

**The Relationship Between Green Operational Practices and Business Performance Metrics
Among SMEs in the Philippines: Basis for HR Sustainability
Framework**

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Abstract

This study explored the relationship between green operational practices and business performance metrics among small and medium enterprises (SMEs) in the Philippines, with the goal of developing a Human Resource (HR) Sustainability Framework. Using a quantitative-descriptive design, data were collected from 100 SME owners, managers, and supervisors across various sectors. Findings revealed that the implementation of green practices—specifically in energy and resource efficiency, waste reduction, responsible sourcing, and employee participation—was consistently high. Business performance was likewise rated high across environmental innovation, social innovation, and operational efficiency. Correlation analysis showed significant positive relationships between all green practice dimensions and business performance, with waste reduction showing the strongest correlation ($r = 0.89$). These findings support the Green Dynamic Capabilities Theory, emphasizing the role of HR systems in sustaining environmental strategies. A four-pillar HR Sustainability Framework was proposed, encompassing green recruitment, training, performance management, and employee engagement. The framework aims to institutionalize sustainability through human resource practices, enabling SMEs to enhance both ecological impact and organizational outcomes. This study provides practical insights for SME leaders, HR professionals, and policymakers seeking to align environmental responsibility with business growth.

Keywords: *Green Operational Practices, Business Performance, HR Sustainability Framework, SMEs, Philippines*