

An Assessment on Business Sustainability: Insights from Small and Medium Enterprises (SMES) in the Select Municipalities of Aklan

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ABSTRACT

The study investigated the sustainability practices of small and medium enterprises (SMEs) in selected municipalities in Aklan, Philippines, focusing on businesses that have been operational for over five years. Recognizing the vital role SMEs play in economic development, the research aimed to identify effective strategies that contributed to their longevity and success. Through qualitative interviews with seven SME owners, the study explored key themes such as customer-centric approaches, adaptation and innovation, and effective operational and financial management. Findings revealed that these enterprises have achieved significant financial growth while adopting environmentally friendly practices and prioritizing social responsibility. However, challenges such as market dynamics, resource limitations, and regulatory compliance persist. The study emphasizes the importance of collaboration, clear communication, and personalized strategies in overcoming these obstacles. Ultimately, the research provides valuable insights for SME owners, policymakers, and support organizations, highlighting the need for tailored strategies to enhance sustainability and foster long-term success in the competitive business landscape.

Keywords: Small and Medium Enterprise, Sustainability, Strategies, Economic Development, Financial Management, Environmental Practices, Challenges

THE PROBLEM AND ITS BACKGROUND

This chapter presents the introduction of the study. It highlights the Statement of the Problem, Theoretical Framework and the Philosophical Assumption that define the basis of the study.

Introduction

Since 1990, sustainability has become a fundamental aspect of corporate success, and many leading companies have begun adopting sustainability strategies and processes for long-term growth. Sustainability means satiating the current demand for resources and ensuring that future generations will also be able to supply their own needs (Brundtland, G. H. 1987). Businesses can generate wealth by producing goods and services. This results in profit for owners and society as a whole. The sustainability agenda is considered an international issue. The United Nations Sustainable Development Goals for 2030 highlighted the importance of creating fair and inclusive communities. Large corporations have generally adopted sustainability practices and have so far proven to be poorly adopted in small and medium-sized enterprises (SMEs).

SMEs play a vital role in driving economic development in both developing and developed nations by creating job opportunities, encouraging innovation, and facilitating the introduction of new products. These enterprises encompass a wide range of production units that differ in size, organizational structure, management capabilities, and technological advancement. In the Philippines, the government has implemented two key legislative measures to promote the growth of SMEs: Republic Act (RA) 6977, known as the Magna Carta for Small Enterprises, and RA 9178, referred to as the Barangay Micro Business Enterprises (BMBEs) Act of 2002.

The Philippine government has launched a comprehensive approach aimed at ensuring the sustainable growth and development of SMEs, which includes initiatives in technology, product development, financing, training,

and marketing. SMEs tend to be more labor-intensive, thereby generating employment opportunities and fostering a more equitable distribution of income and balanced economic development. In addition, these enterprises are crucial for mitigating regional disparities, introducing new industries in rural areas, and enhancing the local labor market.

The province of Aklan is recognized as the oldest province in the Philippines, which boasts a varied economy that includes agriculture, pottery, piña cloth weaving, bamboo crafts, and emerging sectors such as transportation and hospitality. In 2022, Aklan recorded the highest economic growth rate in Western Visayas, with the services sector making the largest contribution to its GDP. According to the Philippine Statistics Authority, 546 SMEs are operating in Aklan, comprising 525 small enterprises and 21 medium enterprises, the majority involved in wholesale and retail trade, accommodation, food services, and education.

Numerous international and local studies have highlighted various obstacles that impede the development of SMEs. These challenges encompass difficulties in accessing finance, technology, and markets, as well as inefficiencies in regulatory frameworks and a deficiency in entrepreneurial skills. In the context of the Philippines, SMEs encounter additional hurdles such as elevated operational costs, an unfavorable business climate, and insufficient financial literacy. The absence of collateral, restricted access to capital markets, and challenges in securing financing significantly obstruct the growth of SMEs. Furthermore, issues related to technology and market access, inadequate ICT infrastructure, and limited engagement with e-commerce platforms further diminish their competitiveness. Internal factors, including the owner's human capital and management skills, also play a crucial role in influencing SME growth. Amisano and Anthony (2017) noted that business leaders often struggle to maintain the performance of small enterprises over extended periods. Gandy (2015) indicated that only approximately two-thirds of small businesses endure for at least two years, with around 50% managing to survive up to five years.

This qualitative research aimed to evaluate the sustainability of SMEs in Aklan Province that have been operational for over five years. While prior studies have explored the factors contributing to the failures of SMEs, there remains a lack of empirical data regarding the strategies employed by entrepreneurs to ensure the longevity of their businesses (Bayani and Crisanto, 2017; Indounas and Arvaniti, 2015; Omri et al., 2015). The findings of this study have the potential to enhance business practices by providing SME owners with valuable insights into methods for improving the sustainability of their operations. Additionally, the results could serve as foundational data for SMEs in Aklan Province, thereby addressing existing gaps in the literature concerning sustainability strategies for SMEs.

Philosophical Assumptions

In the context of the study in investigating sustainability practices among SMEs in selected municipalities of Aklan, various philosophical assumptions elucidate the researcher's perspectives on reality, knowledge, and the dynamics of interaction between the researcher and participants. The ontological assumption suggests that the sustainability practices adopted by SMEs are shaped by a multitude of factors, including cultural, economic, and environmental influences. Consequently, it can be inferred that different SMEs may perceive and implement sustainability in varied ways, tailored to their unique circumstances. From an epistemological standpoint, the study asserts that knowledge is acquired through objective methodologies. The qualitative data gathered from interviews provided deeper insights and contextual understanding, recognizing the complex nature of knowledge related to sustainability practices, which can be enriched by diverse perspectives. Furthermore, the research guided by axiological principles emphasized ethical considerations and a commitment to social responsibility. Promoting sustainability not only for the benefit of SMEs but also for the broader community and environment, reflecting a value system that prioritizes ecological integrity and social equity. Human nature indicates that the owners and managers of SMEs are motivated not solely by profit but also by a desire to contribute positively to their communities and the environment, even when faced with various challenges. Additionally, the findings of the study were context-dependent and may not be universally applicable, as the distinctive socio-economic and cultural landscape of Aklan Province significantly shapes the sustainability practices of SMEs. Finally, the research is predicated on the belief that organizations have the capacity to cultivate and progressively enhance their sustainability practices. It asserts that, with adequate support and resources, SMEs can navigate obstacles and improve their sustainability efforts, thereby contributing to broader environmental and social objectives.

Research Purpose Statement

The study aimed to assess the business practices of SMEs, and how these practices contribute to the business sustainability enabling them to thrive for over five years.

Research Questions

Specifically, the study sought to answer the following research questions:

1. What strategies have been implemented by SMEs to remain in the business for over five years?
2. How do SMEs describe their organizational performance and sustainability practices over the past five years?
3. What challenges did SMEs face in the implementation of their strategies, and how were these challenges addressed?
4. What visual resources can be provided to SMEs based on the findings of this study?

Theoretical Framework

This research was based on the Sustainable Development Theory as outlined in the Brundtland Report (WCED, 1987: 43), characterizes as the endeavor to satisfy the needs of developing nations while concurrently working towards a more sustainable global environment. This theory emphasized the vital necessity of addressing current needs without compromising the capacity of future generations to attain their own sustainable lifestyles.

In the realm of business, sustainable development can be incorporated into corporate strategies, which encompassed three fundamental dimensions: environmental, economic, and social. The environmental aspect stresses the importance of safeguarding the environment through risk mitigation and the evaluation of the ecological consequences of corporate activities. It underscored the obligation for businesses to create ecosystem services that improve environmental quality while formulating a comprehensive sustainability plan. Companies encounter numerous challenges, such as conserving natural resources, assessing their carbon footprints, and addressing water scarcity. To enhance their environmental efforts, organizations should set clear goals, which are essential for effective Corporate Social and Environmental Responsibility (CSER).

The social aspect of sustainable development within a corporation centers on principles that advocate for equality and the respect of individual rights. It assesses the effects of corporate practices on matters like gender equality and tackles issues of social exclusion and discrimination. Key principles of this dimension include promoting solidarity through partnerships with local and global entities and improving stakeholder welfare by fostering dialogue, ensuring transparency, adjusting work schedules, and enhancing accessibility for individuals with mobility impairments.

The economic dimension focuses on the ability of businesses to foster economic development and growth while promoting environmental sustainability. This includes addressing the risks linked to production methods through strategies such as recycling and the utilization of renewable energy sources. The ISO 50001 standard, which prioritizes energy efficiency, is pivotal in this economic aspect as it aims to improve energy performance and decrease energy consumption, thus facilitating economic advancement. Achieving certification under this standard signifies a recognition of the efficient, cost-effective, and sustainable management of energy resources.

This study investigates how these interrelated aspects of sustainable development can be seamlessly incorporated into the operations of SMEs, ultimately enhancing their long-term sustainability and beneficial effects on society and the environment.

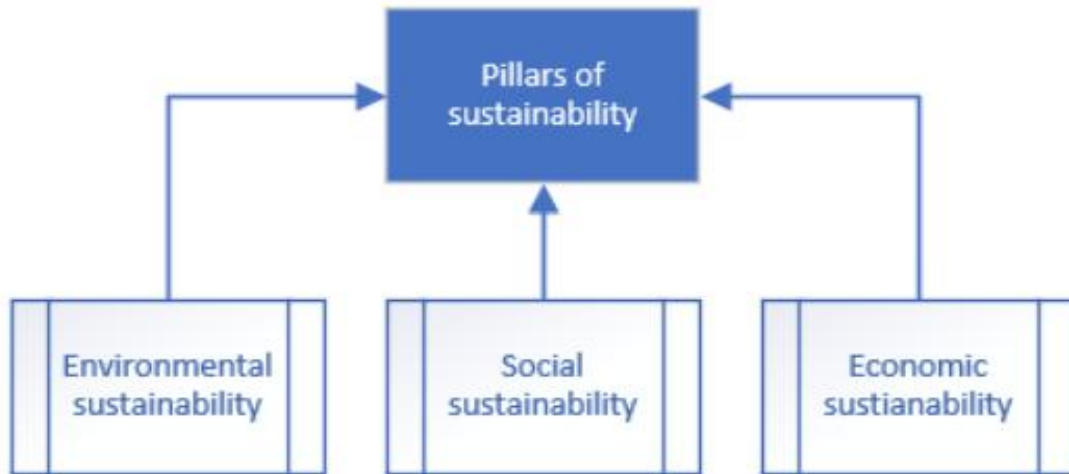


Figure 1.

Pillars of sustainability. The triple-bottom line of sustainability is defined as the application of a set of triangular principles which provides an omniscient and interdependent assessment of economic, social and environmental aspects.

Significance of the Study

The results of this study could be beneficial to the following

SMEs. The study aimed to offer small and medium-sized enterprises (SMEs) in Aklan valuable insights into effective business strategies and sustainability practices, as well as interventions utilized by SMEs that have been in operation for over five years. By adopting these recommendations, these enterprises can improve their competitive edge and ensure long-term sustainability in a rapidly changing market. Furthermore, the research could empower SMEs with the knowledge necessary to promote sustainable growth and profitability by recognizing and addressing the shifting demands of their customers.

Policymakers. The results of this research could assist policymakers in the Province of Aklan in formulating strategies and initiatives designed to foster the growth of the small and medium-sized enterprise (SME) sector. A robust SME sector plays a crucial role in enhancing local and regional economic development while generating employment opportunities for the community. These findings could enable policymakers to devise effective job creation strategies. Additionally, they could provide data-driven insights that can guide the distribution of resources and the establishment of support programs aimed at ensuring business sustainability.

Support Organizations. Support organizations, including business development centers and industry associations, can leverage the recommendations from this study to customize their assistance and training initiatives to tackle the distinct challenges associated with the sustainability of SMEs. The insights gained from the research could enhance these organizations' understanding of the specific requirements of SMEs in Aklan, allowing them to offer more impactful support, such as training, mentoring, and resource access. Additionally, support organizations can promote networking and knowledge exchange among SMEs, enabling them to benefit from each other's experiences and successful approaches.

Researcher. The study's findings may deepen the researcher's comprehension of the current knowledge regarding business strategies, growth, and the sustainability of SMEs in select municipalities in Aklan.

Future Researchers. The findings of this study may provide a valuable reference for future researchers engaged in related or subsequent investigations on the examined topic. Additionally, this research could enhance the extensive body of literature and academic contributions within the field of business.

Scope and Limitations

The study on Business Sustainability: Insights from Small and Medium Enterprises (SMEs) in Select Municipalities of Aklan sought to evaluate the sustainability practices of the seven chosen SME participants. To identify these participants, the researcher sourced a list of SMEs from the Philippine Statistics Authority (PSA), the Department of Trade and Industry (DTI), and the Go Negosyo Centers in the local municipalities. From this list provided the researcher utilized purposive sampling to form the sample group, SMEs that had been operational for a minimum of five years were selected.

Data was gathered through interviews with a self-made interview guide aimed at eliciting responses to the questions specified in the problem statement, which were tailored to fit the local context. The interview guide comprises two sections: the first section focused on the enterprises themselves, while the second section examined participants' personal views on the sustainability of their businesses.

The chosen SMEs were approached through email, social media platforms, and direct visits to secure their involvement in the research. Data collection occurred in February and March of 2025. The data obtained were analyzed utilizing ATLAS.ti 25 (Friese, S. 2012), which facilitated the development of codes, the detection of patterns, and the examination of interrelations within the data. Additionally, the dataset was methodically structured through thematic analysis, a technique acknowledged for its theoretical adaptability in recognizing, detailing, and interpreting patterns (themes) within a dataset (Braun & Clarke, 2006).

Definition of Terms

This section offers definitions of key terms utilized in this research, providing accurate meanings, and explanation of concepts mentioned throughout the study.

Assessment. The process of evaluating or determining the value, quality, or performance of something involves careful examination and analysis to arrive at an informed judgment or decision.

(<https://dictionary.cambridge.org/dictionary/english/assessment>).

In the context of this study, assessment referred to the process of gathering data and interpreting findings, with the aim of uncovering insights, identifying patterns, and ultimately leading to well-informed conclusions.

Business Sustainability. Also referred to as corporate sustainability, it involves the management of environmental, social, and financial concerns by a company to ensure responsible, ethical, and long-term success

(<https://www.techtarget.com/whatis/definition/business-sustainability>).

In the context of the study, business sustainability served as the evaluation criterion, measuring how SMEs approach the management of environmental, social, and economic issues in relation to their sustainability efforts.

Small and Medium Enterprises (SMEs). These are businesses that maintain revenues, assets, or employee counts below specific thresholds, which vary by country. Each nation has its own definition of what constitutes a small or medium-sized enterprise, often considering size criteria and, in some cases, the industry in which the company operates (<https://www.investopedia.com/terms/s/smallandmidsizeenterprises.asp>). In the Philippines, small enterprises are defined as those with assets ranging from PHP 3,000,001 to PHP 15,000,000 and employing between 10 to 99 individuals (<https://www.dti.gov.ph.2024>). Medium enterprises, on the other hand, have assets between PHP 15,000,001 and PHP 100,000,000 and employ 100 to 199 individuals (<https://www.dti.gov.ph.2024>).

In the context of the study, the term "SMEs" referred to the participants representing various fields of business in the select municipalities in the province of Aklan.

REVIEW OF RELATED LITERATURE

This chapter includes ideas, finished studies, generalizations or conclusions, methodologies, and others that help familiarize the reader with relevant and similar information to the present study.

Small and Medium Enterprises (SMEs)

Small and medium-sized enterprises (SMEs) are defined using various criteria, which differ across countries and sources that provide definitions of SMEs. Additionally, the definitions can vary depending on the economic sector in question. Among the numerous criteria utilized, some of the most frequently referenced include the number of employees, total net assets, sales figures, investment levels, annual working hours, annual turnover, production volume, and the independence of the business (Harjula, 2008). Notably, the number of employees and annual turnover are often regarded as the primary criteria for defining an SME (Peacock, 2004). The Department of Trade and Industry (DTI) categorizes businesses as MSMEs based on their asset size and the number of their employees. In terms of asset size, enterprises are grouped under micro if they have Php 3,000,000 or less in assets, small if they have Php 3,000,001 to Php 15,000,000; and medium, Php 15,000,001 to Php 100,000,000. An enterprise is also considered a micro enterprise if it has one to nine employees, small if it has 10 to 99 employees, and medium if its employees number anywhere from 100 to 199.

Various factors contribute to the differing levels of development of SMEs and entrepreneurship across countries. Key determinants of performance include the size and age of enterprises, which are deemed more significant than strategic approaches and the entrepreneurial traits of owners. The workforce size plays a crucial role in the operational effectiveness and performance of both managers and firms; further investigation is warranted before drawing definitive conclusions (Lussier & Sonfield, 2015). Business failures, akin to the establishment of new ventures, are integral to a vibrant and dynamic market. In the European Union, the majority of bankruptcies stem from delayed payments or other objective challenges, indicating that these failures often occur without fraudulent intent on the part of the entrepreneur (European Commission, 2013). Moreover, entrepreneurs who embark on a second venture tend to achieve greater success and longevity compared to average start-ups, exhibiting faster growth and higher employment rates (Stam et al., 2015). The advent of digital technologies has rendered them more affordable and accessible, transforming communication and marketing strategies, as well as marketplace interactions. These advancements lower the barriers for SMEs to embrace new technologies, thereby strengthening their competitive stance in the global market (Stankovska et al., 2016). Conversely, there has been limited exploration into the factors contributing to the underperformance of newly established SMEs. In the Philippine context, businesses are classified based on asset size and employee count. Small and medium enterprises (SMEs) encompass any business entity engaged in industrial, agricultural, or service activities, whether structured as sole proprietorships, cooperatives, partnerships, or corporations, with total assets considered inclusive of loans but exclusive of the land on which the business's office, plant, and equipment are located.

SMEs Sustainability

Corporate sustainability (CS) is a broad concept that does not seamlessly translate to small and medium enterprises (SMEs), as it often presupposes similarities with larger corporations (Jenkins, 2004). Furthermore, CS is predominantly associated with larger firms, which possess greater access to resources, enabling them to tackle sustainability challenges more effectively than smaller businesses (Lucas, 2004). Consequently, this paper employs the term "Business Sustainability" (BS), which encompasses all types of businesses, including SMEs that implement sustainability strategies and practices (Kerr, 2006). Potts (2010) posits that BS emerges from socially progressive influences on traditional business models, with distinctions arising from the commitment to sustainable development. According to Collins et al. (2010), three primary barriers to the adoption of BS are identified: cost, managerial time, and the requisite knowledge and skills. Despite these challenges, Collins et al. (2010) contend that customer influence plays a significant role in encouraging businesses to adopt sustainability practices. SMEs are particularly well-positioned to integrate sustainability into their operations, as Trainer (1998) asserts that the growth and development of SMEs are crucial for fostering a sustainable future. Notably, SMEs often cultivate strong relationships with their customers,

allowing them to effectively communicate the value of sustainable products and services (Kerr, 2006; Aragon-Correa et al., 2008). Additionally, their inherent diversity and flexibility enable SMEs to respond adeptly to sustainability challenges within their communities, provided they receive adequate support and incentives to leverage their adaptability (Hawken, 1993; Sinha and Akoorie, 2010). Moreover, due to their smaller scale, SMEs typically utilize fewer non-renewable resources, facilitating a smoother transition to sustainable practices compared to larger enterprises (Jones and Welford, 1997). Management attitudes play a prominent role in the level of adoption of sustainability by SMEs. In some cases, the owners/managers of SMEs feel little responsibility towards the environment and society because they think that their businesses have little individual impact on the environment (Yu and Bell, 2007). However, some studies argue otherwise. For example, in the UK, where SMEs constitute 99.8% of the businesses in the private sector, a study about the environmental practices of 220 UK SMEs by Revell et al. (2010) reports that a large number of owners/managers of these firms are ready to pay the costs of the ecological regulations and taxation because they feel more responsibility towards the environment within their community; which provides a regional or spatial context. This study also shows that owners/managers are encouraged to adopt sustainability not just by “push of legislation” but also by the “pull of cost saving, new customers, higher staff retention and good publicity for their firm” (Revell et al., 2010, p.273). Furthermore, SMEs are usually unaware of the advantages that are available from sustainability adoption (O’Laire and Welford, 1996) because management models are unable to integrate SMEs’ management strategies into sustainability issues (Hass, 1996). As a result, strategies and tools for adopting sustainable ability practices are usually developed for large companies and it is very difficult for SMEs to transfer and incorporate them into their management processes (Holt et al., 2000; Ammenberg and Hjelm, 2003). So, a different approach to SME business sustainability needs to be developed. The attitudes of management significantly influence the extent to which small and medium-sized enterprises (SMEs) embrace sustainability. In certain instances, SME owners and managers may feel a diminished sense of responsibility toward environmental and societal issues, believing that their businesses exert minimal impact on the environment (Yu and Bell, 2007). Contrarily, some research presents a different perspective. For instance, in the UK, where SMEs represent 99.8% of private sector businesses, a study conducted by Revell et al. (2010) involving 220 SMEs reveals that many owners and managers are willing to incur the costs associated with environmental regulations and taxes, as they perceive a greater responsibility toward their local environment. This finding highlights the importance of regional context. Additionally, the study indicates that the motivation for adopting sustainable practices among owners and managers stems not only from regulatory pressures but also from potential benefits such as cost savings, attracting new customers, improving employee retention, and enhancing the firm's public image (Revell et al., 2010, p. 273). Moreover, many SMEs remain unaware of the benefits associated with adopting sustainable practices (O’Laire and Welford, 1996), largely because existing management models fail to incorporate sustainability into their strategic frameworks (Hass, 1996). Consequently, the strategies and tools designed for implementing sustainable practices are typically tailored for larger corporations, making it challenging for SMEs to adapt and integrate these approaches into their management systems (Holt et al., 2000; Ammenberg and Hjelm, 2003). Therefore, there is a pressing need to develop alternative strategies for promoting sustainability within SMEs.

Environmental Sustainability

A number of definitions have been made about the relationship between the environment and humans, but it may be helpful to see “environmental” as a subset of the broad concept of “ecological”—in other words, the integration of human activities with ecological processes (Morelli, 2011). Along with the loss of world natural capital over many centuries, the demand for world natural capital’s resources has placed considerable pressure on the atmosphere. This resulted in severe depletion of natural resources, climate change, global warming, rising sea levels and adverse effects on biodiversity (Hart & Kruijer, 2015). The importance of taking environmental impacts into account is expressed in smaller enterprises (SMEs) as well. Environmental sustainability in an SMEs context requires more than just keeping carbon dioxide emissions low in the supply chain. For SMEs, environmental sustainability offers tremendous opportunities. Focusing on environmental sustainability is therefore crucial for the future. Consumer demand for environmentally friendly products is increasing. SMBs can benefit from how they represent their warehousing products and thus encourage sales. Environmental aspects of our work can lead to additional opportunities and contribute positively to other aspects of sustainability, which provides a competitive advantage, especially for SMEs (Zhong & Wu, 2015).

Economic Sustainability

The acknowledgement of environmental and social goals as essential targets for small and medium-sized businesses (SMEs) is gaining wider recognition. The economic aspect assesses the ability of a company to efficiently use capital in order to realize significant returns on investment and stimulate long-term development. Most firms do not cover sustainability holistically and are therefore forced to lean on the three pillars of sustainability. The degradation of one pillar always has implications for the other pillars. As a result of limited budgets, most SMEs focus on governance and economic aspects first, usually at the cost of stronger environmental and social considerations. Yet, promoting corporate sustainability requires a synergistic approach that involves both environmental and social outcomes, since fighting sustainability issues involves the maintenance of all three pillars (Eikelenboom & de Jong, 2019). SMEs have to think in terms of both capital and operational expenses since cost-cutting measures within the production process are vital to achieving economic sustainability. This pillar is very important to SMEs if they want to be long-term profitable. Sustaining a balance in which assets are higher than liabilities is very important to be successful. Important assets include effective machinery, equipment, trained staff, and committed workers. Since most firms are concerned with controlling overhead expenses, having a solid asset base is more crucial in today's business environment (Jitmaneroj, 2016).

Social Sustainability

Small and medium-sized businesses (SMEs) are generally viewed as being unable to adopt and implement social sustainability practices on a regular basis. This is due to a number of factors, such as a lack of adequate financial resources and capital investment, and a lack of experience, expertise, and knowledge. There are also common misconceptions about the functions of SME owners and managers. Since SMEs account for a large percentage of the world's businesses, the well-being of their employees and the achievement of sustainable development objectives cannot be guaranteed without making these businesses economically viable. Stakeholders continue to voice their expectations and demands for SMEs to practice socially sustainable business. This generates a "mismatch challenge," whereby stakeholders' aspirations do not match the readiness of SMEs to adopt socially responsible activities (Chowdhury & Shumon, 2020). Social sustainability involves practices and strategies that firms embrace in relation to the health, safety, career development programs, rights, and well-being of workers in the supply chain. Based on Chowdhury and Shumon (2020), the main indexes of socially sustainable practices (SSP) are: 1) a working environment that is healthy and secure, 2) an adequate minimum wage, 3) maximum working time that is properly regulated, 4) a right to membership in a workers' union, 5) child labor bans, 6) proper conditions of work, 7) non-discrimination, and 8) antidotes against forced labor.

Eikelenboom and de Jong (2019) explain that sustainability had long been viewed as the domain of multinationals, with SMEs' future undertakings regarding sustainable development gaining less attention. Companies need to make discussions regarding their long-term sustainability outcomes, including the attainment of positive social, economic, and environmental outcomes. Triple-bottom-line sustainability has been described through a sequence of triangular principles that give a holistic and integrated method of economic, social, and environmental processes as illustrated in Figure 1 pillars of sustainability (Zhong & Wu, 2015). The results of studies on this topic have been inconsistent. On the flip side, it has been argued that SMEs can only count on a limited number of pillars of sustainability and handle issues on an as-needed basis. SMEs have difficulty building the capabilities to respond to sustainability because they are limited by their capital, human, and organizational capitals, which can increase their cost pressure and also cause them to lose their market competitiveness. Because of their innovativeness, versatility, and idealism, empirical research has indicated that SMEs are able to serve as drivers for all three pillars of sustainability at the same time. The question of whether and how SMEs are able to overcome their capital limitations and develop the necessary supporting organizational capabilities in order to drive all three foundations of sustainability efficiency simultaneously has so far remained an unexplored area (Eikelenboom & de Jong, 2019).

Studies in which Sustainability Theory has been used

The research titled "Sustainability Practices and Performance in European Small-and-Medium Enterprises: Insights from Multiple Case Studies" (Moursellas et al., 2022) examines the adoption of sustainability practices

by small and medium-sized enterprises (SMEs) across Europe and their impact on performance. In Denmark, SMEs actively participate in environmental initiatives with governmental support, while their Greek counterparts encounter significant challenges. Austrian SMEs demonstrate effective management but seek to enhance their sustainability efforts, whereas UK SMEs tend to favor local suppliers but struggle with recycling challenges. It is further discussed that various factors influence sustainability, such as legislation, pressure from stakeholders, corporate culture, resource limitations, and ambiguous regulations. The study underscores the necessity for targeted strategies to improve sustainability among SMEs and advocates for further research and policy development to increase awareness. On the other hand, the study "Business Sustainability Strategies of Small and Medium Enterprises" (Aharanwa 2021) investigates the approaches utilized by small and medium enterprise (SME) proprietors in Gauteng, South Africa, to ensure their businesses remain viable for over five years. It emphasizes critical areas such as strategic business planning and marketing, effective people management, sound financial practices, and compliance with environmental and governance standards as vital components for achieving sustainability. The research underscores the significance of adopting these strategies not only for the survival of SMEs but also for their role in fostering local economies and communities through job creation and social responsibility initiatives. Barakat (2021, conducted a study entitled "Sustainable Development Practices of Small and Medium Enterprises: A Case of Egypt investigated the engagement of small and medium-sized enterprises (SMEs) in Egypt with sustainable development goals, focusing on various factors such as cultural influences, organizational characteristics, structural elements, and capabilities that impact their sustainability efforts. The activities are predominantly profit-oriented, with less emphasis on labor relations, while they strive to enhance their social reputation. The research underscores the necessity for improved governance to safeguard stakeholder rights and facilitate the achievement of sustainable development goals. Larger and non-family-owned SMEs tend to implement sustainability measures more effectively. Furthermore, SMEs that demonstrate social responsibility are likely to exhibit greater environmental responsibility over time, with both dimensions being associated with financial stability. The findings suggest a promising yet improvable level of sustainability, emphasizing the need to enhance awareness and comprehension of sustainable development, as many participants lacked familiarity with the concept. Drivers for SMEs Sustainability: A Review and Research Agenda examines the concept of sustainability in Small and Medium-sized enterprises (SMEs), and outlines key themes related to resources, strategies, and innovations, while also addressing gaps in the current literature. The research underscores that sustainability involves not just environmental factors but also economic and social aspects, including profitability and community welfare. The analysis identifies connections among authors, sources, and keywords, highlighting research areas such as corporate environmental management and stakeholder theory (E.A. Kassab et al., 2022).

Synthesis

The examination of existing literature and research on business sustainability within small and medium enterprises (SMEs) uncovers a complex environment influenced by multiple factors, such as economic feasibility, social accountability, and environmental care. Significant themes and insights from the literature offer a thorough understanding of the obstacles and prospects that SMEs encounter in their sustainability initiatives.

The necessity of defining and categorizing Small and Medium Enterprises (SMEs) according to criteria like employee count, total net assets, and annual revenue is vital for comprehending the operational capabilities of SMEs and their potential to implement sustainable practices. Numerous studies pinpoint prevalent obstacles that prevent SMEs from adopting sustainability. These challenges include limited financial resources, a lack of managerial expertise, and inadequate awareness of the advantages linked to sustainable practices. Collins et al. (2010) note that costs, managerial time, and the necessary knowledge and skills represent significant barriers. Often, SMEs view sustainability as a burden rather than an opportunity, resulting in hesitance to invest in sustainable initiatives.

The role of stakeholders is crucial in shaping the sustainability practices of small and medium-sized enterprises (SMEs). Research indicates that stakeholders, including customers, employees, and regulatory bodies, are increasingly pushing for practices that are socially responsible and environmentally sustainable. This situation leads to a "mismatch challenge," where the expectations of stakeholders may not correspond with the existing capabilities or readiness of SMEs to implement such practices. Consequently, this study examined the

influence of sustainability theory on the sustainability efforts of selected SMEs. The triple-bottom-line framework, which encompasses economic, social, and environmental dimensions, is frequently referenced in scholarly discussions. Eikelenboom and de Jong (2019) argue that achieving sustainability necessitates a comprehensive approach that integrates all three aspects. Economic sustainability focuses on profitability and efficient capital utilization, while social sustainability emphasizes employee welfare and community engagement. Environmental sustainability aims to minimize ecological impacts and align with consumer demand for sustainable products.

Small and medium-sized enterprises (SMEs) face various challenges; however, they also possess distinctive advantages that can enhance their sustainability initiatives. Their smaller operational scale often allows for increased flexibility and a quicker response to sustainability-related concerns. Moreover, SMEs generally foster closer relationships with their customers, which facilitates effective communication regarding the benefits of sustainable products and services (Kerr, 2006; Aragon-Correa et al., 2008). This engagement with customers can stimulate demand for environmentally friendly offerings, thus providing SMEs with a competitive advantage in the market. It is essential to create customized strategies that align with the unique contexts and capabilities of SMEs. There is an urgent need to develop alternative strategies that encourage sustainability in SMEs, focusing on governance structures, educational initiatives, and support mechanisms. The literature review also highlights significant gaps in current research, particularly regarding the factors that lead to the underperformance of newly established SMEs and the long-term impacts of sustainability practices on their growth and success.

In conclusion, a review of the current literature and studies on business sustainability within small and medium-sized enterprises (SMEs) reveals a complex interplay of factors influencing their sustainability efforts. While SMEs encounter challenges such as limited resources and stakeholder pressures, they also have unique advantages that can facilitate the implementation of sustainable practices. By developing tailored strategies and fostering a culture focused on sustainability, SMEs can enhance their financial performance while positively impacting their communities and the environment.

METHODOLOGY

This chapter covers the Research Design, Sampling, Participants and Setting, Data Gathering Instrument, Data Gathering Procedures, Data Analysis, and Ethical Consideration.

Research Design

This research adopted a qualitative methodology owing to its exploratory focus. The objective of qualitative research is to explore a phenomenon within its real-world setting, aiming to understand its importance and the relevant context. To achieve a more profound insight into the business sustainability strategies employed by SME owners for sustaining operations beyond five years in select municipalities in Aklan, interviews were conducted with the participants.

Sampling, Participants and Setting

The researcher utilized a purposive sampling technique for this qualitative investigation, aiming to gather a diverse group of participants to capture insights from various perspectives. This approach specifically targeted individuals with demonstrated success in operating small and medium-sized enterprises (SMEs) within the province of Aklan. The study included seven (7) SMEs, representing a variety of business types, all of which had been in operation for five (5) years or more.

The research participants comprised seven selected small and medium enterprises (SMEs), classified according to their size and the industries they represent, providing a comprehensive overview of their businesses. Within the small enterprise category, three participants were identified, each from distinct sectors. Participant 2 (P2) is situated in the Manufacturing/Food Service/Catering industry, where they have been active for six years, focusing on food production and catering, with assets surpassing 3,000,000.00. Participant 6 (P6) operates in the Professional, Scientific, and Technical Activities sector, providing architectural services for seven years with assets greater than 4,000,000.00. Lastly, participant 7 (P7) represents the Storage and Warehousing

category, specializing in warehousing and logistics for five years, with assets over 3,000,000.00.

In the medium enterprise sector, the study included four participants from various industries. Participant 1 (P1), operating in the Arts, Entertainment, and Recreation sector, has been in business for nine years, boasting assets exceeding 15,000,000.00 and offering island tours complemented by buffet services. Participant 3 (P3) represents the Transportation Services sector, with assets over 20,000,000.00, and has been providing transportation and rental services for 26 years. Participant 4 (P4), from the Wholesale and Retail category, reported assets exceeding 25,000,000.00 and has been engaged in the sale of dry goods for nine years. The Hotel and Accommodation sector is represented by Participant 5 (P5), who boasts assets exceeding 70,000,000.00 and has been delivering hotel and accommodation services for 35 years. Collectively, these participants illustrate a diverse array of SMEs within the study, highlighting the varied nature and operational contexts of small and medium enterprises in the region.

Table 1.

The Table 1 shows the category of SMEs highlighting their number of employees, asset sizes, nature of business, and years in operation.

Area/ Industry Description (Section)	Business Profile and Categories				
	Small Enterprise (10-99 total employee)	Medium Enterprise (100-199 total employees)	Asset Size	Nature of Business	Years in Business
A. Arts, Entertainment and Recreation		1	>15,000,000.00	Island Tours w/ Buffet	9 years
B. Manufacturing / Food Service /Catering	1		>3,000,000.00	Food Manufacturing/Catering	6 years
C. Transportation Services		1	>20,000,000.00	Transportation/Rental	26 years
D. Wholesale and Retail		1	>25,000,000.00	Dry Goods	9 years
E. Hotel and Accommodation		1	>70,000,000.00	Hotel/Accommodation	35 years
F. Professional/Scientific and Technical Activities	1		>4,000,000.00	Architectural Services	7 years
G. Storage and Warehousing	1		>3,000,000.00	Warehousing/Logistics	5 years
Total	3	4			

The study involved SMEs located in specific municipalities of Aklan, with seven (7) representatives chosen through purposive sampling. The municipalities included in the study were Malay, Ibajay, Kalibo, Banga, and Batan.

Data Gathering Instrument

The data for this research were gathered through face-to-face interviews guided by a semi-structured interview guide which allowed the researcher to systematically explore participants' perspectives while ensuring that essential topics were thoroughly discussed. This qualitative methodology facilitated an examination of the participants' experiences and insights, promoting a meaningful exchange that captures complex viewpoints while adhering to the core themes outlined in the interview guide. The interview process involved interactions with the proprietors SMEs located in the Province of Aklan, all of which have exhibited notable business growth and stability for a minimum of five years. The first part of the interview guide is dedicated to the background of the SMEs, followed by a series of key questions to comprehensively gather insights into their operational practices and sustainability efforts.

Data Gathering Procedures

This research was conducted with the authorization of the Provincial Governor of Aklan and the Dean of the Faculty of Business and Management Education at Aklan Catholic College. The researcher obtained a formal approval letter from the Provincial Governor's office to carry out the study with participants identified by the Philippine Statistics Office, the Department of Trade and Industry, and the Go Negosyo Centers in the selected municipalities.

Target participants from this list were contacted through various means, including email, phone calls, text messages, social media, and in-person visits. Before the interviews, all participants were asked to voluntarily sign an informed consent form to protect their rights and ensure the integrity of the study.

The researcher conducted interviews with the selected SMEs using an interview guide that comprised three key questions. Each participant was allotted approximately 30 to 60 minutes for the interview, during which an audio recorder was used to capture their responses. The recorded audio was transcribed and coded for analysis the following day. The collected data were then organized, categorized, and thematically grouped according to similar or related codes to enhance comprehension for the reader.

Data Analysis

The gathered data were interpreted, described, and analyzed through thematic analysis utilizing ATLAS.ti 25 (Friese, 2012). The method adhered to a systematic procedure that encompasses familiarization with the data, generation of initial codes, theme identification, theme review and definition, and the final presentation of the findings. In this study, thematic analysis was applied to aid in the coding and analysis of textual documents, enabling the researcher to create distinct categories and effectively represent the information obtained from the research instrument. To guarantee the correctness and dependability of the results, the data underwent revisions to rectify any inaccuracies.

Trustworthiness

The design of the interview questionnaire underwent a thorough assessment of content validity to ensure trustworthiness in the qualitative research. This assessment involved a careful review of each question to confirm that it effectively captured the constructs relevant to the research objectives, thereby enhancing the credibility of the study. The researcher made certain that the questions were directly aligned with the research objectives, maintaining objectivity and neutrality throughout the process. This commitment to neutrality was essential for minimizing bias, which further strengthened the credibility of the findings. To facilitate honest and accurate responses from participants, clear instructions and definitions of terms were provided. This clarity not only helped participants understand the questions but also encouraged them to share their perspectives openly, thereby enriching the data collected. Additionally, ethical considerations were prioritized, including measures to ensure anonymity and data privacy. By addressing these ethical concerns, the researcher enhanced the trustworthiness of the study, as participants were more likely to provide candid responses when they felt secure in the confidentiality of their contributions. These measures collectively contributed to the dependability of the research by ensuring that the data collection process was consistent and reliable. The researcher maintained detailed documentation of the research process, including the rationale for question selection and any adjustments made during the study. The data collected were derived from the participants' responses and were subsequently analyzed by the researcher, with a strong emphasis on confirmability. Thus, the findings accurately reflected the participants' perspectives rather than the researcher's biases or preconceptions.

By integrating these elements of trustworthiness—credibility, transferability, dependability, and confirmability, the approach strengthened the overall quality of the study and ensured that the findings were meaningful and applicable to the broader context.

Ethical Consideration

This qualitative research involved conducting interviews with individuals from a distinct community, where their identities could be readily recognized. To address the potential risks associated with participant

identification, the researcher implemented several measures to safeguard their identities throughout the research process. Specifically, pseudonyms (P1-P7) were assigned to each participant, and any identifying information was omitted from the transcripts and the final thesis. This approach not only protected the anonymity of the participants but also ensured that their contributions could be shared without compromising their privacy.

The recorded interviews were securely stored in Google Drive, with restricted access settings that allowed only the researcher to view the files. This measure was crucial in preventing unauthorized access to sensitive information and maintaining the confidentiality of the participants' responses. Additionally, the researcher practiced active listening during the interviews, demonstrating respect and attentiveness to the participants' narratives. By refraining from making judgments and prioritizing the comfort of the participants, the researcher fostered an environment conducive to open and honest dialogue.

In accordance with Republic Act No. 10173, also known as the Data Privacy Act of 2012, the researcher adhered to strict protocols regarding data protection and privacy. These protocols were clearly communicated to all participants prior to the interviews, ensuring that they were fully informed about how their data would be used and the measures in place to protect their identities. The researcher consistently applied these ethical standards to all seven individuals involved in the study, reinforcing a commitment to ethical research practices.

Furthermore, participants were given the opportunity to withdraw from the study at any point without any repercussions, emphasizing the voluntary nature of their involvement. This transparency not only enhanced trust between the researcher and participants but also aligned with ethical guidelines that prioritize participant autonomy and informed consent. By implementing these comprehensive ethical considerations, the researcher aimed to uphold the integrity of the research process while respecting the rights and dignity of all participants involved.

FINDINGS AND DISCUSSIONS

This chapter presents a qualitative analysis of the data gathered through interviews with the seven Small and Medium Enterprises (SMEs) in the Province of Aklan. The aim was to investigate the sustainability practices employed by SME owners in the province of Aklan to ensure their businesses continue operating for over five years.

The interview data were comprehensive and detailed, shedding light on the experiences and strategies that enable participants to sustain their businesses for five years or more. Each participant contributes distinct perspectives on the management of their respective.

I. Strategies implemented by SMEs to remain in the business for over five years

The first question pertained to the strategies businesses have implemented to stay afloat for five years or more. Key strategies highlighted include **customer-centric approach, adaptation and innovation and operation and financial management.**

A **customer-centric approach** is a business strategy that prioritizes customer needs and experiences above all else. It is about understanding customers deeply, tailoring products and services to their specific needs, and creating positive, long-lasting relationships. The seven participants collectively underscored the significance of comprehending and fulfilling client requirements. Participant 1 (P1) said that *"excellent customer service and consistently high-quality food are cornerstones of our success...what truly distinguishes us is our personalized buffet experience, where we curate special offerings based on individual customer requests"* (L21-L25). This focus on personalization is echoed by Participant 2 (P2), who stated that *"a multifaceted approach, and our success hinges on several key strategies. Consistency in product or service quality has been our key strategies, ensuring customer satisfaction and fostering brand loyalty"* (L76- L 77). Furthermore, Participant 3 (P3) emphasized the necessity of a relentless focus on clients by stating that *"our business has centered on a three-pronged strategy. First, we prioritize our employees...Second, we maintain a relentless focus on meeting our clients' needs, consistently striving to exceed their expectations and build lasting partnerships"* (L139-L143). This commitment to customer satisfaction is reinforced by Participant 4 (P4), who mentioned a *"strong*

emphasis on customer satisfaction...with a consistent effort to understand and meet customer needs" (L198–L199). Additionally, Participant 6 (P6) highlighted the importance of adapting to market trends and evolving customer needs through "continuous learning, innovation, and strategic partnerships" (L351-L352). Finally, Participant 7 (P7) underscored the necessity of maintaining strong client relationships, and stated that, "equally important is the commitment to maintaining strong client relationships through excellent customer service and accessible support channels for inquiries, complaints, and feedback" (L405-L406).

Collectively, these insights illustrated that a **customer-centric approach**, characterized by adaptability, quality, and strong relationships, is essential for long-term business success. The findings on the customer-centric strategy was relevant to the research conducted by Collins et al. (2010) which highlighted the critical role of customer influence in motivating businesses to implement sustainability practices. In addition, the study (Kerr 2006) referenced findings suggested that small and medium-sized enterprises (SMEs) frequently utilize their robust customer relationships to convey the benefits of sustainable products and services.

The second strategy that was identified was **Adaptation and Innovation**, which was crucial for business survival and success in dynamic environments. Adaptation involved modifying existing strategies to fit new conditions, while innovation creates novel solutions or approaches. Participant 1 (P1) emphasized this by stating, "we've prioritized innovation and adaptability...constantly seek new trends, gimmicks, and additions to keep our offerings fresh and exciting" (L19-L21). Similarly, this approach was agreed by Participant 2 (P2), who noted that "...we've embraced the ability to adapt to change, proactively responding to market trends, technological advancements, and evolving customer needs (L79-L81). On the other hand, Participant 4 (P4) added that their strategy allows for "quick adjustments to market changes (L198)" reinforcing the importance of agility in maintaining customer satisfaction. Participant 5 (P5) illustrated this adaptability through their experience when "we launched targeted marketing campaigns to draw in various market segments, showcasing our unique offerings and experiences. Seasonal deals, special packages, and loyalty programs were introduced to encourage bookings, especially during slower periods. On top of that, the resort also boosted its online presence to connect with a broader international audience and expanded its services to appeal to both locals and tourists (L271-L276). Furthermore, Participant 6 (P6) highlighted that embracing change is essential and stated, "...a key element would be embracing change and adapting to market trends, technological advancements, and evolving customer needs through continuous learning, innovation, and strategic partnerships" (L350-L353). On the innovation front, P1 also mentioned that their focus on innovation goes beyond just adaptability, as they aim to "establish a unique brand identity" (L18-L19). Participant 3 (P3) emphasized the role of employee empowerment in driving innovation, saying, "First, we prioritize our employees, providing them with unwavering support, trust, and confidence. This empowerment fosters loyalty and drives innovation from within. (L139-141). Lastly, Participant 6 (P6) underscored the importance of strategic financial management in fostering innovation, noting the need for "...carefully managing cash flow, controlling expenses, and reinvesting profits strategically for growth and innovation" (L348-L349). Together, these insights illustrate that a commitment to adaptation and innovation not only enhances responsiveness to market demands but also cultivates a culture of creativity and resilience within the organization. The study by Eikelenboom and de Jong (2019) discussed the adaptability and innovation of SMEs in relation to sustainability. It highlighted how SMEs, due to their idealism, versatility, and innovativeness, can act as drivers of all three pillars of sustainability—economic, social, and environmental. The text also points out that SMEs face challenges in developing capabilities to address sustainability effectively, which encompasses the themes of adaptation and innovation amidst resource limitations.

The third strategy that was identified is **Operation Management and Financial Management**. Operations management focused on the day-to-day activities of producing goods or services, while financial management oversees the company's finances, including budgeting, forecasting, and reporting. Both were crucial for business success, as operations ensure efficient production and delivery, and finance ensures the company's financial stability and profitability. SMEs have shared how they effectively implemented operational and financial management strategies that contributed to their success. Participant 4 (P4) noted, "Our business has strategically focused on a hands-on approach to management. We had a direct involvement in all aspects of operations and ensured quality control, allowing for quick adjustments to market changes" (L196-198). This proactive stance was further exemplified by Participant 5 (P5), who stated, "This commitment to responsible business practices fostered trust with stakeholders and contributed to long-term sustainability. Secondly,

proactive adaptation, exemplified by the comprehensive renovation during the 2018 island rehabilitation, showcased our ability to respond to challenges” (L261-L263) Additionally, Participant 7 (P7) emphasized the importance of customer relations, mentioning that they “prioritized maintaining strong client relationships through excellent customer service and accessible support channels for inquiries, complaints, and feedback, which were also prioritized to gauge customer satisfaction and pinpoint areas for improvement (L247-L248). On the financial management side, Participant 2 (P2) highlighted that “a strong foundation in proper costing and pricing allowed us to maintain profitability while remaining competitive in the market” (L77-L78). Participant 5 (P5) also pointed out that “investing in staff training, even during challenging times, further strengthened the team’s capabilities and ensured a consistently high level of service “(L261). Finally, Participant 6 (P6) remarked that the business “prioritized financial discipline, carefully managing cash flow, controlling expenses, and reinvesting profits strategically for growth and innovation” (L370-L371). These insights illustrated how effective operational and financial management practices were integral to the organization's achievements. The finding was further supported by the study of Aharanwa (2021) which emphasized critical areas such as strategic business planning, effective people management, sound financial practices, and compliance with environmental and governance standards as essential components for ensuring the sustainability and viability of SMEs over time.

II. The organizational performance and sustainability practices over the past five years

The organizational performance and sustainability involve **Balancing Economic goals with Environmental and Social responsibility to achieve long-term success.** It is about ensuring that businesses not only make a profit but also contribute positively to people, the planet, and the overall well-being of society. This means integrating corporate social responsibility, learning, and development into the core of business operations.

Based on the collected responses, the SMEs demonstrated a significant **financial improvement** in a fluctuating market. Participant 1 (P1) highlighted that the organization “showcased remarkable financial improvement, achieving a 40% profit growth since 2016 with a current market share at 60% (L41-L42). This success was attributed to effective financial management and operational success, as noted in their self-made performance indicators. In contrast, Participant 2 (P2) reported a more modest profit growth rate of 30%, stating, “...we’ve seen a slow profit growth of 30% on total sales (198-199” which reflected the seasonal nature of their business operations. Before the pandemic, Participant 3 (P3) observed robust profit growth and a significant market share of at least 40%, but acknowledged the need for ongoing adaptations to navigate post-pandemic challenges, saying, “...profit growth was strong before the pandemic, but now we need to make adjustments” (L161-L162). Participant 4 (P4) emphasized the importance of careful management, noting that “...profit growth is carefully managed with clear quotas and targets” (L214-L215) which contributed to a low employee turnover rate and a healthy organizational culture. Finally, Participant 7 (P7) highlighted the strong ROI achieved within six months to one year by shifting labor strategies to independent contractors, asserting that “...all these efforts lead to a strong Return on Investment (ROI)” (L449-L451).

On the other hand, **Environmental Sustainability Practices** of the participants are as follows. Participant 1 (P1)The organization engaged in environmentally preferable purchasing (EPP), evaluating the environmental implications of products and services prior to procurement. This practice demonstrated a commitment to minimizing ecological impact. “The organization also practices environmentally preferable purchasing (EPP), taking into account the environmental effects of products and services before buying...” (L33-34) Likewise, Participant 2 (P2) had an emphasis on energy efficiency was noted through the use of energy-saving tools in production. They focused on improving waste management, particularly by enhancing the segregation of food waste, which indicated a proactive approach to minimizing environmental impact, “...we have been working on better-separating waste, especially food waste...” (L87). Participant 3 (P3) highlighted that their organization complied with local government regulations related to waste management, ensuring waste was sorted into biodegradable, non-biodegradable, and reusable categories. Additionally, they integrated eco-friendly products into their operations, underscoring a commitment to sustainability. “In waste management, we comply with local government regulations by sorting waste into biodegradable, non-biodegradable, and reusable categories...” (L149 -L152). Participant 4 (P4) also shared that the organization adopted renewable energy sources, such as solar lights and panels, to improve energy efficiency. Their focus on eco-friendly purchasing tied into their wider environmental sustainability strategy. “...we utilize renewable energy sources

like solar lights and panels...” (L205-L206). Lastly, Participant 7 (P7) highlighted that the use of color-coded bins for waste segregation reflected a strong commitment to reducing the environmental footprint. They also switched to LED lighting and automated systems to further enhance energy efficiency. “...we are using color-coded bins for waste segregation, along with a focus on eco-friendly products...” (L431-L434).

With regards to **Social Sustainability Practices**, SMEs demonstrated a strong commitment to social sustainability practices that prioritized employee welfare and community engagement. Participant 1 (P1) noted that the organization valued its employees through robust health and safety policies, which detailed clean working conditions and the removal of hazards. They provided extensive employee training to ensure well-being and capacity building while fostering a community of engaged employees. P1 stated that, “*We have a solid health and safety policy that focuses on cleanliness and removing hazards to keep everyone safe...*” (L34-36). Participant 2 (P2) also emphasized their organization’s commitment to social responsibility through community engagement activities, such as feeding programs and annual gift-giving events, which helped build relationships with the communities they operated in. P2 remarked, “*Our community engagement is through feeding programs and annual gift-giving events to select areas...*” (L96-L97). Participant 3 (P3) highlighted that the organization offered health checks and sick leave as part of their health and safety policy, promoting employee well-being. Their community involvement included sponsorships and partnerships that actively linked business success with community development, “*The health and safety policy emphasizes employee well-being through health checks, sick leave, and on-site clinics...*” (L153-155) Participant 4 (P4) pointed out that the organization provided mandatory benefits, free meals during shifts, and staff housing, showcasing a comprehensive approach to employee welfare. Their participation in local leagues and school awards further indicated a commitment to social engagement, with P4 stating, “*...sick leave, easy access to first aid kits, mandatory benefits, free meals during shifts, and staff housing...*” (L209-L210) Lastly, Participant 6 (P6) focused on employee training through apprenticeships under experienced mentors, which added value to employee development and enhanced social responsibility by providing growth opportunities. They noted, “*Training for employees includes apprenticeships under the guidance of experienced architects...*” (L382-L383). These practices illustrated the organization’s dedication to fostering a socially responsible and supportive environment for both employees and the community.

The results on the overall organization and sustainable practices were relevant to the study of Moursellas et al. (2022). This study examined the adoption of sustainability practices by SMEs across Europe and their impact on organizational performance, highlighting how various factors, including legislation, stakeholder pressure, and corporate culture, influence sustainability efforts within these organizations

III. Challenges SMEs faced in the implementation of strategies, and how were these challenges addressed

In this segment, participants were asked to identify the challenges faced while executing various strategies. The findings highlighted the multifaceted challenges in strategy implementations. These challenges include **market dynamics and pricing, resource limitations, regulatory compliance, and operational adaptability**. To address these, a multifaceted approach is needed. The market fluctuations necessitate **flexible pricing strategies**, while **resource limitations call for innovative solutions and efficient resource allocation**. Regulatory compliance demands continuous monitoring and adaptation, and operational adaptability requires **proactive planning and resource allocation to manage changing market conditions**.

The first challenge pertained to **Market Dynamics and Pricing Challenges**. Participants encountered difficulties due to fluctuating market prices which complicated the establishment of consistent pricing strategies. Participant 1 (P1) expressed, “*Setting pricing strategies in Boracay is tricky because the market prices are always changing. This unpredictability makes it tough to create a reliable pricing system.*” (L46-L47) Participant 3 (P3) added, “*To stay ahead, we not only had to innovate our offerings but also keep a close eye on our competitors... it was quite a demanding and resource-heavy job.*” (L172-L174) . To address these challenges, P1 emphasized the importance of constant market monitoring and flexibility in pricing strategies to align with shifting customer expectations, requiring regular adjustments to maintain profitability. P3 advocated for proactive innovation and competitive analysis, which necessitated balancing agility in offerings while managing operational efficiency.

The second challenge faced by SMES is about **Resource Limitations and Internal Resistance**. Participants also faced limitations in financial and human resources, which hindered their ability to implement strategies effectively. Resistance from employees further complicated the adoption of new processes and technologies. Participant 2 (P2) noted, "*A major issue was getting enough resources, both in terms of money and manpower... there was some pushback within the organization.*" (L104-L105). Similarly, Participant 6 (P6) stated, "*A major challenge was getting past the resistance to change... It is hard to create a duplicate among your employees.*" (L394). To handle these issues, P2 focused on fostering open communication and providing extensive training to combat employee reluctance, involving them in problem-solving through regular brainstorming sessions. P6 highlighted the importance of mentorship and collaborative partnerships, where knowledge sharing could help alleviate resistance to change, making employees feel more involved and impactful.

The third challenge that was encountered by SME is about **Regulatory Compliance and Operational Adaptability**. Compliance with local regulations presented ongoing challenges, as changes were often unpredictable. Adapting operational processes and retraining staff to meet these demands proved complex. Participant 5 (P5) remarked, "*Dealing with local government rules and regulations was an ongoing struggle... often change unexpectedly.*" (L282-L286). Participant 3 (P3) added, "*When we adapted to unexpected changes in business methods, turning those changes into practical steps was quite a challenge.*" (L 175-177). To address these challenges, P5 emphasized the need for proactive engagement with local authorities and consistent communication, with their management team participating in local forums to stay updated on regulatory changes. P3 noted that addressing operational changes required constant retraining and staff adjustment, utilizing agile methodologies to refine workflows and mitigate short-term efficiency drops associated with these adjustments.

The challenges faced by SMEs, are highly relevant to the findings of the research studies of (E.A. Kassab et al., 2022) and (Aharanwa, 2021). Both the challenges and the strategies employed by the participants reflect the intricate nature of integrating sustainability principles and the necessity for SMEs to navigate a complex landscape of economic, social, and regulatory factors. The emphasis on collaboration, communication, and adaptability in both the challenges and the research findings further reinforces achieving sustainability within SMEs.

IV. Visual resources provided to SMEs based on the findings of this study

The study examined seven SMEs that have been operating for over five years, selected from specific municipalities with varying social and economic conditions. This focus may not fully represent the diversity of businesses in Aklan and beyond, and it could overlook the challenges faced by newer or less successful enterprises, potentially distorting the understanding of sustainability practices. To address these concerns, the researcher proposed the following materials to assist SMEs in learning how to sustain their businesses for five years and beyond, based on the information gathered.

Proposed Module/Lecture Guide

This module will explore the concept of sustainability and its critical importance within the business framework. The focus will be on understanding sustainability as a fundamental principle that encompasses ethical obligations and environmental responsibilities. The discussion will extend to the link between sustainability and economic prosperity, illustrating how sustainable practices can drive long-term growth and resilience for SMEs. Key components of sustainable business practices will be examined, including environmental stewardship, social equity, and economic viability, which together form the foundation for responsible business operations. Furthermore, the module will emphasize the necessity of incorporating sustainability into core business strategies, highlighting the roles of innovation and employee involvement. Participants will also confront the challenges SMEs face, such as resource constraints and regulatory compliance, while discussing adaptive strategies that promote a culture of continuous improvement and collaboration. The advantages of a holistic business strategy will be underscored, showcasing how a comprehensive approach that integrates innovation and stakeholder engagement can empower SMEs to navigate complexities and seize new opportunities. Finally, the module will look ahead to future perspectives for SMEs, advocating for a shift towards sustainable business models that prioritize stakeholder well-being

over immediate profits, ultimately positioning SMEs as leaders in ethical business practices. Through this exploration, participants will gain valuable insights into the impact of sustainability on the resilience and growth of SMEs, encouraging them to adopt and share best practices for long-term success

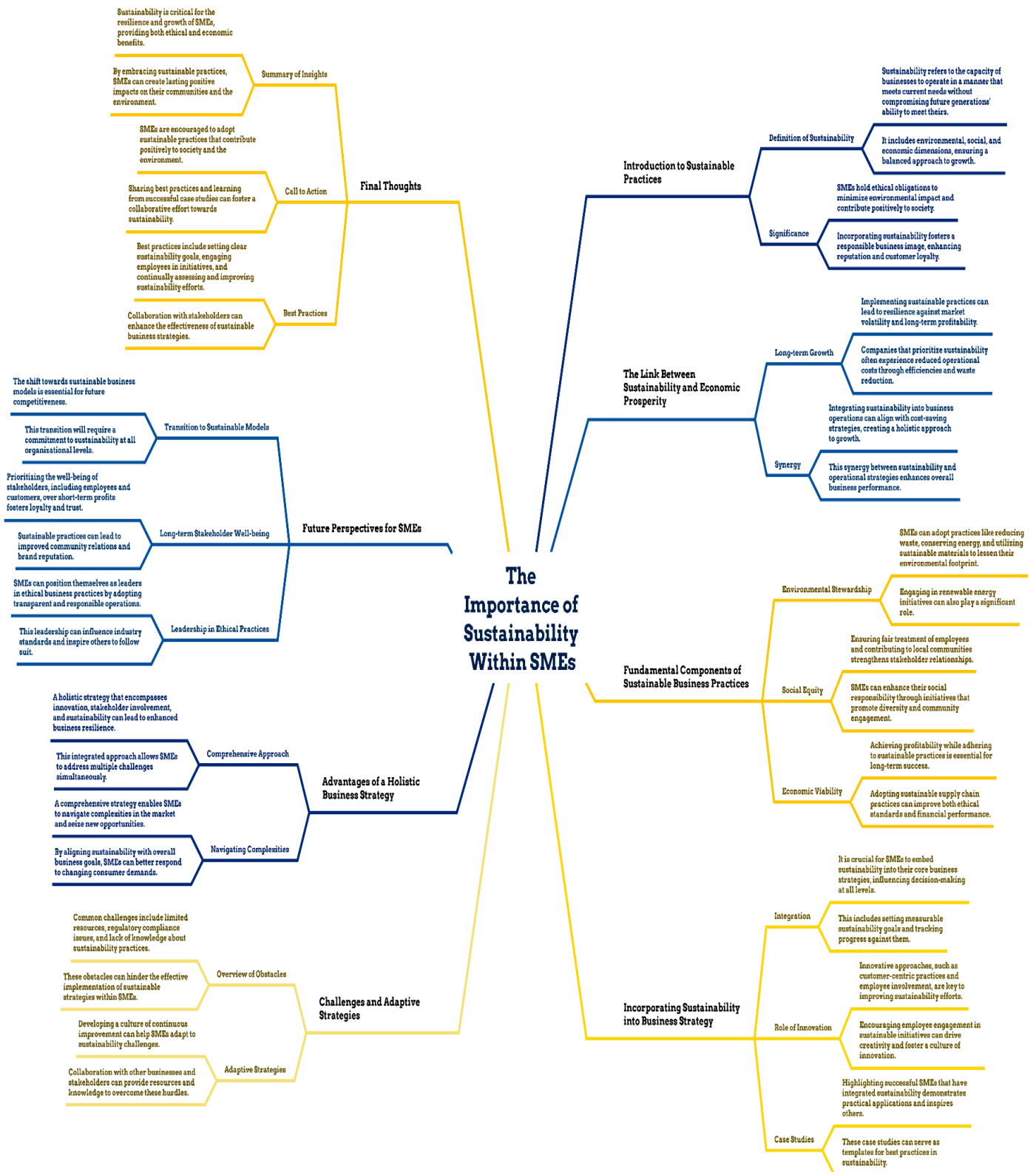


Figure 2 Mind map representation of the suggested module or lecture content derived from the study's findings.

SMEs 5+

The video material showcases the true-to-life story of one of the study participants, emphasizing her humble beginnings and the journey she undertook to become a successful small and medium enterprise (SME) owner.

Infographics

In the context of the study on sustainability practices among SMEs, infographics are used to effectively communicate the findings, engage stakeholders, and promote a deeper understanding of sustainability within the operations and the broader community.

How to ensure business longevity?

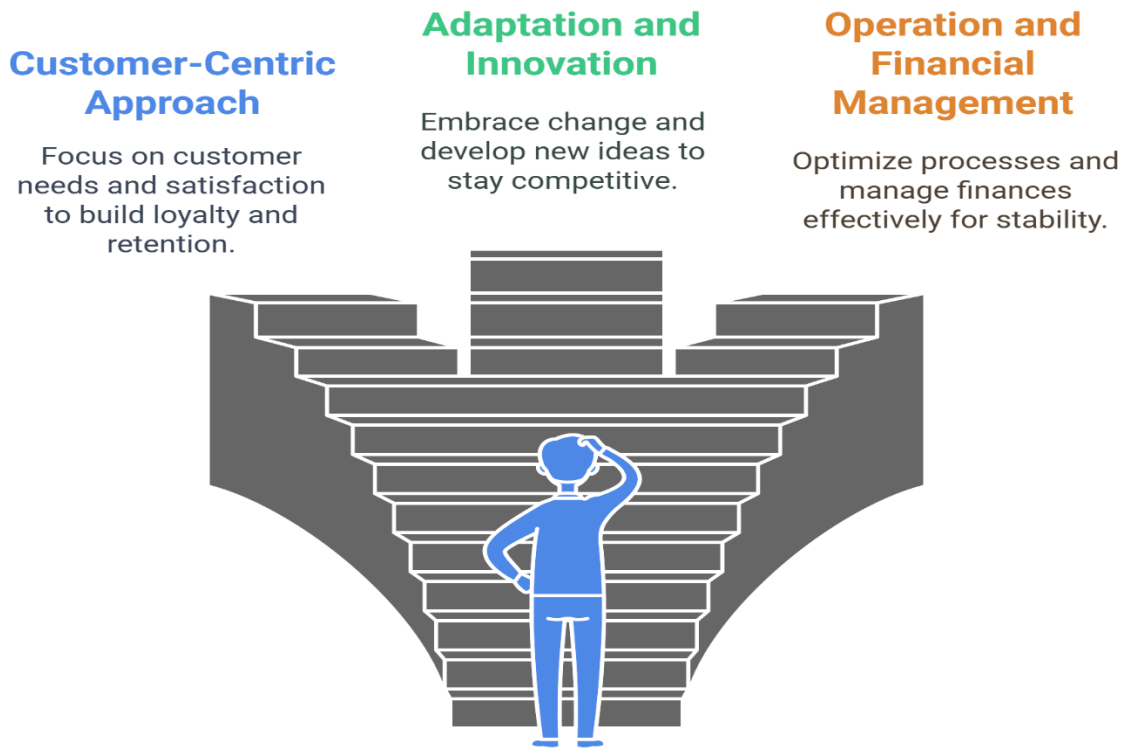


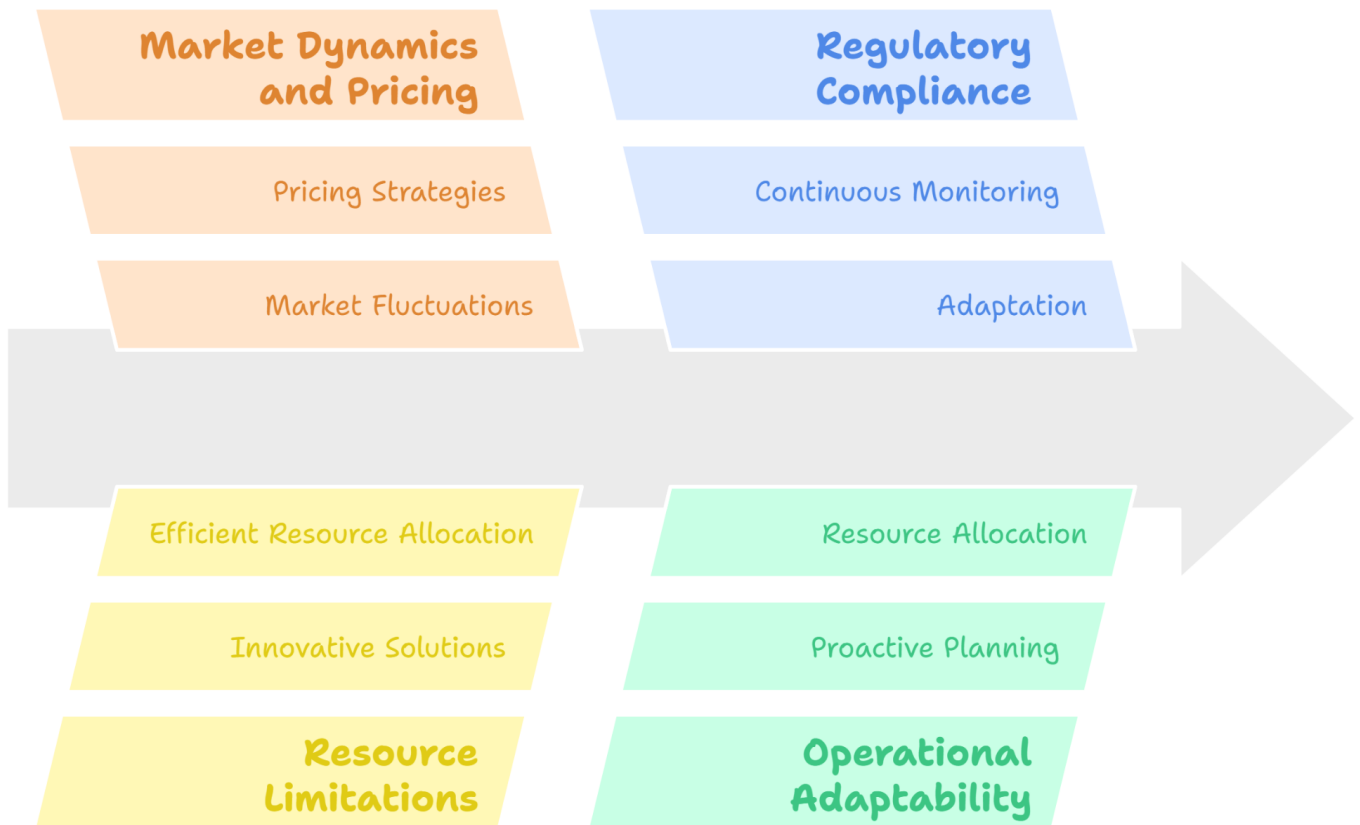
Figure 3. Key strategies

Integrated Business Success



Figure 4. Organizational performance and sustainability focus on balancing economic goals with environmental and social responsibilities to achieve long-term success.

Challenges faced by SMEs and Strategies implemented to address it



Made with  Napkin

Figure 5. Challenges faced by SMEs in the implementation of strategies and how they addressed it.

Simulacrum

Figure 6

Simulacrum of the study, it analyzes how SMEs in select municipalities in Aklan integrate sustainability into their operations, effectively balancing economic viability with environmental stewardship and social equity.

Aklan's economy heavily relies on SMEs across various sectors, including tourism, agriculture, and retail, making sustainability critical for long-term resilience. The key sustainability strategies identified in the study included a customer-centric approach, which emphasizes prioritizing customer needs to build loyalty and trust. Another significant strategy is adaptation and innovation, which focuses on remaining agile in dynamic markets through continuous learning and creativity. The operational and financial management also play a crucial role in optimizing efficiency while maintaining ethical standards.

The pillars of organizational performance were grounded in economic sustainability, environmental stewardship, environmental stewardship. Economic sustainability aimed for profitability through ethical practices as indicated on the turn over and return of investment. On the other hand, environmental stewardship focused on minimizing ecological footprints through practices like waste segregation and recycling programs, as well as the use of biodegradable materials in packaging. Lastly, social equity emphasized fair treatment of stakeholders through employee welfare programs, including health checks and fair wages, alongside community engagement initiatives.

The SME participants faced several key challenges that significantly hinder their sustainability efforts. One of the most pressing obstacles was resource constraints, as many businesses struggle with limited funds necessary for implementing sustainability upgrades. In addition to financial limitations, regulatory hurdles pose another challenge, with the need to comply with evolving environmental laws that can be complex and demanding. Furthermore, market competition complicates matters, as SMEs must navigate the pressure to balance cost-effectiveness with sustainable practices. To address these challenges, SMEs have adopted various adaptive strategies. For instance, market fluctuations necessitate the implementation of flexible pricing strategies, while resource limitations call for innovative solutions and efficient resource allocation. Additionally, regulatory compliance requires continuous monitoring and adaptation, and operational adaptability demands proactive planning and resource allocation to effectively manage changing market conditions.

SUMMARY OF FINDINGS AND CONCLUSIONS, AND RECOMMENDATIONS

This chapter encapsulates the culmination of research findings drawn from the analysis and actionable recommendation base dioxin the data obtained in Chapter 1-4. It provides a thorough review of the study's findings, stressing significant themes, consequences and recommendation for future actions within the examined topic.

Summary

This study aimed to assess the business practices of SMEs, and how these practices contribute to the business sustainability enabling them to thrive for over five years.

Specifically, the study sought to answer the following research questions:

1. What strategies have been implemented by SMEs to remain in the business for over five years?
2. How do SMEs describe their organizational performance and sustainability practices over the past five years?
3. What challenges did SMEs face in the implementation of their strategies, and how were these challenges addressed?
4. What visual resources can be provided to SMEs based on the findings of this study?

Summary of the Findings

The data acquired for this study led to the following observations:

1. Strategies implemented by SMEs to remain in the business for over five years

SMEs participants' responses have focused on three primary dimensions: a customer-oriented strategy, adaptability and innovation, and effective operational and financial management. They highlighted the significance of comprehending and addressing customer needs as fundamental to their success. In addition, the capacity to respond to evolving market trends and innovate product offerings was recognized as essential for business continuity. Lastly, proficient management of daily operations alongside prudent financial practices was considered essential for ensuring profitability.

2. The organizational performance and sustainability practices over the past five years

The organizational performance and sustainability initiatives of small and medium-sized enterprises (SMEs) in select municipalities in Aklan illustrate a dedication to harmonizing economic objectives with environmental and social obligations. These SMEs have experienced notable financial growth, adopted practices such as environmentally conscious purchasing, energy efficiency measures, and adherence to local waste management laws, and boosted Social sustainability efforts though being focused on employee well-being through comprehensive health and safety protocols, training initiatives, and community involvement.

3. Challenges SMEs faced in the implementation of strategies, and how were these challenges addressed

SMEs face various challenges, such as fluctuations in market conditions, pricing issues, constraints on resources, internal opposition, and the need for regulatory compliance and operational flexibility. To address these challenges, SMEs exhibit resilience and adaptability in tackling these obstacles. Strategies that prioritize collaboration, effective communication, and ongoing improvement to successfully maneuver through the complexities of their operational landscapes.

Conclusions

Based on the findings, the following conclusions were drawn:

1. The approaches adopted by SMEs in select municipalities in Aklan demonstrate a comprehensive strategy aimed at achieving sustainability and enduring success. By emphasizing a customer-oriented framework, these enterprises cultivate strong relationships that foster customer loyalty and satisfaction. Moreover, their dedication to adaptability and innovation enables them to remain responsive in a fluctuating market, effectively addressing evolving customer needs. In addition, sound operational and financial management practices establish a robust basis for profitability and expansion. Collectively, these strategies not only enhance the resilience of SMEs but also strategically position them within a competitive market, underscoring the significance of integrating customer focus, innovation, and efficient management into their business practices.
2. The SMEs have demonstrated significant growth and a dedication to sustainable practices. Numerous businesses have experienced profit increases attributed to effective financial management. They also adopt environmentally friendly strategies, including sustainable sourcing, energy efficiency, and adherence to waste management regulations. Additionally, they promote social sustainability by prioritizing employee welfare and engaging in community initiatives. This comprehensive approach not only enhances their competitiveness but also underscores the importance of sustainability for their enduring success in the marketplace.
3. SMEs face significant obstacles in their operations, including the need to navigate shifting market dynamics and pricing challenges, as well as limited resources and regulatory compliance requirements. In response to evolving customer demands, they foster innovation and conduct competitor analysis. To navigate resource constraints, SMEs emphasize open communication and provide training opportunities to empower employees in addressing challenges. Frequent brainstorming sessions facilitate overcoming resistance to change, while partnerships enhance knowledge exchange. Additionally, SMEs actively collaborate with local authorities and stay informed about regulatory developments. They prioritize staff retraining and workflow adaptation to sustain operational efficiency.

Recommendations

Based on the findings, observations and conclusions drawn, the following recommendations were presented.

1. Small and medium-sized enterprises (SMEs) must prioritize ongoing innovation and flexibility within their strategic frameworks. They should look into the necessity of investigating emerging trends and new offerings to captivate customers.
2. Management teams, when aligned with their fundamental principles, ought to cultivate a workplace culture that prioritizes employee engagement and provides relevant training and development initiatives aimed at enhancing skills and boosting productivity. This strategy is crucial for upholding high standards of service quality, which is essential for fostering brand loyalty and ensuring customer satisfaction.

3. Small and medium-sized enterprises (SMEs) should prioritize financial resilience and adopt rigorous financial practices that include routine audits, strategic investment approaches, and effective cost management. These measures will provide management with opportunities to strategize in response to demand fluctuations and seasonal variations, thereby optimizing revenue and aligning with customer expectations.
4. Small and medium-sized enterprises (SMEs) ought to begin evaluating the incorporation of sustainability into their core business strategies. This process requires a crucial alignment of economic operations with social and environmental obligations.
5. Additional research is advised to gain a more comprehensive understanding of the SMEs regarding their sustainability over five years, involving diverse participants. Furthermore, it is essential to seek assistance from government agencies to facilitate researchers' access to these participants.
6. If permitted, related government agencies overseeing SMEs should integrate the infographics developed by the researcher into their seminars and training programs to enhance sustainability practices among these enterprises. This incorporation will offer valuable visual resources that effectively convey essential sustainability concepts and strategies. By doing so, it will ultimately foster a deeper understanding and more effective implementation of sustainable practices within the SME sector, contributing to their long-term viability and success.

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