emissions and waste, 3R, water and energy conservation, reduction of environmental risks in energy and gas companies researched by [Morrow and Rondinelli \(2012\)](#); emission reduction in coating industry in China found by [Zhang et al., \(2013\)](#); reduction of SO<sub>2</sub> and NO<sub>2</sub> emissions and dust in the cement industry in Vietnam as stated by [Nguyen and Hens \(2013\)](#); and 25% minimization of waste in small and medium enterprises in India as researched by [Singh et al., \(2015\)](#).

Workers / employees are the most at risk of occupational safety and health, therefore their involvement in the organization's K3 management is of course very necessary. ISO 45001 is one of the bridges in realizing employee participation in organizational K3. Although ISO 45001 refers to OHSAS 18001 as the first benchmark for K3. ISO 45001: 2018 is a new and different standard, not a revision or update. Gradually, ISO 45001: 2018 will replace OHSAS 18001: 2007 over the next three years In March 2018, an international standard on the international occupational health and safety management system (SMK3) was published as a replacement for the previous international SMK3 standard, namely OHSAS 18001. One of the goals of changing the OHSAS 18001 management standard to ISO 45001: 2018 is to optimize the integration process with other international management standards, namely ISO 9001: 2015 regarding quality management systems and ISO 14001: 2015 regarding environmental management systems ([Masjuli, 2018](#)). One of the objectives of this management system integration is to make the implementation process more efficient and effective, for example, both internal and external audit processes. Organizations that have implemented OHSAS 18001 are given the opportunity to prepare for changes to ISO 45001: 2018 certification for 3 years after the standard was issued ([Masjuli et al, 2017](#)). This research aims to obtain steps in the process of preparing for the implementation of ISO 45001: 2018. The occupational health and safety management standard certification aims to ensure that the organization cares for and pays attention to the occupational health and safety management system in carrying out the overall activities of the certified organization. So that workers can feel safe in doing work and avoid the risk of illness or accidents that can result in death due to the risk of work being carried out.

## METHODS

The method used in this research is quantitative method. Data collection by distributing questionnaires to 220 Finance managers of manufacturing industries. The electronic questionnaire was distributed online using the snowball sampling technique. Each closed question / statement item is given five answer options, namely: strongly agree (SS) score 5, agree (S) score 4, neutral / doubtful (N) score 3, disagree (TS) score 2, and strongly disagree. agree (STS) score 1. This method also used by

research conducted by Sunarsih (2020); Bernarto (2020); Sartika (2020); Suheny (2020); Supriadi (2020); Kadiyono (2020); Zena (2020); Cahyono (2020); Kartika (2020); Asbari (2020); Wibowo (2020); Nugroho (2020) and Purwanto (2020). The method for processing and analyzing data is by using PLS and using SmartPLS version 3.0 software. Hypothesis testing in this study uses the Partial Least Square (PLS) method. PLS is an alternative method of analysis with variance-based Structural Equation Modeling (SEM). The advantage of

this method is that it does not require assumptions and can be estimated with a relatively small number of samples. The results of the frequency descriptive data processing for the characteristics of the respondents provide an overview of the respondents who are sampled and answer the questionnaire.

The characteristics of the respondents are presented in table 1. The following:

**Table 1.** Respondent Descriptive Information

Criteria		Total
Age	< 30 Years	71
	30 - 40 Years	66
	> 40 Years	83
Working Periode	< 5 Years	76
	5-10 Years	62
	> 10 Years	82
Gender	Male	134
	Female	86

Figure 1. Research Model

Based on the study of existing theories and previous research, the following hypotheses were developed:

Hypothesis 1 (H1): ISO 9001 influence Financial performance

Hypothesis 2 (H2): ISO 45001 influence Financial performance

Hypothesis 2 (H2): ISO 14001 influence Financial performance

**RESULT AND DISCUSSION**

**Convergent Validity Test**

Convergent validity is the extent to which a measure is positively correlated with alternative measures of the same construct. To evaluate the convergent validity of the reflective constructs, we consider the outer loadings of the indicator and the average variance extracted (AVE). A high outer loading in the construct indicates that the related indicators have many similarities, which are captured by the construct. At a minimum, the outer loadings of all indicators must be statistically significant. The general rule is that the standard outer loadings must be 0.7 or higher. Consideration removes outer loadings. Rather than automatically removing the indicator when the outer loadings are below 0.70, researchers should carefully examine the effect of item deletion on composite

reliability, as well as on the validity of the construct content. In general, indicators with outer loadings between 0.40 and 0.70 should be considered for removal from the scale only when removing the indicator leads to an increase in composite reliability (or average variance extracted) above the recommended threshold value. Another consideration in the decision whether to remove indicators is the extent to which their removal affects the validity of the content. Indicators with weaker outer loadings are sometimes maintained based on their contribution to content validity. Indicators with very low outer loadings (below 0.40) should, however, always be omitted from the construct (Hair *et al.*, 2011). For AVE values, AVE 0.50> or higher indicates that, on average, the construct explains more than half the variance of its indicator. In contrast, an AVE of less than 0.50 indicates that, on average, more variants remain in the item error than in the variance described by the construct.

This analysis step also used by research conducted by Asbari (2020); Bernarto (2020); Sartika (2020); Suheny (2020); Supriadi (2020); Kadiyono (2020); Zena (2020); Cahyono (2020); Kartika (2020); Asbari (2020); Wibowo (2020); Nugroho (2020) and Purwanto (2020).

**Table 2.** Indicator Loadings, Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE)

Variables	Items	Loadings	Cronbach's Alpha	Composite Reliability	AVE
ISO 9001	Q1	0.756	0.809	0.702	0.887
	Q2	0.512			
	Q3	0.787			
ISO 45001	S1	0.811	0.845	0.911	0.911
	S2	0.778			
	S3	0.716			
ISO 14001	E1	0.878	0.832	0.913	0.917
	E2	0.711			
	E3	0.778			
Financial Performance (SP)	P1	0.711	0.708	0.812	0.812
	P2	0.611			
	P3	0.534			

**Discriminant Validity Test**

Discriminant validity is the extent to which a construct is completely different from another by empirical standards. Thus, establishing discriminant validity implies that a construct is unique and captures phenomena that are not represented by other constructs in the model. Traditionally, researchers have relied on two measures of discriminant validity. Cross-loadings are usually the first approach to assessing the discriminant validity of

indicators. This analysis step also used by research conducted by Asbari (2020); Bernarto (2020); Sartika (2020); Suheny (2020); Supriadi (2020) ;Kadiyono (2020);Zena (2020); Cahyono (2020); Kartika (2020) ;Asbari (2020) ;Wibowo ( 2020); Nugroho (2020) and Purwanto (2020) In particular, the outer loadings of the indicator on the associated construct must be greater than any cross-loadings (i.e., the correlation) of the other constructs.

Table 3. Discriminant Validity

Variables	Q	S	E	P
ISO 9001	0.923			
ISO 45001	0.732	0.921		
ISO 14001	0.723	0.711	0.961	
Financial Performance	0.811	0.611	0.892	0.986

The results of the discriminant validity test in table 3 above can conclude that the model meets the discriminant validity show by all constructs that have AVE square root values above the correlation value with other latent constructs.The Fornell-Larcker criterion is a second approach to assessing discriminant validity. It compares the square root of the AVE value with the latent variable correlation. In particular, the square root of each AVE

construct must be greater than the highest correlation with the other constructs. An alternative approach to evaluating the Fornell-Larcker criterion results is to determine whether the AVE is greater than the squared correlation with other constructs. The logic of the Fornell-Larcker method is based on the idea that constructs share more variance with related indicators than with other constructs.

Tabel 4. Collinearity Statistics (VIF)

Variables	Performance (P)
ISO 9001	1.141
ISO 45001	1.124
ISO 14001	1.123
Financial Performance	1.309

Based on the test results in Table 4, all VIF scores for all variables are less than 5, meaning that this model does not have a collinearity problem. Hypothesis testing in PLS includes the direct effect significance test. The effect test is carried out using the t-statistical test in the partial least

squared (PLS) analysis model using the SmartPLS 3.0 software. With the bootstrapping technique, the R Square value and the significance test value were obtained as shown in the Table below:

Table 5. R Square Velue

	R Square	R Square Adjusted
Financial performance	0.920	0.612

According to Table 4 above, the R Square Financial performance (TP) value of 0.920 which means that the financial performance variable (SP) can be explained by ISO 9001, ISO 45001 and ISO 14001 variable by 92 %, while other variables explain the remaining 8% (not discussed in this research). While Table 5 displays the effect between the research variables that have been mentioned are showed the T Statistics and P-Values .

**Hypothesis Test**

Internal consistency reliability: composite reliability should be higher than 0.70 (in exploratory research, 0.60

to 0.70 is considered acceptable). Consider Cronbach's alpha as the lower bound and composite reliability as the upper limit of internal consistency reliability. Indicator reliability: the outer loadings of the indicator must be higher than 0.70. Indicators with outer loadings between 0.40 and 0.70 should be considered for removal only if deletion causes an increase in composite reliability and AVE above the threshold value of 0. 5. The t-statistic test in the partial least squared (PLS) analysis model using the help of SmartPLS 3.0 software perform using the direct effect test. This analysis step also used by research

conducted Kadiyono (2020);Zena (2020); Cahyono (2020); Kartika (2020) ;Asbari (2020) ;Wibowo ( 2020); Nugroho (2020) and Purwanto (2020) The table below

obtain the bootstrapping technique, R Square values, and significance test values:

Table 6 shows t-statistics and p-values that show the influence between variable variables

**Table 6.** Hypotheses Testing

Hypotheses	Relationship	Beta	SE	T Statistics	P-Values	Decision
H1	Q->FP	0.521	0.016	3.189	0.002	Supported
H2	S->FP	0.678	0.121	2.441	0.001	Supported
H3	E->FP	0.651	0.123	2.409	0.001	Supported

Based on the statistical calculations summarized in Table 6 above, it is concluded that all variables by virtual leadership, transformational leadership and school's performance are positive and significant. Evidenced by the t-statistics value is greater than 1.96 and the p-value is smaller than 0.05. meaning that all hypotheses are accepted.

**DISCUSSION**

**The influence ISO 9001 on Financial performance**

Based on statistical calculations with PLS in Table 6 above, it can be concluded that the variable ISO 9001 positively and significantly affects the school performance variable. This is evidenced by the t-statistics value of 3.189 greater than 1.96 and the p-value of 0.002 less than 0.050. That is, the hypothesis is accepted. These findings are in line with and in accordance with the results of previous studies by Achmadi (2020); Cahyono (2020); Kartika (2020); Fahmi (2020); Sartika (2020) and Vizano (2020) which states that ISO 9001 has a positive and significant effect on schools performance, meaning that ISO 9001 will encourage an increase in Financial performance.

**The influence of ISO 45001 on financial performance**

Based on statistical calculations using PLS in Table 6 above, it can be concluded that the ISO 45001 variable positively and significantly affects the school's performance variable. This is evidenced by the t-statistics value of 2.441 which is greater than 1.96 and the p-value of 0.001 which is smaller than 0.05. That is, the hypothesis is accepted. These findings are in line with and in accordance with the results of previous studies by Abidina (2020);Zena (2020); Nugroho (2020); Dezky (2020); Asbari (2020); Bernarto (2020); Pramono (2020) which states that ISO 45001has a positive and significant effect on financial performance, meaning that ISO 45001will encourage an increase in financial performance.

**The influence of ISO 14001 on financial performance**

Based on statistical calculations using PLS in Table 6 above, it can be concluded that the ISO 14001 variable positively and significantly affects the school's performance variable. This is evidenced by the t-statistics value of 2.409 which is greater than 1.96 and the p-value of 0.001 which is smaller than 0.05. That is, the hypothesis is accepted. These findings are in line with and in accordance with the results of previous studies by Abidina (2020);Zena (2020); Nugroho (2020); Dezky (2020); Asbari (2020); Bernarto (2020); Pramono (2020) which states that ISO 14001has a positive and significant effect on financial performance, meaning that ISO 14001 encourage an increase in financial performance.

**DISCUSSION**

Environmental management and company profitability are unidirectional, so it is inconsistent with traditional economic thinking which describes this relationship as a

trade off between company profitability and its actions on corporate social responsibility. The findings are supported by research by Ann *et al* (2006) on the impact of ISO 14001 Environmental Management System certification on company performance (economic and environmental aspects) in Malaysia, which shows that the impact of ISO 14001 Environmental Management System certification has a positive effect on both company performance (economic and environmental). Darnall *et al* (2008) in their research also show that companies that are motivated to adopt an Environmental Management System have a positive and significant effect in improving business performance. This finding does not support Feedman and Jaggi (1992), Donovan and Gibson (2000), Titisari, *et al.* (2010), and Sarumpaet (2005) who found an insignificant relationship between environmental performance and financial performance of companies in Indonesia. Several studies have succeeded in proving that companies that have obtained the ISO 14001 EMS certification benefit such as improved corporate image (Clements, 1996), continuous improvement and manufacturing cost efficiency (Ratnasingam *et al.*, 2009), and company image (Haslindan & Fuong, 2010). The implementation of EMS ISO 14001 is also part of the company's strategic plan which shows their legitimacy for environmental performance and company competitiveness at the international level (Bansal & Hunter, 2003). Adopting ISO 14001 EMS will enable companies to achieve good control processes, save costs and increase profits (Nishitani, 2009). Research on the relationship between environmental performance and financial performance has been widely carried out and yields mixed findings (Sarumpaet, 2005; Ratnasingam *et al.*, 2009; Haslindan & Fuong, 2010), however research that seeks to specifically examine the influence of the five main principles of ISO 14001 EMS on Financial performance has not been carried out mainly from the point of view of how these standards are implemented. The five principles that become variables in this study are the first principle, environmental policy in the form of a statement by the organization regarding its wishes and principles relating to overall environmental performance which provides a framework for action and for the determination of environmental goals and objectives. When a company operates, the business processes what the company does has the potential to have an impact on the environment, both positive and negative impacts. In principle, the impacts that arise can be grouped into two parts, namely bio-chemical-physical impacts and social impacts. Examples of bio-physico-chemical impacts are for example water pollution, air pollution, damage to biodiversity, or reduction of groundwater reserves. All these types of impacts will provide risks that affect the business that is run by the company. For example, water

pollution caused by company activities will pose a risk of liability in the form of criminal charges and civil charges, whether these demands are from the government, society, or non-governmental organizations (NGOs). When a company tries to implement ISO 14001, the company already has commitment to continuously improve environmental performance. However, one thing to remember is that ISO 14001 is a standard that combines and balances business interests with the environment. Thus, the performance improvement efforts made by the company will be adjusted to the company's resources, whether it is human, technical, or financial. environmental performance improvement cannot be achieved in a short time due to financial constraints. For example, a company whose business processes create liquid waste that pollutes the environment is trying to implement ISO 14001 in its company. After the study was carried out, it turned out that financial limitations made it difficult for the company to manage its waste so that it reached the liquid waste quality standard required by the government. Based on the financial analysis, it turns out that the company will only be able to build an adequate sewage treatment system in the next few years. So that before this period has passed, the company will never meet environmental quality standards. However, if the company develops an environmental management system that meets ISO requirements, that company may obtain ISO 14001 certificate. Other companies, whose environmental performance has met the quality standards but whose EMS does not meet the requirements will not receive ISO 14001 certification.

Environmental planning in the form of making decisions about things to be done, where the purpose of planning or action plans is to create good conditions so that the company can carry out its activities in accordance with environmental policies based on correct information and internal suggestions or company expectations. about company performance. The third principle is implementation and operation, namely the implementation of an environmental management system which includes structure and responsibility, training, care and authority, communication, environmental management system documents, document control, operational control, emergency preparedness and response. The fourth principle is inspection actions that carry out verification or inspection activities on the efficiency of EMS implementation activities in the company which include monitoring and measurement, non-conformities, corrective and preventive actions, as well as environmental management system audits. The fifth principle, management assessment in the form of evaluation and corrective actions. The application of EMS ISO 14001 in the world is increasing due to the development of the strategic environment, changing demands and consumer behavior which includes international market trends for all kinds of products today which according to quality standards, the trend of future business developments is increasingly complemented by technical demands and requirements from consumers who want quality and environmentally friendly products (Atantya, 2005; Shen & Qin, 2011). The success of management in managing the company is reflected in the performance it has achieved. Therefore, managers will consider the positive and negative impacts that will occur as a result of implementing a policy, including the implementation of EMS ISO 14001. The results of management implementation in managing the company can be seen from the financial statements consisting of

balance sheets, profit and loss reports, reports of changes in equity and reports of flows. cash (IAI, 2004). A benchmark that is often used to assess a company's financial condition and performance is a ratio or index, which links two financial data (Sawir, 2005). To determine the success or failure of an organization, all of these activities must be measurable. The measurement is not solely on input, but emphasizes the output, or benefits of the program. The implementation of ISO 45001: 2018 is expected to be able to improve the performance of the occupational health and safety management system (SMK3) in providing safe and healthy working conditions so as to prevent work-related injuries and illnesses (Masjuli, 2018). The results of the literature review show that currently there are not many researchers in Indonesia conducting research in the implementation of the ISO 45001: 2018 occupational health and safety management system. This is because the ISO 45001: 2018 management standard was only issued in 2018 and not many organizations have implemented this latest version of K3 management standards. One of the revised clauses in management standards in both ISO 45001 and other standards such as ISO 9001 and ISO 14001 is clause 10 concerning improvements. Previously, the clause on improvement was only a sub-clause in the ISO 9001: 2008 management standard and was not explicitly discussed in the OHSAS 18001 clause or sub-clause, but only discussed in clause 3 "terms and definition" not as a standard management requirement (Aims, 2007).

The ISO 9001 quality management system can not only be applied in large companies but can also be applied in the small business sector, the results of implementing the ISO 9001 management system will get many benefits and efficiency and will affect operational costs and time and can improve relationships. with customers.

The following are some of the benefits of implementing and implementing ISO 9001 for companies. ISO 9001 is an international standard that is most widely used by many companies and organizations. For organizations that have run and implemented an ISO 9001 quality management system, they can improve product and process quality assurance. ISO 9001 quality management system can increase customer satisfaction and trust and can motivate employees and can create a culture of continuous improvement. For organizations that have implemented an ISO 9001 quality management system can increase opportunities to enter the global market. Companies that have implemented an ISO 9001 quality management system can improve the company's image and have competitiveness. For companies that have implemented an ISO 9001 quality management system with companies that have not implemented an ISO 9001 quality management system, they will have a significant difference in terms of quality. duk, processes and services provided. Companies and organizations that have implemented an ISO 9001 management system can meet market needs. Companies and organizations that have implemented an ISO 9001 quality management system can improve efficiency at organizational and company levels. ISO 9001 is based on eight quality management principles related and process approaches. Increase organizational productivity Improve process performance on an ongoing basis. Increase efficiency at the operational level. Increase company productivity to ensure work standards at the company. Can minimize repetitive work. Performance is reviewed regularly and focus on achieving targets. Process employees can continue. Productivity that does not meet quality standards can be minimized and error rates can be

avoided.

Following are some of the benefits of ISO 14001, namely increasing the efficiency of company management. The implementation of ISO 14001 will immediately be felt at the managerial level efficiency which will be even more effective if it is equated with an international class company environmental management system. This can be a good first step for a company when it is starting to start a big step in advancing the company. Furthermore, ISO 14001 explains that an effective level of management does not have to always use too much human resources, but the use of management effectively is more useful for advancing a company along with all product quality. Of course, with the effectiveness of human resources in a company, the supervisory function can also be improved for the better. This quality maintenance should always be done since the company was founded until it has developed into a large company. Quality and quality in terms of corporate environmental governance are also very important to be maintained. Another use of an enforced standard lies in the competitiveness of the company in the international world. In fact, the success of a company can also be judged by the success or failure of the company to compete with other companies through the quality of the company and also the products produced in that place. It is inevitable that this becomes the most basic requirement that you cannot avoid if you want to advance a company. Corporate environmental governance, especially at a good managerial level can be the main key if you want to advance your company. This environment does not only affect the internal level of the company but will also have a positive impact on the external level and especially on the products produced by the company. A quality company will definitely survive and have high competitiveness with companies at the same level or even at a higher level. You need to know that ISO 14001 has been implemented in various developed countries and one of them has also begun to be implemented in Indonesia. If you increase the assurance at the internal level of corporate governance, then you can also see the results on the risks that your company may bear. In fact, you can also minimize the risk of loss and product loss that your company may experience if you use ISO 14001 standards to apply to your company. Several things related to the effectiveness and quality improvement and the products of the company have been proven to be able to make a company better than the company. The risk of product failure can also be done if effectiveness at the managerial level and quality control has been carried out from the start. That is the main goal of applying international standards to products and companies in various countries so that each country can use the same standards and have product quality that can be guaranteed by every company that is a producer of these products. For that, you must understand the benefits of ISO 14001 for corporate environmental governance before you enter the company.

## CONCLUSION

The conclusion that can be drawn from the results of this study is that the application of ISO 9001, ISO 14001 and ISO 45001 has a significant effect on financial performance. The implementation of an environmental management system has a positive effect on the achievement of financial performance in companies that have obtained ISO 14001 certification. Implementation and operation are one of the elements of the ISO 14001 EMS Environmental Management System ISO 14001 is

very influential in achieving financial performance. The results showed that the latest version of the ISO 45001: 2018 version of the occupational health and safety management standards is better at preventing work accidents due to project failures than the old version of the OHSAS 18001: 2007 SMK3 standard. Evaluation of the effect of the ISO 45001: 2018 management standard on work accidents due to project failure shows that companies engaged in the contracting sector need to prioritize clause 6.1 regarding actions to address risks and opportunities and 8.2 regarding emergency preparation in its implementation. • Organizations that implement the ISO 45001 system can raise awareness regarding risks and hazards in the company environment for all employees and every person active in the organization. Implementing a K3 management system in an organization means compiling a systematic process that can prevent occupational accidents and / or occupational diseases. By taking into account the risks and hazards that exist in each process and legal requirements related to the occupational health and safety management system. ISO 45001 establishes operational controls to manage risks and hazards as well as legal and regulatory aspects related to the implementation of the K3 management system. to take an active role in the implementation of the K3 management system. Organizations that implement the ISO 45001 K3 management system can evaluate the performance of the occupational health and safety management system in their work environment and improve the system continuously. Increase employee job satisfaction that is created by ensuring occupational health and safety while in the company environment. Apart from the benefits described above, moral benefits play a major role in the implementation of this ISO 45001 K3 management system. Thus ISO 45001 certification can be used as proof for organizations to express the company's moral concern for its employees who are assets in managing its business.

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