Journal of Entrepreneurship & Business Strategies (JEBS)

ISSN: 3070-0892 (ONLINE)

VOLUME 2 ISSUE 2 (2026)



PUBLISHED BY
E-PALLI PUBLISHERS, DELAWARE, USA

Journal of Entrepreneurship & Business Strategies (JEBS)

Volume 2 Issue 2, Year 2026
ISSN: 3070-0892 (Online)
DOI: https://doi.org/10.54536/jebs.v2i2.7930
https://journals.e-palli.com/home/index.php/jebs

Best Practices and Challenges among Thriving, Stagnant, Closed, and Failed Business Start-Ups

Ronald G. Lumanglas[1*]

Article Information

Received: March 29, 2026

Accepted: June 05, 2026

Published: November 09, 2026

Keywords

Best Practices, Business Start-Ups, Challenges, Stagnant Start-Ups, Thriving Start-Ups

ABSTRACT

This study explored the best practices and challenges among thriving, stagnant, closed, and failed business start-ups in Calapan City, Oriental Mindoro. A qualitative research design was employed, and thematic analysis was used to identify recurring patterns in the experiences of business owners and managers. Through purposive sampling, 15 participants with firsthand experience in business ownership or management were selected based on their involvement in major business decisions and their enterprises' operational experiences. Data were collected through a researcher-developed, expert-validated, semi-structured interview guide. Interviews were audio-recorded with participants' permission, transcribed verbatim, and analyzed through familiarization, initial coding, theme development, theme review, theme definition, and report preparation. Data collection was guided by the principle of saturation, whereby interviews continued until no new themes emerged. The findings revealed that thriving start-ups employed three interrelated practices: integrating customer feedback into business development, using basic data tracking to support timely operational decisions, and establishing partnerships within the local business ecosystem. In contrast, stagnant and failed start-ups encountered challenges involving limited financial capacity, inadequate responsiveness to changing market demands, gaps in entrepreneurial and operational competencies, and weaknesses in organizational systems and strategic management. The findings indicate that customer-responsive innovation, data-informed decision-making, resource management, and strategic collaboration are important considerations in understanding differences in start-up sustainability. The study contributes qualitative, context-specific insights into the practices associated with continued operation and growth and the constraints that hinder business development or contribute to discontinuation.

INTRODUCTION

Business start-ups generate employment opportunities, stimulate innovation, and contribute to local and national productivity. Start-ups have become important drivers of economic growth because they introduce new products, services, and business models that respond to changing consumer needs and market demands. Despite their potential, many start-ups struggle to survive during their early years of operation due to various challenges related to finance, technology, management, competition, and market access.

Innovation has long been recognized as a contributor to the success of business start-ups. Entrepreneurs develop new products, improve existing services, streamline operations, and create value for customers through innovation. According to Rocha *et al.* (2020), innovation strategies are essential not only for introducing new products but also for effectively managing resources and organizational processes. Similarly, Khuan *et al.* (2023) stated that technological integration enables start-ups to transform traditional business practices, improve customer experiences, and compete effectively even with limited resources. Through innovation, start-ups are better positioned to adapt to market changes and achieve sustainable growth.

Beyond technology, successful start-ups are characterized by strong organizational cultures, adaptability, and collaborative practices. Habiburrahman *et al.* (2022) explained that start-ups thrive when they cultivate creativity, flexibility, and teamwork among members. Likewise, Billones *et al.* (2020) denoted the importance of business networks, partnerships, and access to resources in supporting innovation and business sustainability. The practices enable entrepreneurs to acquire knowledge, secure funding, and gain access to opportunities that contribute to long-term growth.

Although innovation and strategic practices create opportunities for success, many start-ups continue to encounter substantial challenges. Financial constraints remain among the most common barriers faced by entrepreneurs. Prohorovs (2019) noted that inadequate funding often limits a start-up's ability to sustain innovation and expand operations. Similarly, Ko and An (2019) found that many start-ups struggle to secure investor confidence and access capital needed for growth. In addition, increasing market competition, limited technological capability, and difficulties in attracting and retaining customers further hinder business sustainability (Dif *et al.*, 2018; Li *et al.*, 2019).

In the Philippines, the startup ecosystem has gradually gained momentum through government initiatives designed to encourage innovation and entrepreneurship.

[1] Mindoro State University, Philippine
[*] Corresponding author's e-mail: ronaldlumanglas7@gmail.com

The enactment of the Philippine Innovation Act and the Innovative Startup Act was created to show the government's commitment to strengthening the innovation environment and supporting entrepreneurial ventures (Ilas-Panganiban & Mitra-Ventanilla, 2020). Albert *et al.* (2023) further reported that innovation activities among Philippine businesses continue to increase as enterprises adopt digital technologies and innovative practices. However, despite the developments, many small and emerging businesses still encounter challenges related to financing, infrastructure, technological adoption, and access to support networks.

The challenges become more pronounced in provincial settings where businesses often operate with limited resources and market opportunities. Ambong *et al.* (2020) identified inadequate infrastructure, unstable electricity supply, transportation costs, and market access limitations as major barriers affecting business operations in Mindoro. The aforementioned conditions create unique circumstances for entrepreneurs and influence how they establish, manage, and sustain their businesses. Consequently, understanding the experiences of start-up owners within provincial contexts becomes essential in developing localized strategies for business sustainability and growth.

Previous studies have examined innovation, entrepreneurial performance, startup ecosystems, and business success factors. Rocha *et al.* (2020) investigated innovation strategies among information technology start-ups, while Habiburrahman *et al.* (2022) explored factors contributing to incubator and startup success. Escolano (2022) examined startup successes and failures in the Philippines and found that leadership, financial management, and product quality significantly influence business outcomes. Similarly, Dacayo and Ballados (2025) explored entrepreneurial motivations and challenges among startup owners. Although the said studies provide valuable insights, most focus on innovation outcomes, performance indicators, or ecosystem development rather than providing an in-depth understanding of the actual practices that entrepreneurs employ to sustain their businesses and the challenges they encounter in their day-to-day operations.

Furthermore, there remains limited qualitative research focusing specifically on business start-ups in provincial cities such as Calapan City, Oriental Mindoro. Existing literature has insufficient information regarding how local entrepreneurs navigate operational realities, what practices contribute to their success, and what barriers hinder their growth and sustainability. Given these gaps, this study explores the best practices and challenges among business start-ups in Calapan City, Oriental Mindoro. Through a qualitative research approach utilizing thematic analysis, the study seeks to understand the experiences, strategies, and realities of start-up owners and managers. Specifically, it aims to identify the practices that contribute to business sustainability and growth as well as the challenges that entrepreneurs encounter in managing and developing their enterprises. The findings are expected to reveal data for current and aspiring entrepreneurs, local government units, business support organizations, and other stakeholders seeking to strengthen the startup ecosystem in Calapan City and similar provincial settings.

MATERIALS AND METHODS

Research Design

This study employed a qualitative research design using thematic analysis to explore the best practices and challenges experienced by business start-ups in Calapan City, Oriental Mindoro. Qualitative research is appropriate for understanding participants' lived experiences, perspectives, and meanings attached to specific phenomena. Through this approach, the study sought to gain an in-depth understanding of how start-up owners and managers navigate the realities of establishing and sustaining their businesses.

Thematic analysis served as the primary analytical framework, allowing the researcher to identify, analyze, and interpret recurring patterns and themes emerging from participants' narratives. Specifically, the study explored: (1) the best practices adopted by successful business start-ups that contribute to business sustainability and growth, and (2) the challenges encountered by start-ups in managing operations, innovation, resources, and market demands.

Research Locale

The study was conducted in Calapan City, the capital city of Oriental Mindoro. As the commercial and economic center of the province, Calapan City hosts a growing number of start-up enterprises engaged in retail, food services, tourism, agribusiness, and other emerging industries. The city is a suitable setting for examining entrepreneurial practices and challenges because local start-ups operate within a developing economic environment characterized by limited resources, evolving consumer demands, and increasing competition.

Sampling Technique

The study utilized purposive sampling to select participants from four identified performance outcome categories in Calapan City, namely: thriving, stagnant, closed, and failed enterprises. Thriving business start-ups refer to enterprises that are actively operating and demonstrate positive performance indicators, such as increasing or stable sales, growth in customer base, expansion of products or services, business scaling, or hiring of additional employees within the last year.

Stagnant business start-ups refer to enterprises that are still operating but exhibit little to no growth, characterized by flat or declining sales, limited customer acquisition, absence of product or service expansion, or difficulty sustaining innovation initiatives over time.

Failed/closed business start-ups refer to enterprises that ceased operations within the last three years due to

business-related challenges, such as financial difficulties, market competition, operational inefficiencies, or unsuccessful innovation strategies.

Participants were chosen based on their direct involvement in managing or owning business start-ups operating in Calapan City.

To Qualify for Inclusion, Participants Must

1. Be the owner, co-owner, or manager of a business start-up operating in Calapan City;
2. Have been directly involved in major business decisions, including operations, product development, marketing, or organizational management;
3. Have operated the business for at least six months;
4. Be willing to participate voluntarily and share their experiences during the interview.

The study included both relatively successful start-ups and those that experienced operational difficulties.

Participants of the Study

The participants consisted of 15 business owners and/or managers of start-up enterprises in Calapan City, Oriental Mindoro. They were selected because of their firsthand experiences in establishing, operating, and sustaining their businesses.

Participants representing successful start-ups provided insights into effective practices, strategies, and approaches that contributed to business growth and sustainability. Meanwhile, participants who experienced operational difficulties shared challenges related to finance, marketing, innovation, human resources, competition, and other business concerns.

The number of participants was determined through the principle of data saturation, wherein interviews continued until no new significant information or themes emerged from the data.

Research Instrument

The primary instrument used in the study was a researcher-developed semi-structured interview guide.

The interview guide consisted of open-ended questions designed to elicit detailed narratives regarding:

1. Participants' experiences in establishing and operating their businesses;
2. Best practices that contributed to business growth and sustainability;
3. Challenges encountered in managing and developing the business;
4. Strategies employed to address business-related difficulties;
5. Recommendations for aspiring entrepreneurs and other start-ups.

The semi-structured format allowed flexibility for probing questions, enabling participants to elaborate on their experiences and perspectives.

Validation of the Instrument

To ensure credibility and appropriateness, the interview guide underwent content validation by experts in entrepreneurship, business management, and qualitative research. The validators reviewed the relevance, clarity, coherence, and alignment of the interview questions with the study's objectives. Recommendations provided by the validators were incorporated to improve the quality and comprehensiveness of the interview guide before data collection commenced.

Data Gathering Procedure

Prior to data collection, the researcher secured the necessary permissions from relevant business establishments and obtained informed consent from all participants.

Individual interviews were scheduled at times and locations convenient to the participants. Before each interview, the researcher explained the purpose of the study, participants' rights, confidentiality measures, and the voluntary nature of participation.

With participants' permission, interviews were audio-recorded to ensure accurate documentation. Field notes were also taken to capture observations and contextual details. After each interview, recordings were transcribed verbatim to facilitate data analysis.

All transcripts were reviewed and organized systematically to ensure completeness and accuracy.

Data Analysis Procedure

The study employed thematic analysis to examine the interview data.

Following the framework of Braun and Clarke, the analysis involved the following steps:

1. Familiarization with the Data – Reading and reviewing interview transcripts multiple times to gain a thorough understanding of participants' responses.
2. Generating Initial Codes – Identifying meaningful statements and assigning codes to significant portions of the data.
3. Searching for Themes – Grouping related codes into broader categories and potential themes.
4. Reviewing Themes – Examining the consistency and relevance of emerging themes across the dataset.
5. Defining and Naming Themes – Refining themes and clearly describing their meanings and relationships.
6. Producing the Report – Presenting and interpreting the final themes with supporting excerpts from participants' narratives.

Through thematic analysis, the study identified common patterns regarding the best practices that contribute to business success and the challenges that hinder start-up growth and sustainability.

Ethical Considerations

Ethical principles were strictly observed throughout the study.

Participation was voluntary, and informed consent was obtained before conducting interviews. Participants were informed of their right to withdraw from the study at any

time without penalty.

Confidentiality and anonymity were maintained by assigning codes or pseudonyms to participants and their businesses. Personal identifiers were removed from interview transcripts and research reports.

All recordings, transcripts, and related documents were securely stored and accessed only by the researcher. The collected information was used exclusively for academic purposes and was disposed of properly after the completion of the study in accordance with ethical research standards.

RESULTS AND DISCUSSION

Best Practices Enable Thriving Business Start-Ups to Sustain and Strengthen Their Innovation Efforts in Calapan City

The responses of the participants about the best practices that enable thriving business start-ups to sustain and strengthen their innovation efforts in Calapan City revealed three major themes. First is Customer-Embedded Innovation Cycles through Continuous Feedback Integration. Second is Micro-Level Data Utilization for Rapid Decision-Making and Product Optimization. Third is Ecosystem-Based Innovation via Strategic Supplier and Community Partnerships.

Customer-Embedded Innovation Cycles through Continuous Feedback Integration

Customer-Embedded Innovation Cycles through Continuous Feedback Integration is shown in how customer opinions are consistently included in business decisions and improvements. Feedback is not treated as a one-time activity but is continuously gathered and used as a basis for change. Customer needs are first observed, and their suggestions are carefully considered before any improvement is made. The findings support the study of Tripathi *et al.* (2019) which revealed that startup success depends largely on how well products respond to market needs and customer expectations. They continuously collected feedback through chats, comments, after-sales follow-ups, and direct interactions before making product improvements. Innovation is not based on assumptions but on actual customer experiences. Products become more successful when they are developed according to customer needs rather than the preferences of the business owner.

This is seen in the P10 and P8 statements:

"*We observe our clients' needs and positively hear and accept their feedback*"

Start-ups rely heavily on their customers to guide decisions (Gonzales *et al.*, 2024). Since resources are limited, business owners avoid guessing and instead focus on what customers actually need. When they listen carefully, they reduce the risk of offering products that may not sell. Jalalabadi *et al.* (2018) found that customer acceptance is one of the primary determinants of startup success. The practice of introducing new products based on customer preferences and monitoring customer reactions depicts the importance of ensuring that innovations are accepted by the market before full implementation.

"*Find out the needs of the customers.*"

Understanding customer needs is the safest way to improve products or services. Start-ups cannot afford trial-and-error on a large scale, thus, identifying needs first helps ensure that any change made will be useful and accepted.

It is shown that innovation begins with listening, and ideas are shaped based on what customers actually experience and request.

Feedback is also collected through simple and everyday methods. It is gathered through chats, comments, and direct conversations after a product or service is delivered. Businesses understand what works and what needs to be improved.

P8 and P11 shared that:

"*We actively asked feedback through chats, comments and after sales follow up*"

Start-ups use simple and accessible ways to gather information. They do not have formal systems but they rely on everyday communication tools like messaging and direct interaction to quickly collect feedback from customers.

"*We regularly check our customers feedback and monitor daily sales*"

Business owners need constant updates on how their products are performing. Daily monitoring helps them immediately see what is working and what is not, allowing them to make quick adjustments.

Feedback is continuously monitored, and it becomes part of the daily operation of the business rather than a separate activity.

After feedback is collected, it is used to test and improve products or services step by step. Changes are made based on what customers prefer, and new ideas are introduced in small ways before being fully applied.

This is observed in responses of P10 and P12:

"*We introduce new menu items based on customer preferences*"

They prefer to base innovation on proven demand. Instead of creating completely new ideas, they adjust their offerings based on what customers already show interest in, which increases the chance of success.

"*We listen to customer feedback and improve from there"*

Innovation is not created all at once. Instead, it is slowly developed through repeated listening, testing, and improving.

Businesses adjust quickly to changes in customer demand. Problems are identified early, and solutions are applied without delay. It is also ensured that products and services remain relevant and useful to customers.

As expressed by P1:

"*We monitor trends and adjust quickly… we respond fast and fix them.*"

The market changes quickly and competition is high. Start-ups need to respond immediately to problems or new trends to avoid losing customers. Quick action helps them stay relevant and maintain customer satisfaction.

Furr (2019) explained that successful startups adapt their products continuously based on emerging market demands. Their willingness to monitor trends, adjust quickly, and refine products through repeated customer feedback is a process of continuous adaptation that contributes to business sustainability.

Innovation is sustained. It is always guided by real customer experiences, and improvements are made continuously based on their feedback.

Micro-Level Data Utilization for Rapid Decision-Making and Product Optimization

Micro-Level Data Utilization for Rapid Decision-Making and Product Optimization shows that small businesses rely on simple and everyday data to improve their products and services. Formal or advanced systems are not used. Instead, basic tools and regular monitoring are applied. Information is gathered from daily sales, customer feedback, and product movement. Decisions are made faster and with more confidence because they are based on actual results, not guesses. Rocha *et al.* (2020) argued that innovation strategies are not limited to product creation but also involve effective management of resources and operational processes. They regularly monitored sales, expenses, and product movement to guide decisions regarding product retention, replacement, and expansion. Such practices demonstrate how simple data can support innovation and operational improvement.

It is shown in the responses that small actions like recording and reviewing sales are already helping businesses improve.

P10 shared:

"*Monitoring sales through daily encoding in excel file of the business*"

Small businesses need a simple and low-cost way to track performance. Excel is accessible and easy to use, so it becomes a practical tool for recording daily transactions. Patterns therefore can be seen over time without requiring advanced systems.

Data is recorded regularly, and patterns are seen over time. Products that sell well are easily identified, while those that do not perform well are quickly noticed. Dacayo and Ballados (2025) stated that startup success requires not only innovative ideas but also effective business management. The use of sales records, customer purchasing behavior, and inventory monitoring depicts managerial practices that help improve business performance and reduce risks.

In another response, P5 stated that:

"*We regularly monitor sales and expenses and evaluated which products were selling well*"

They need to make sure that their limited resources are used wisely. They check sales and expenses regularly to know they can clearly see which products bring profit and which do not, helping them decide what to continue or stop.

Decisions about what to continue or remove are based on clear observations from the data.

It can also be seen that data is not only used for tracking but also for making quick changes. When a product does not perform well, it is replaced or adjusted without delay. This is evident in the statement of P6:

"*If a product is not selling, I replace it quickly. I also test new products in small quantities before scaling up*"

They try to avoid losses. Since capital is limited, products are tested in small amounts first. Poor-performing items are quickly removed to prevent waste, while successful ones are gradually expanded.

Risks are reduced because only small amounts are tested first. Improvements are made step by step, and mistakes are minimized.

Customer behavior is also closely observed as part of this practice. Data is not always written in numbers but is sometimes based on simple observation and experience.

P8 mentioned:

"*By listing what people want to buy. Knowing the fast-moving product*"

Customer demand change quickly (Sandra, 2024). By observing what customers frequently buy, businesses can prioritize those items. This makes sure that the products being offered are aligned with what customers currently need.

The needs of customers are tracked, and popular items are prioritized. Because of this, businesses are able to adjust their products based on what is currently in demand. Hernandez *et al.* (2024) found that innovation capability contributes to startup performance. Although the participants did not utilize advanced technologies, they employed practical data-based approaches that enabled them to make informed decisions and optimize products according to market demand.

The theme shows that even without complex systems, innovation is still supported through small and consistent data practices. Information is collected, reviewed, and used in daily operations. Decisions are made quickly, products are improved continuously, and businesses are able to stay responsive to customer needs.

Ecosystem-Based Innovation via Strategic Supplier and Community Partnerships

Ecosystem-based innovation through partnerships with suppliers and the community shows that innovation is not done alone. It is supported by people and groups around the business. Help is received from suppliers, customers, and other local partners. New ideas, better products, and improved services are made possible through these connections.

It was shared by P6 and P2 that:

"*partnership or connections with diverse groups are foundational to the success of my business, enabling continues improvement*"

Small businesses cannot rely only on their own resources. Connections with different groups provide support, ideas, and information that help improve operations and sustain the business. Prashantham (2021) stated that partnerships is an important mechanisms for promoting innovation and startup growth. Participants reported

that suppliers, investors, advisors, and community organizations provided resources, information, and opportunities that helped improve business performance. Partnerships became sources of innovation support and strategic advantage.

"*partnerships gave access to investors, suppliers, and experienced advisors*"

This is caused by the need for external support. Start-ups often lack capital, knowledge, and experience. Partnerships become a way to access resources that they cannot provide on their own.

Support from others helps businesses improve and grow over time.

Better product quality and pricing are also achieved through strong supplier relationships.

It was explained by P11:

"*with suppliers, we can get better pricing and access to new products*"

Maintaining good relationships with suppliers leads to benefits such as discounts and early access to new items. Businesses stay competitive and offer better products to customers.

"*building good relationships with suppliers helped us get better prices and flexible payment terms*"

Financial flexibility is important for small businesses (Baños-Caballero *et al.*, 2016). Trust between the business and supplier lead to more favorable terms, which helps manage cash flow and reduces financial pressure.

Businesses offer better choices to customers. Innovation is strengthened because new products and materials are introduced through these supplier connections. At the same time, trust is built between the business and its partners. Billones *et al.* (2020) stressed the importance of collaboration and business networks in fostering innovation. The participants benefited from supplier relationships, referrals, shared promotions, and access to new products. The collaborative activities enabled startups to improve services and maintain competitiveness.

Community involvement is also an important part of this theme. Needs and preferences are better understood when businesses work closely with local groups.

It was mentioned by P13:

"*we collaborated with local farmers' groups and cooperatives to understand their needs*"

Working directly with the community provides accurate information about real needs. It allows businesses to design products or services that are relevant and useful.

"*partnerships with local farmers and agricultural technicians helped us gain trust and more customers*"

It is caused by the influence of trusted groups. When businesses are connected with credible partners, customers are more likely to trust them, which helps in gaining and retaining clients.

Products and services are improved based on real situations. Innovation becomes more useful and relevant because it is based on actual experiences of the community. Habiburrahman *et al.* (2022) showed that innovation is strengthened when businesses work together with suppliers, community groups, and other stakeholders rather than operating independently.

Support in promotion and market reach is also gained from partnerships.

It was stated by P4 and P8:

"*collaborations with other business organizations helped us also to reach new customers through referrals and shared promotions*"

Partnerships expand market reach without high costs. Businesses are able to access each other's customers through referrals and joint promotions.

"*they help in giving recommendation, word of mouth advertisement to promote products*".

Word-of-mouth is a strong and low-cost form of promotion (Hanaysha, 2021). Recommendations from partners and customers are trusted more, making it effective for attracting new buyers.

Businesses grow faster. New ideas are also shared between partners, which helps in improving services and strategies. Rocha *et al.* (2020) found that partnerships with customers and organizations were the most common innovation strategy among startups. Participants similarly relied on external relationships to improve products, expand markets, and gain business insights.

Innovation is strengthened when businesses relate to others. It is supported by shared knowledge, resources, and experiences. Through partnerships, businesses are guided, supported, and improved continuously.

Challenges Experienced by Stagnant and Failed/ Closed Business Start-Ups in Implementing Innovation Strategies

The responses of the participants about the challenges experienced by stagnant and failed/closed business start-ups in implementing innovation strategies revealed three major themes. First is Capital-Restricted Innovation Capacity Limiting Adoption of Tools, Technology, and Expansion. Second is Weak Market Alignment Due to Inadequate Customer Insight and Rapidly Changing Demand. Third is Operational and Capability Gaps in Skills, Systems, and Strategic Management.

Capital-Restricted Innovation Capacity Limiting Adoption of Tools, Technology, and Expansion

The theme of capital-restricted innovation capacity limiting adoption of tools shows that innovation is often delayed or not carried out because money is lacking. Business owners are not able to buy the tools, equipment, or materials needed to improve their products and services. Prohorovs *et al.* (2019) identified capital availability as a critical factor influencing startup survival and growth. Participants consistently reported that insufficient funds prevented them from purchasing equipment, conducting research and development, hiring specialists, and implementing innovations. Like what Prohorovs *et al.* (2019) stated, financial limitations constrained innovation activities.

It was shared by P3 and P6:

"*money is very important because you cannot upgrade if you have not enough capital*"

Innovation requires upfront investment before any return is seen. Start-ups, especially micro businesses, usually operate on limited daily income that is prioritized for basic expenses such as rent, inventory, and utilities. Because of this, upgrading tools or improving products becomes secondary. The absence of extra funds forces owners to delay improvements even if they already know what needs to be done. It is because of low profit margins and limited access to external financing, which prevents reinvestment into innovation.

"*limited funding restricted research and development*"

Research and development requires time, testing, and sometimes failed attempts before success is achieved. Start-ups cannot afford to spend resources on activities that do not guarantee immediate returns. Experimentation is minimized or avoided. The cause is the pressure to maintain daily operations, where funds are directed toward short-term survival rather than long-term innovation.

Improvements are not introduced, and businesses remain at the same level without growth.

It is also experienced that the lack of budget affects the ability to purchase modern tools and equipment.

P7 and P8 explained that:

"*limited budget prevented us from purchasing advanced repair tools*"

Advanced tools are usually expensive and require a large initial cost. Small businesses often rely on basic tools that can only support limited services (Omowole *et al.*, 2024). Without proper equipment, service quality cannot improve. Gap between available income and the high cost of modern technology exist and make upgrades financially out of reach.

"*lack of funds to purchase new salon equipment or introduce new services*"

Service expansion requires both equipment and training, which increases total cost. Start-ups may recognize opportunities to add new services but are unable to act on them. Limited capital combined with uncertainty of return is one cause that make owners hesitant to invest in expansion.

Without these tools, services become outdated and cannot match what competitors are offering. Customers choose other businesses that provide better or more updated services.

In addition, the shortage of financial resources limits the hiring of skilled workers and the improvement of operations.

It was mentioned by P14 and P11:

"*limited funding prevented us from hiring experienced developers or IT specialists*"

Skilled workers demand higher wages. Start-ups often cannot match these salary expectations, so they rely on less experienced staff or handle tasks themselves. There is financial limitation that affects the ability to improve technical capacity and innovation quality.

"*limited resources and money made it hard to buy new equipment. Fewer staff caused slower service*"

Limited funds affect multiple areas at the same time like equipment, manpower, and operations. When staff are few, workload increases, leading to delays and reduced efficiency. Resource scarcity occurs where both human and material needs cannot be met simultaneously.

Work becomes slower and less efficient. Innovation is affected because there are not enough people or skills to support new ideas.

There are also cases where innovation plans are not fully implemented due to lack of funds.

It was stated by P15 and P12:

"*shortage in budget can result not fully implements the innovation*"

"*expenses or another budget for the innovation of the business*"

Even if ideas are present, they are not completed because resources are not enough. This causes businesses to fall behind competitors who have the capacity to invest. Ko and An (2019) found that startups often struggle to obtain funding and investor support. They revealed that innovation projects remained incomplete due to budget shortages.

Innovation is limited when financial resources are not enough. Tools, equipment, and improvements are not adopted, and business growth becomes slow.

Weak Market Alignment Due to Inadequate Customer Insight and Rapidly Changing Demand

Weak market alignment due to inadequate customer insight and rapidly changing demand shows that businesses struggle when customer needs are not clearly understood. Products and services are offered without enough knowledge of what customers really want.

It was shared by P1 and P4:

"*we struggled with unclear market demand and limited customer feedback*"

Without clear input from customers, decisions become uncertain. Businesses end up relying on assumptions instead of actual data. This usually happens when there are no proper ways to gather feedback or when interaction with customers is limited.

"*difficulty identifying features that users actually need*"

It is not always easy to understand what customers really want, especially when preferences are not clearly expressed. Business owners has to focus on what they think is good rather than what customers value.

Because of this, decisions are made without strong basis, and innovations do not match the expectations of customers.

It is also experienced that customer preferences change quickly, and businesses are not able to keep up.

P8 and P9 explained that:

"*rapid technological changes and shifting customer preferences made it difficult to keep up*"

Markets change quickly, and keeping up requires time, money, and awareness. Start-ups often struggle because they cannot adapt as fast as larger competitors. The pace of change itself becomes the main challenge.

"*customers constantly look for new trends and lower prices*"

Because changes happen fast, products and services become outdated. When this happens, customers lose interest and choose other options that are more updated or affordable.

Low customer acceptance becomes a major problem when innovations are introduced.
It was mentioned by P6 and P12:
"*market acceptability*"
Not all ideas are successful, even if they seem good. Customers may reject products that do not match their needs or budget. This uncertainty makes innovation risky.
"*acceptability is always the challenge*"
This shows that even if new ideas are created, they are not always accepted by customers. When products do not fit customer needs, sales become low and the business cannot grow.
There are also cases where demand becomes unstable or decreases because the business fails to adjust.
It was stated by P1 and P15:
"*fluctuating customer demand*"
"*decrease of customers, didn't meet the customers need*"
Income becomes unpredictable and planning becomes difficult. Innovation efforts are affected because businesses cannot clearly identify what direction to take.
Innovation becomes weak when customer needs are not fully understood and when changes in the market are not followed. Products and services become mismatched with demand, which leads to low sales and business decline.

Operational and Capability Gaps in Skills, Systems, and Strategic Management

The theme of operational and capability gaps in skills, systems, and strategic management shows that innovation is affected when the business does not have enough skills, proper systems, or clear direction. Tasks are not done efficiently because workers are lacking or not fully trained.
It was shared by P8 and P2:
"*lack of skilled staff*"
Finding and keeping skilled workers is difficult for small businesses. Training also requires time and money. Because of this, operations depend on limited skills and affects performance.
"*limited funding prevented us from hiring experienced developers or IT specialists*"
Again, financial limits affect hiring decisions. Skilled professionals are costly, and start-ups cannot always afford them. This results in slower progress and limited technical capability.
Work becomes slower and mistakes may happen. New ideas are not easily applied because there are not enough people who can support them.
It is also experienced that systems and processes are not well organized.
Some participants explained P5 and P12:
"*we don't have clear system yet, we just depending on experience*"
Many start-ups begin informally (Paoloni, & Modaffari, 2022). Processes are not documented, and decisions rely on past experience. While this works at first, it becomes a problem as the business grows. The cause is lack of formal planning.
"*poor communication, lack of clear strategy, and resistance to change slowed progress*"
Without clear systems, operations become inconsistent. Decisions are not guided properly, and innovation becomes difficult to manage or sustain.
In addition, problems in management and coordination affect daily operations.
It was mentioned by P2 and P3:
"*absent of employee, results to close the business*"
Small teams are highly dependent on each member. When one is absent, operations can stop completely. This shows the lack of backup systems or additional staff.
"*inconsistent handling of employees*"
Without clear rules or systems, employees are managed differently each time. This leads to confusion and inefficiency. The issue comes from lack of standard procedures.
Because of these issues, work is disrupted and productivity is reduced. Innovation efforts are delayed because basic operations are not stable.
There are also cases where planning and strategy are weak.
It was stated by P13 and P14:
"*poor strategic planning*"
Focus is often placed on daily survival rather than long-term direction. Without planning, businesses react instead of prepare. This limits growth and innovation.
"*lack of innovations, poor financial management, strong competition and limited resources*"
The problems are interconnected. Weak financial control limits resources, which affects innovation. At the same time, competition increases pressure (Keelson *et al.*, 2024). It is difficult for the business to improve.
Without proper planning, businesses cannot respond well to challenges. Innovation becomes unclear and unfocused, which leads to poor results. The findings also support Giardino *et al.* (2017). They found that early-stage startups often fail because they lack structured systems and rely heavily on informal decision-making. Participants admitted that many operations depended solely on experience rather than formal systems. It results in inefficiencies and slower innovation.
Innovation is limited when there are gaps in skills, systems, and management. Operations become unstable, and new ideas are not properly developed or implemented.

CONCLUSION

The best practices that enable thriving business start-ups to sustain and strengthen their innovation efforts in Calapan City revealed three major themes. First is Customer-Embedded Innovation Cycles through Continuous Feedback Integration. Second is Micro-Level Data Utilization for Rapid Decision-Making and Product Optimization. Third is Ecosystem-Based Innovation via Strategic Supplier and Community Partnerships. Meanwhile, the challenges experienced by stagnant and failed/closed business start-ups in implementing innovation strategies revealed three major themes. First is Capital-Restricted Innovation Capacity Limiting Adoption of Tools, Technology, and Expansion. Second is Weak Market Alignment Due to Inadequate Customer Insight and Rapidly Changing Demand. Third is

Operational and Capability Gaps in Skills, Systems, and Strategic Management. The thriving start-ups sustain and strengthen their business through embedding continuous customer feedback into their development cycles using small-scale data tracking from rapid decisions and by leveraging some partnerships within the ecosystem of their local business. Stagnant and failed start0-ups experience challenges in innovation because of their limited financial capacity, weak alignment with the changing market demands, internal gaps in terms of skills, and systems and strategic management.

Start-up owners should formalize simple feedback and data tracking systems, such as customer feedback forms, sales logs, and weekly reviews. This can be implemented by using notebooks or basic Excel sheets and scheduling a weekly 30-minute review of sales and customer comments, while also building partnerships by joining local business groups or cooperatives in Calapan City to expand networks and share resources. Likewise, start-up owners, with support from DTI and local banks, should access small-scale financing programs and combine this with basic training in market analysis and business planning. This can be implemented by applying for government-backed loans, attending free seminars, and conducting simple customer surveys before introducing new products, while also improving internal systems by assigning clear roles even in small teams.

REFERENCES

Albert, J. R. G., Quimba, F. M. A., Serafica, R. B., Vizmanos, J. F. V., Moreno, N. I. S., Andrada, A. E., ... & Hernandez, A. C. (2023). *The Extent of Innovation in Philippine Business and Industry: Results of the 2021 PIDS Survey of Innovation Activities* (No. 2023-11). PIDS Discussion Paper Series.

Ambong, A., Mark, R., Mendaña, D. P. A., & Liberty, R. (2020). Constraining and Enhancing Factors of Business Enterprise in Occidental Mindoro, Philippines. *International Journal of Management, 10*(2), 2019.

Billones, R. K. C., Cases, C. M. P., Olegario, T. V., Vicerra, R. R. P., Bugtai, N. T., & Dadios, E. P. (2020, December). *A systematic evaluation of the Philippine innovation ecosystem*. In 2020 IEEE 12th International Conference on Humanoid, Nanotechnology, Information Technology, Communication and Control, Environment, and Management (HNICEM) (pp. 1-5). IEEE.

Dacayo, L., & Ballados, M. T. (2025). Startup Business: Entrepreneurial Motivation, Capabilities, and Challenges. *Journal of Interdisciplinary Perspectives, 3*(5), 553-564.

Dif, A., Bourane, S., & Benziane, A. (2018, June). The role of the startup competition and entrepreneurial ecosystem in the integration of entrepreneurship education within the Algerian universities. *In International Conference on Applied Human Factors and Ergonomics* (pp. 140-149). Cham: Springer International Publishing.

Escolano, V. J. C. (2022, May). Successes and failures of startups in the Philippines: an exploratory study. *In 2022 7th International Conference on Business and Industrial Research* (ICBIR) (pp. 610-615). IEEE.

Habiburrahman, Prasetyo, A., Raharjo, T. W., Rinawati, H. S., Trisnani, Eko, B. R., ... & Heidler, P. (2022). Determination of critical factors for success in business incubators and startups in East Java. *Sustainability, 14*(21), 14243.

Ilas-Panganiban, D., & Mitra-Ventanilla, R. (2020). The new philippine innovation laws: a response to the call of MSMEs and start-ups. *GRUR International, 69*(7), 693-705.

Khuan, H., Andriani, E., & Rukmana, A. Y. (2023). The role of technology in fostering innovation and growth in start-up businesses. *West Science Journal Economic and Entrepreneurship, 1*(08), 348-357.

Ko, C. R., & An, J. I. (2019). Success factors of student startups in Korea: From employment measures to market success. *Asian Journal of Innovation & Policy, 8*(1).

Li, X., Liu, T., & Taylor, L. A. (2019). Do venture capitalists stifle competition. *Rodney L. White Center for Financial Research*.

Prohorovs, A., Bistrova, J., & Ten, D. (2019). Startup success factors in the capital attraction stage: Founders' perspective. *Journal of east-west business, 25*(1), 26-51.

Rocha, R. O., Leon Olave, M. E., & Moreno Ordonez, E. D. (2020). Innovation strategies: an analysis in information technology startups. *Revista de Empreendedorismo e Gestão de Pequenas Empresas, 9*(3).

For a qualitative study focused on best practices and challenges, *I would also strongly recommend adding these references because they directly support the phenomena being explored*:

Furr, N. R. (2019). Product adaptation during new industry emergence: The role of start-up team preentry experience. *Organization Science, 30*(5), 1076-1096.

Tripathi, N., Oivo, M., Liukkunen, K., & Markkula, J. (2019). Startup ecosystem effect on minimum viable product development in software startups. *Information and Software Technology, 114*, 77-91.

Prashantham, S. (2021). Partnering with startups globally: Distinct strategies for different locations. *California Management Review, 63*(4), 123-145.

Saura, J. R., Reyes-Menéndez, A., deMatos, N., & Correia, M. B. (2021). Identifying startups business opportunities from ugc on twitter chatting: An exploratory analysis. *Journal of Theoretical and Applied Electronic Commerce Research, 16*(6), 1929-1944.

Drzewiecki, J. (2023). Strategic management in Polish startups: strategy vs business model approach–research results. *Procedia Computer Science, 225*, 3163-3172.